



Securities Investors Association (Singapore)

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GST Reg No: M90367530Y

Issuer: Amplefield Limited

Security: Amplefield Limited

Meeting details:

Date: 30 January 2019

Time: 1.00 p.m.

Venue: RELC International Hotel, Room 603, Level 6, 30 Orange Grove Road, Singapore 258352

Company Description

Amplefield Limited, an investment holding company, engages in the property development, construction, and facility provision in Malaysia and the Philippines. It is also involved in property investment and trading services. The company is based in Kuala Lumpur, Malaysia.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AOF)

1. The group's revenue for the financial year ended 30 September 2018 increased to \$11.1 million from \$1.3 million a year ago. In particular, rental income from the group's warehouse buildings in the Philippines increased from \$1.3 million to \$1.9 million due to higher occupancy rates.

The group benefitted from the commencement of construction activities in Vietnam and recognised \$9.2 million in revenue for the financial year.

- (i) Can management help shareholders understand the organisation structure (including the depth of the key management team) and the scale of operations of its construction subsidiary in Vietnam, Citybuilders Vietnam Co., Ltd. (CBVN)?**
- (ii) Does CBVN bid and participate in other construction projects from third parties?**
- (iii) How is CBVN able to scale up so quickly to execute on the \$25 million project to carry out earth works and sandfill on a 63.8 hectares parcel of land in Ho Chi Minh City, Vietnam when it recognised no revenue in the previous year?**

On 3 April 2018, the company announced that it has entered into a memorandum of agreement with Equine Sanctuary (Malaysia) Sdn Bhd to set up a joint venture company to design and manage the works pursuant to the construction of a racecourse and racetrack facilities within Sing Viet City project in Vietnam.

The group's activities in Vietnam are all related to the proposed township development by Sing Viet City Ltd (SVC). SVC is an associate of controlling shareholder of the company, Dato Sri Yap Teiong Choon.

- (iv) Can the board provide shareholders with an overview of the township project by SVC?**
- (v) As all dealings with SVC are to be considered interested person transactions, how does the audit committee ensure that these are carried out on normal commercial terms and are not prejudicial to the interests of the company and its minority shareholders?**
- (vi) What is the experience of the audit committee in the construction and property development segment in Vietnam?**

2. In Note 5 (page 69 – Other receivables), it was disclosed that non-trade receivables due from external parties and related parties amounted to \$11.85 million and \$24.14 million respectively.

5. OTHER RECEIVABLES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Non-trade receivables due from:				
– External parties	11,853	11,229	9,008	10,788
– Related parties*	24,138	43,989	–	–
– Subsidiaries	–	–	26,723	43,413
– Former associates	188	551	–	–
	36,179	55,769	35,731	54,201
Deposits				
– External parties	158	110	–	–
– Related parties	13,250	13,250	–	–
Prepayments	5	80	–	–
	49,592	69,209	35,731	54,201

(Source: Company annual report)

- (i) As explained in the note, the amount due from two related parties arose mainly from debt assignments of \$9.89 million in prior years and a refundable deposit of \$14.25 million following the termination of a Joint Development Agreement with subsidiary, Citybuilders Pte. Ltd. and its subsidiary in 2017. **Can the board, especially the independent directors, help shareholders understand the delay for the repayment? What are the efforts by the independent directors to oversee the collection of the long outstanding debts from related parties?**
- (ii) **Would management elaborate further on the \$11.85 million of non-trade receivables due from external parties?** This should be the long outstanding debt of \$11.22 million due from CMP Mechatronics, Inc.. **Other than the \$1 million payable to the company for a 40% stake in CAM Venture Development, what are management's plans to collect the balance of the long outstanding debt?**
- (iii) In addition, the group had earlier disposed of CAM Venture Development in 2016. **What is the rationale of re-acquiring the 40% equity stake in CAM Venture Development?**

3. On 30 June 2017, the company proposed to undertake a renounceable non-underwritten rights cum warrants issue on the basis of three rights shares with two detachable warrants for every one ordinary share in the capital of the company.

Under the maximum subscription scenario, the company would be able to raise gross proceeds of approximately S\$51.9 million.

At the close of the exercise, the company announced on 15 December 2017 that valid acceptance only amounted to 42.39%. Together with the excess applications of 11.07%, the

total acceptance and applications amount to just 53.46% of the new rights shares (and warrants) available for subscription.

The net proceeds raised was approximately \$4.58 million. An amount of \$22.6 million was earmarked to repay the controlling shareholder.

- (i) Can the board help shareholders understand if it had evaluated (ex post) the low application rate for the rights issue? If so, what were the findings?**
- (ii) Would the board, especially the independent directors, help shareholders understand if the board had reviewed and deliberated on the possible dilution to minority shareholders before the rights cum warrants issue?**
The rights cum warrants issue was for three rights share and two detachable warrants for every on ordinary share of the company. **How did the board arrive at such a structure for the rights cum warrants issue?**
- (iii) With net proceeds of just \$4.58 million raised, how are the group's plans affected? Will the group be able to fund the project in Vietnam?**
- (iv) Has the board evaluated its other options to raise the capital necessary to support its growth plans?**
- (v) Given the low subscription rate, does the board/management intend to provide market with better clarity of its growth plans and also to re-evaluate its current business model and activities?**

A copy of the questions for the Annual Report for the financial year ended 30 September 2017 and 30 September 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Amplefield%20Ltd>

The company's response could be found here: -----