Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: OneApex Limited

Stock code: 5SY

Meeting details:
Date: 28 January 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q1. As noted in the CEO's statement and financial review, with the disposal of Chew's Food International Limited, the group's continuing operations comprise the property business and the financial services business.

As disclosed in Note 10 (pages 80 to 81 – Investment properties), the group has invested in 3 investment properties, namely 14, 16 & 18 Kim Chuan Terrace, which have a combined carrying value of $31.3 million.

(i) **What are the redevelopment plans (including timeline) for the newly acquired properties at Kim Chuan Terrace?**

(ii) **What is the expected cost to redevelop Kim Chuan Terrace? How will the group be funding the redevelopment of the investment properties?**

It is noted that the group will continue to monitor the property market for any suitable acquisition and/or investment opportunities.

(iii) **In screening for investment opportunities, what are management's considerations and selection criteria? Is management's focus on redevelopment, asset enhancement or yield?**

In addition, the group impaired $100,000 due to the "withdrawal of plan for a project lease agreement to manage and operate a hostel" (page 84). The group has also invested $2.1 million in Tuas Seatown Dormitory Pte Ltd., a 30% associated company, which holds a three-storey workers' dormitory at 69H Tuas South Avenue 1.

(iv) **Would the board provide shareholders with a holistic overview of the group's plans and business model in its property management, property development and property investment segments?** The annual report is bereft of information to help shareholders understand the strategy, the prospects and the risks associated with the group's operations.

(v) **In particular, what is management's role and its level of influence in the operations of the dormitory given its minority stake?**

Q2. Other than the property business, the group's other core business is its "financial services" business. It was highlighted that OneApex Capital Pte Ltd ("OAC") had received its licensed fund management company ("LFMC") license from the Monetary Authority of Singapore on 12 March 2020.

In Note 13 (pages 84 to 87 – Investment in subsidiaries), it can be seen that OAC recognised revenue of $1.1 million in FY2020 and reported a profit for the year of $62,296. The group made the payment of $168,000 in contingent consideration arrangement which was contingent on OAC achieving an asset under management equivalent to $50,000,000 by 7 April 2020 (Note 28 – Acquisition of subsidiary; page 106).

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

However, other than Note 13 and Note 28, the annual report lacks information on the business model, operating performance and prospects of OAC.

(i) **Would the directors be reviewing the group's disclosure in the annual report to include relevant information about the group's strategies, risks and prospects so that shareholders can better understand the group?**

(ii) **What is the investment mandate of OAC?**

(iii) **What is the track record of OAC in the past 3 years, 5 years and since inception?**

(iv) **What is the value proposition of OAC compared to other fund managers? How does OAC intend to further increase its AUM?**

(v) **Can management elaborate further on the business model of OAC? What is the current AUM?**

(vi) **Other than the executive director, how big is the executive team at OAC? What is the collective expertise and bench strength of OAC in key functional areas such as compliance, risk management, marketing, audit etc?**

Q3. The company does not have a dividend policy. For FY2020, it has not declared a dividend as the company deemed it necessary to retain cash in the group for its future growth.

The group has gone from a net cash position in FY2019 to a net debt position as at the end of the financial year as it scaled up its property business. Bank loans amounted to $25.04 million, with the group in a net debt position of $18.1 million. Net debt-equity ratio stood at 1.27x as shown in Note 29(c) (page 114). The group's gearing (based on total borrowings/shareholders' funds) is 2.38x (page 137).

(i) **What deliberations did the board have over the recommendation of dividend for FY2020?**

(ii) **Would the board be formalising a dividend policy?**

(iii) **How does the board intend to balance the need to retain cash in the group to support its growth and the need to provide steady returns in the form of regular dividends to its capital providers?**

(iv) **In addition, has the board set a limit to the amount of leverage that can be employed to support the group's growth plans?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US

^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)