



Securities Investors Association (Singapore)
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UEN No: S99SS0111B
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Issuer: Amcorp Global Limited

Stock code: S9B

Meeting details:

Date: 25 July 2023

Time: 3.00 p.m.

Venue: PARKROYAL on Raffles Road, Singapore, Jade Room, Level 3, 181 Raffles Road, Singapore 208533

Q1. As noted in the chairman's letter to shareholders, the group is actively seeking suitable investments or projects both in Singapore and overseas, with a focus on Europe and Australasia, to support its future growth. Each potential investment or project will be evaluated with prudence and discipline and after careful consideration of its risk-reward profile.

The chairman further emphasised that, as at 31 March 2023, the group has cash resources of \$30.7 million. The total debt-to-total assets and debt-to-total equity ratios stood at 0.50 times and 1.19 times respectively. Total debt amounted to \$96.0 million.

- (i) **Can the board provide shareholders with an understanding of any competitive advantage the group may have when it comes to investing in Europe and Australasia?**
- (ii) **Can management explain how the sale of the Larmont hotel in Sydney, Australia, in February 2023 aligns with the group's strategy of pursuing investments in Australasia?**
- (iii) **Similarly, how does the acquisition of Amcorp Borneo Sdn Bhd, a company primarily engaged in commercial property development projects in East Malaysia, align with the group's (new) focus?**

The recent divestments have enabled the group to reduce its gearing and lower finance costs, particularly in a high interest rate environment.

- (iv) **Has the board established a limit on the group's gearing if it proceeds with new investments or projects?**
- (v) **What are the investment criteria used by the board and management to evaluate potential investment opportunities?**

Q2. The details of the group's projects can be found on page 7 of the annual report. In Malaysia, despite the group's persistent sales efforts, three retail units and the entire office tower of the Third Avenue project in Cyberjaya remain unsold. In Singapore, the unsold inventories primarily consist of strata commercial units developed by our associate companies, namely TRIO, Hexacube, and Flora Vista, as well as those developed by a wholly-owned subsidiary, 183 Longhaus.

Please refer to the following sales history:

FY20/21						FY21/22					
COMMERCIAL						MIXED DEVELOPMENT					
Name of Property	Location	Land Area (sqm)	Tenure	No. of Units (For Sale)	Group's Effective Interest	No. of Units	Name of Property	Location	Land Area (sqm)	Tenure	No. of Units
Completed (Singapore)							Completed (Singapore)				
183 Longhaus	183 Upper Thomson Road	1,576	Freehold	5 Retail 5 Restaurant	100%	5 Retail 5 Restaurant	183 Longhaus	183 Upper Thomson Road	1,576	Freehold	40 Residential 5 Retail 5 Restaurant
Hexacube	160 Changi Road	1,670	Freehold	18 Retail 4 Restaurant 1 Office	30%	18 Retail 3 Restaurant 1 Office	Third Avenue	Jalan Teknokrat 3, Cyberjaya, Selangor	24,085	Freehold	701 Residential 31 Retail 1 Office Building
TRIO	11 Sam Leong Road	1,149	Freehold	19 Retail 6 Restaurant	35%	19 Retail 6 Restaurant	Completed (Singapore)				
Completed (Malaysia)							Completed (Singapore)				
Third Avenue	Jalan Teknokrat 3, Cyberjaya, Selangor	24,085	Freehold	1 Office Building 1 Retail 2 Restaurant 7 Residential	100%	1 Office Building 1 Retail 2 Restaurant 7 Residential	Hexacube	160 Changi Road	1,670	Freehold	32 Retail 4 Restaurant 37 Office
							TRIO	11 Sam Leong Road	1,149	Freehold	28 Retail 15 Restaurant

(Compiled from company annual reports; emphasis added)

- Can management provide additional details on the ongoing efforts to sell the Third Avenue office building and the units at 183 Longhaus?** Management has stated that they had, and will continue to, engage real estate agencies to market these commercial units for sale or lease. **Can the board confirm that the units are intended for sale and that reasonable efforts have been made by management to sell the completed units?**
- Are the listing prices unrealistic? What are the reasons that the group has not been able to sell the remaining units?**
- Has the board proactively developed strategies to monetise these assets in order to de-risk the group, deleverage the balance sheet and fund the growth strategy?**
- In addition, could management provide shareholders with a better understanding of the current state of the real estate sector in Cyberjaya?**

The “net realisable values of development properties and completed properties” is also a key audit matter (KAM) highlighted by the independent auditor. Key audit matters are those matters that, in their professional judgement, were of most significance in their audit of the financial statements of the current period.

As noted in the KAM, as at 31 March 2023, the group has completed properties with a total net carrying value of \$45,295,000 net of write-down of \$7,815,000 as at 31 March 2023.

- (v) **Can the audit committee (AC) provide a breakdown of the carrying values of the unsold properties by projects, or even by units within each project?**
- (vi) **Considering that the properties have been on the market for at least three years, is there a potential risk that the carrying values of the unsold properties might be overstated?**

Similarly, the unsold Hexacube and TRIO units, held by the associates, have remained unsold in the past three years.

- (vii) **How much influence does management have in getting the associates to sell the units? Has management estimated the holding costs of the unsold inventories given the current high interest rates?**

Q3. Despite paying down its borrowings, the group has \$89.4 million in bank borrowings as at 31 March 2023, with \$20.8 million due within one year. The breakdown can be found in Note 16 (shown below):

16 Bank borrowings

	Group	
	2023 \$'000	2022 \$'000
Secured		
Term loans	68,534	125,630
Temporary bridging loan	839	2,000
Money market loan	20,000	20,000
	89,373	147,630
Less: amounts due within one year	(20,839)	(67,860)
Non-current portion	68,534	79,770

(Source: company annual report)

The interest rates on the terms loans, which are on floating rates, increased from 2.38% to 4.82% (page 117).

- (i) **Can management disclose the interest rates charged on the different term loan(s) and the money market loan?**
- (ii) **What are the reasons to use a money market loan?**
- (iii) **In addition, why is the group incurring interest costs of 5.6% to a related company (as mentioned on page 134) when bank financing could potentially be more cost-effective?**
- (iv) **Has the group implemented any hedging activities to mitigate its interest rate risks? Will the board offer guidance to management regarding the establishment of a more robust risk management framework, including a more comprehensive approach to managing interest rate risk?**

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

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