Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Amplefield Limited

Stock code: AOF

Meeting details:
Date: 26 January 2022
Time: 2.00 p.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.

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Q1. During the financial year ended 30 September 2021, the group acquired Niche Properties Sdn. Bhd. (NPSB) which is a property development company operating principally in Johor Bahru, Johor, Malaysia for $5.36 million.

In the company's announcement dated 7 May 2021, the company has stated that it was acquiring NPSB as it "presents an attractive opportunity for the company to further expand its construction and property development business through the acquisition of a company with an ongoing property development project in Malaysia with prospects for profitability for the group in the mid to long term, following the launch of the apartment units under the project for sale upon its expected completion in **May 2021**" [emphasis added].

The company had stated that NPSB had developed and sold 440 units of 5-storey medium cost apartment units under earlier phases of the Larkin Residence. NPSB is presently developing 320 units of apartments under Larkin Residence Phase II which is expected to be completed by May 2021. The estimated gross development value of Phase II is RM130 million or S$43 million.

(i) **Can management provide shareholders with an update on NPSB/Larkin Residence Phase II?** The group did not recognise any revenue from sale of development properties in FY2021. **Can management confirm that Phase II of the Larkin Residence has been completed, as projected by the company in the announcement on 7 May 2021?**

(ii) **What is the level of sales in the project? When will revenue be recognised? Has NPSB performed up to management's expectations?**

(iii) **Please provide shareholders with a holistic overview of NPSB, including the development roadmap and its land acquisition strategy.**

(iv) Separately, in 2020, the group had acquired 6 units in a commercial building in Malaysia from a related party which is controlled by the company's controlling shareholder for a purchase consideration of $7.5 million. **Can management confirm that the group generated just $200,000 in rental income following the acquisition of the 6 units from the related party? Is the board satisfied with the returns/performance of the 6 units in Sin Heap Lee Business Centre following the acquisition from a related party in 2020?**

(v) **Can management and the board (re)state the strategy, vision and mission of the group? Are there plans for the group to invest in the manufacturing segment in the near term?** At the EGM that was held on 28 August 2020, shareholders approved the company's diversification to the manufacturing business.

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(vi) **Have the independent directors reviewed the annual report and assessed if the level of disclosure is in line with market practices and best practices, especially for a company involved in property development and investment?** Principle 11 of the Code of Corporate Governance requires a company to give shareholders a balanced and understandable assessment of its performance, position and prospects. **Would the independent directors be taking the lead to review the company's communications with shareholders, especially the level of details in the annual report?** There is no information in the annual report on the occupancy rates, the major customers, etc for its facilities/rental segment in the Philippines nor any meaningful operational updates on the earth works and sandfill project on 63.8 hectares of land in Vietnam.

Q2. At the annual general meeting, shareholders are asked to vote on the proposed renewal of the mandate for interested person transactions (IPTs).

It is observed that the group has several large related party transactions, including a major construction contract with Sing Viet City Ltd (which is an associate of the controlling shareholder of the company) which is an IPT valued at $24.79 million. The contract was for earthworks and sandfill on 63.8 hectares of land at Lang Le, Le Minh Xuan Ward, Binh Chamh Distict, Ho Chi Minh City, Vietnam.

The contract was entered into in December 2017 and management had projected that the contract will have a positive impact on the group's construction and development business.

The group has recognised revenue of $14.2 million in 2018 and 2019, $nil in 2020 and $768,000 in FY2021.

(i) **What is the progress made/percentage of completion achieved by the group in the construction project? Who is overseeing and driving Citybuilders?**

(ii) **Can management help shareholders understand the sentiments on the ground in Vietnam due to the pandemic? What is the pace of recovery, especially as the Omicron variant is spreading across the world now?**

(iii) **What has caused the delay/decrease in revenue in the past two years?**

(iv) **In addition, what is the status of the counterparty which is an associate of the controlling shareholder? Are there any concerns with the financial status of the counterparty given that the pandemic has affected many businesses?**

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(v) **Is the group profitable in its construction operations in Vietnam? How does the audit committee ensure that the group's transactions are carried out on normal commercial terms and are not prejudicial to the interests of the company and its minority shareholders? What is the level of familiarity of the AC members with the construction sector in Vietnam?**

Q3. The group has associates in the Philippines and subsidiaries in Malaysia, Vietnam, Singapore and the Philippines.

The audit committee (AC) has reviewed and confirmed that Messrs Lo Hock Ling & Co. is a suitable audit firm to meet the company's audit obligations, having regard, inter alia, to the adequacy of resources and experience of the firm and the assigned audit engagement partner, other audit engagements, size and nature of the group, number and experience of supervisory and professional staff assigned to the audit.

The group has engaged different component auditors for various associates and subsidiaries, including:

- Canlas Antonia Gonzales and Co. (Philippines)
- Mustapha, Khoo & Co. (Malaysia)
- AAC Auditing and Accounting Company (Vietnam)

(i) **How did the AC evaluate that the current group auditor is suitable to meet the company's audit obligations? Is the group auditor able to carry out audit of the group's subsidiaries and associates in the Philippines, Malaysia and Vietnam?**

(ii) **How did the AC assess the component auditors?**

(iii) **How did the board review and conclude that the appointment of the three component auditors would not and did not compromise the standard and effective of the audit?**

In addition, the company has outsourced its internal audit function to Brenda Hoh & Associates which is an "approved auditor authorised by [the] Ministry of Finance in Malaysia".

(iv) **What was the scope of the internal audit carried out in 2020?**

(v) **Are the group's operations in Singapore, Vietnam and the Philippines covered by the internal audit?**

(vi) **What are some of the key findings and recommendations by the internal auditor?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)