Amcorp Global Limited

Incorporated in the Republic of Singapore
Company Registration No: 201230851R

RESPONSE TO SGX-ST'S QUERIES IN RELATION TO THE UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

The Board of Directors ("**Board**") of Amcorp Global Limited (the "**Company**") refers to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in its email dated 27 July 2020 in relation to the Company's unaudited full year financial statement and dividend announcement released on 14 July 2020 (the "**FY2020 Results Announcement**") and wishes to provide the following information in response to the queries:

(a)	SGX-ST's query With reference to the FY2020 Results Announcement, it is disclosed that the Company has completed properties and land held for sale written down of $6,927,000 and impairment loss on loans receivable from associates of $3,142,000. For each of the expense recognised, please disclose:
(i) (ii) (iii)	factors taken into consideration in determining the amount of impairment/write off; the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of impairment/write off; and the reasons for the impairment loss/write off.
 (i)	Our reply Write-down of completed properties There are 2 properties involved, the office block in our Third Avenue project in Malaysia, and one unit in one of our Singapore projects. The reason for the write-down of the office block is that an offer has been received and the Board has approved the disposal of the building at the offer price received. The transaction is pending signing of the sale and purchase agreement. The write-down for the unit in Singapore is due to our reduced selling price for this unit put on the market for sale. The write-down amounts of the office block and unit in Singapore are $6.6 million and $0.3 million respectively.
	Impairment on loans receivable This essentially involved 2 associated companies, where the assets and revenue streams of the associates were assessed. The assets have declined in value based on valuation reports, and the revenue streams were based on market conditions and remaining period of the asset's lease. From the assessment, it was concluded that portions of the loans receivable may not be recoverable, hence the need for impairment.
(ii)	The Board is satisfied with the reasonableness of the methodologies used to determine the amounts of impairment/write-off.

(iii) Please see (i) above.

(b) SGX-ST's query

Please provide the background for additional buyer's stamp duty ("**ABSD**") of $4,680,000 for the year ended 31 March 2020.

Our reply

One of the Company's subsidiaries ("**Subsidiary**") did not meet the required 5-year timeline for the completion of a development project due to external factors. This non-compliance resulted in ABSD being imposed. The Subsidiary appealed with the relevant authority for an extension of time to complete the project. However, the appeal was not successful, resulting in the need to take up the ABSD as an expense.

(c) SGX-ST's query

It is disclosed on page 3 of the FY2020 Results Announcement that the Company has non-current asset and disposal group assets classified as held for sale and liabilities directly associated with disposal group classified as held for sale of $26,833,000 and $17,857,000 respectively. Please provide a breakdown by account line item for its disposal group assets and liabilities classified as held for sale.

Our reply

Please see below:

		31.3.2020
Details of non-current asset and disposal group assets classified as held for sale are as follows:		**S$**
Property, plant and equipment (non-current asset held for sale)		241,000
Property, plant and equipment		7,000
Investment property		23,385,000
Trade and other receivables		3,105,000
Bank balances		95,000
		26,833,000
Liabilities directly associated with disposal group classified as held for sale:		
Trade and other payables		(361,000)
Lease liabilities		(1,885,000)
Long term borrowings		(15,514,000)
Income tax payable		(97,000)
		(17,857,000)

(d) SGX-ST's query

It is disclosed on page 12 of the FY2020 Results Announcement that loans receivable from associates have been reclassified to investment in associates as these loans are long-term in nature and have the characteristic of quasi equity. Please disclose when the determination was made and whether any restatements for the Company's FY2019 accounts are required in this regard.

	<u>Our reply</u> The determination was made at the reporting date of 31 March 2020. Factors considered in the determination include the timeframe of collectability of the receivables due to slow sales with all the projects being fully completed, and the inventory of unsold units being temporarily held for lease. As this is not an omission or error, there is no requirement for restatement of the FY2019's accounts.
(e)	<u>SGX-ST's query</u> It is disclosed on page 12 of the FY2020 Results Announcement that development properties decreased by S$43.7 million due mainly to the reclassification of the retail units of 183 Longhaus to completed properties as the development project has been completed, and development costs expensed off. Please provide a breakdown between the reclassification of the retail units to completed properties and development costs expensed off. <u>Our reply</u> Please see below:

Development Property Movement		
		S$
Additions during the year		11,653,000
Transferred to completed property held for sale (Longhaus)		(27,431,000)
Recognised to Income Statement - Cost of sales		(27,931,000)
		(43,709,000)

(f)	<u>SGX-ST's query</u> It is disclosed on page 12 of the FY2020 Results Announcement that investment properties decreased by S$23.3 million mainly because of the reclassification of TEE Building as assets classified as held for sale, and fair value loss on investment properties. Please provide a breakdown between the reclassification of TEE Building and fair value loss on investment properties. <u>Our reply</u> Please see below:

Investment Property Movement		
		S$
Recognition of right-of-use asset on initial application of SFRS(I)16		1,912,000
Fair value loss		(1,555,000)
Exchange difference		(300,000)
TEE Building reclassified to disposal group assets held for sale		(23,385,000)
		(23,328,000)

By Order of the Board
Ng Tah Wee
Financial Controller and Company Secretary
29 July 2020