



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 2021

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 25 June 2021 in relation to the Company’s unaudited full year financial statement and dividend announcement released on 25 May 2021 and wishes to provide the following information in response to the queries:

SGX-ST query 1

Given the Group’s significant current liabilities of \$118,575,000 and cash and bank balance of only \$30,593,000 and noting that the Company incurred losses of \$5,521,000 in FY2021, please disclose the Board’s assessment (i) whether the Company’s current assets are adequate to meet the Company’s current liabilities of \$118,575,000, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

Our reply

Out of the current liabilities amount of \$118,575,000, we would like to highlight that it consists of Bank Borrowings of \$97,972,000, Contract Liabilities of \$4,217,000 and others, comprising mainly of Trade Payables, Other Liabilities and Loans from Non-Controlling Interests totalling \$16,386,000. We would like to further elaborate on the following items in the current liabilities:

- i. Under Bank Borrowings of \$97,972,000, there were land, development charge and construction loans (“LDC Loans”) of \$77,539,000 for one of our development projects which currently have a due date in February 2022, based on the original project completion timeline. However, due to the Covid 19 pandemic which affected all developers in Singapore, the projected completion date has been postponed to around the second quarter of 2023. We are aware of this and will be seeking an extension to the due date of LDC Loans in due course. We have had a preliminary discussion with the financier and did not receive any unfavourable reply thus far. In the past, we had also extended another similar development project loan from January 2021 to July 2022 with the same financier.

- ii. Under Bank Borrowings of \$97,972,000, there was also a money market loan (“MML”) of \$20.0 million for one of our completed commercial property. This loan was structured as a MML with one to six months repayment/rollover for flexibility reason as these are completed properties. The loan is fully secured with a charge over the 10 commercial units, which has a valuation report value of \$38.0 million as at financial year-end of 31 March 2021. As the loan is fully secured and the loan-to-valuation percentage is low (52.6%), we do not expect the loan to be recalled within the next 12 months.
- iii. Under Contract Liabilities of \$4,217,000, \$3,418,000 represents monies received from buyers upon signing of sale and purchase agreements for the sale of our two ongoing development projects in Singapore and land held for sale in Vietnam. These monies will be recognised as revenue or income when the respective percentage-of-completion for the two projects catches up with the amount paid, and the land has been developed. Therefore, such contract liabilities are non-cash items that are not expected to be repayable within the next 12 months.

Taking into consideration the above items, the net current liabilities payable within the next 12 months amounted to only \$17,618,000, which is lower than the cash and bank balance of \$30,593,000. The Board and management constantly monitor its liquidity position and will take the necessary steps for the Company to meet its payment obligations as and when due.

SGX-ST query 2

Please provide the reason for the refund of additional buyer’s stamp duty (“ABSD”) of \$4,680,000 when it has been expensed off in the previous year.

Our reply

In our Annual Report 2019 for the financial year ended 31 May 2019, in the Notes to the Financial Statements, Note 38 on Contingent Liabilities, we disclosed the following under “Others”:

“One of the Group’s subsidiaries has not met the required timeline for the completion of a development project due to external factors. The matter is under appeal with the relevant authority for an extension. In the event that the appeal is not successful, management estimates that the potential charge to be approximately \$4.8 million. Based on the facts and circumstances of this matter, the directors are of the view that the subsidiary has reasonable ground for obtaining an extension of time for the completion of the development project. To-date, this development project has been completed and it is within the requested extension period. Accordingly, no provision for any liability has been made in these financial statements.”

In the previous year (financial period ended 31 March 2020), the Inland Revenue Authority of Singapore (“IRAS”) required the subsidiary to pay the ABSD as we did not receive a positive reply to our appeal. Accordingly, the ABSD amount of \$4,680,000 was expensed off.

However, in December 2020, IRAS replied that, based on the facts and circumstances of our further appeal, they approved our appeal and refunded the ABSD. Therefore, the ABSD amount of \$4,680,000 was written back as refund of ABSD.

SGX-ST query 3

Separately, please be reminded to disclose the aggregate value of interested person transactions entered into during the financial year in the format provided per Listing Rule 907 in the Company's annual report and financial statements moving forward. We note that the nature of relationship with interested persons has not been disclosed accordingly.

Our reply

The interested person as disclosed, Amcorp Properties Berhad, is a fellow subsidiary of the ultimate holding company. We note the disclosure requirement of Listing Rule 907 moving forward.

By Order of the Board
Ng Tah Wee
Financial Controller and Company Secretary
29 June 2021