



OKH GLOBAL LTD.

(formerly known as Sinobest Technology Holdings Ltd.)
(Incorporated in Bermuda on 17 June 2004)
(Company Registration Number: 35479)

Unaudited Financial Statements and Related Announcement for the Financial Year ended 30 June 2018

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28 August 2018



FULL YEAR FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS.

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	Group		
	FY2018	FY2017	change
	12 months ended 30-Jun-18	12 months ended 30-Jun-17	
	S\$'000	S\$'000	
	Unaudited	Audited	
Revenue	25,269	134,544	-81.2%
Cost of sales	(17,019)	(121,432)	-86.0%
Gross profit	8,250	13,112	-37.1%
Other income	12,254	6,357	92.8%
Other expenses	(956)	(66,272)	n.m.
General and administrative expenses	(8,269)	(18,266)	-54.7%
Finance costs	(7,451)	(9,430)	-21.0%
Share of profits of associate	-	5,378	n.m.
Profit (Loss) before tax	3,828	(69,121)	n.m.
Income tax credit (expenses)	775	(1,223)	n.m.
Total profit (loss) for the year	4,603	(70,344)	n.m.
Profit (Loss) attributable to:			
Owners of the Company	4,603	(70,344)	n.m.
Non-controlling interests	-	-	n.m.
	4,603	(70,344)	n.m.



1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income (Cont'd)

	Group		
	FY2018 12 months ended 30-Jun-18 S\$'000 Unaudited	FY2017 12 months ended 30-Jun-17 S\$'000 Audited	change
Total profit (loss) for the year	4,603	(70,344)	n.m.
Other comprehensive loss:			
Currency translation differences arising from consolidation	-	(231)	n.m.
Other comprehensive loss for the year, net of tax	-	(231)	n.m.
Total comprehensive profit (loss) for the year	<u>4,603</u>	<u>(70,575)</u>	n.m.
Total comprehensive profit (loss) attributable to:			
Owners of the Company	4,603	(70,575)	n.m.
Non-controlling interests	-	-	n.m.
	<u>4,603</u>	<u>(70,575)</u>	n.m.



1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	Group		
	FY2018	FY2017	change
	12 months ended	12 months ended	
	30-Jun-18	30-Jun-17	
	S\$'000	S\$'000	
	Unaudited	Audited	
Depreciation of property, plant and equipment	(401)	(745)	-46.2%
Foreign exchange gain, net	6	10	-40.0%
Bad debt expense	(200)	(259)	-22.8%
Interest expenses	(7,451)	(9,430)	-21.0%
Gain on disposal of property, plant and equipment	107	726	-85.3%
Gain on disposal of investment properties	480	-	n.m.
Gain on disposal of non-current assets held for sale	1,603	-	n.m.
Impairment loss of property, plant and equipment	(500)	(15,857)	-96.8%
Gain (Loss) on revaluation of investment properties	2,860	(27,223)	n.m.
Loss on revaluation of non-current asset held for sale	-	(11,459)	n.m.
Impairment loss on completed properties held for sale	(456)	(10,465)	n.m.
Loss on revaluation of derivative financial instrument	-	(1,268)	n.m.
Interest income	70	87	-19.5%
Liquidated damages income	1,617	-	n.m.
Extension fee income	500	-	n.m.
Other income	5,017	5,211	-3.7%



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group		Company	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	6,425	20,258	52	21
Trade and other receivables	21,597	28,919	51,464	59,702
Loan due from non-controlling interests	330	330	-	-
Completed properties held for sale	35,335	67,900	-	-
Properties under development	-	-	-	-
Non-current assets held for sale	49,000	56,197	-	-
Derivative financial instruments	-	-	-	-
Total current assets	112,687	173,604	51,516	59,723
Non-current assets				
Property, plant and equipment	12,194	13,265	-	-
Investment properties	151,543	129,580	-	-
Investments in subsidiaries	-	-	27,000	86,171
Investment in joint venture	-	-	-	-
Investment in associate	-	-	-	-
Total non-current assets	163,737	142,845	27,000	86,171
Total assets	276,424	316,449	78,516	145,894
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	19,831	41,158	22,292	26,294
Finance leases	182	327	-	-
Loan due to associate	-	1,600	-	-
Loan from controlling interests	20,000	10,000	20,000	10,000
Loan from third party	-	20,000	-	20,000
Bank loans and overdrafts	82,856	89,036	-	-
Provisions	900	1,368	-	-
Income tax payable	-	1,338	-	-
Total current liabilities	123,769	164,827	42,292	56,294



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position (Cont'd)

	Group		Company	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Non-current liabilities				
Loan from controlling interests	32,778	10,000	32,778	10,000
Finance leases	259	657	-	-
Bank loans	27,319	53,269	-	-
Total non-current liabilities	60,356	63,926	32,778	10,000
Total liabilities	184,125	228,753	75,070	66,294
Capital, reserves and non-controlling interests				
Share capital	27,916	27,916	8,936	8,936
Share premium	69,304	69,304	72,155	72,155
Contributed surplus	12,063	12,063	126,389	126,389
Equity reserves	-	-	-	-
Translation reserves	(2,363)	(2,363)	(1,491)	(1,491)
Accumulated losses	(14,921)	(19,524)	(202,543)	(126,389)
Equity attributable to owners of the Company	91,999	87,396	3,446	79,600
Non-controlling interests	300	300	-	-
Total equity	92,299	87,696	3,446	79,600
Total liabilities and equity	276,424	316,449	78,516	145,894



1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 30 June 2018		As at 30 June 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
83,038	20,000	109,363	11,600

Amount repayable after one year

As at 30 June 2018		As at 30 June 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
60,356	-	53,926	10,000

Details of any collateral

The Group's borrowings are secured by the Group's properties, cash deposits and receivables and assets under fixed term lease financing.



1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Group	
	12 months ended 30-Jun-18 S\$'000	12 months ended 30-Jun-17 S\$'000
	Unaudited	Audited
Cash flows from operating activities		
Profit (Loss) for the year	4,603	(70,344)
Adjustments for:		
Income tax (credit) expenses	(775)	1,223
Bad debts expense	200	259
Gain on disposal of property, plant and equipment	(107)	(726)
Gain on disposal of investment property	(480)	-
Gain on disposal of non-current assets held for sale	(1,603)	-
Depreciation of property, plant and equipment	401	745
Impairment loss of property, plant and equipment	500	15,857
(Gain) Loss on revaluation of investment properties	(2,860)	27,223
Loss on revaluation of non-current assets held for sale	-	11,459
Impairment loss on completed properties held for sale	456	10,465
Loss on revaluation of derivative financial instrument	-	1,268
Interest expenses	7,451	9,430
Interest income	(70)	(87)
Share of profits of associate	-	(5,378)
Operating cash flows before changes in working capital	7,716	1,394
Properties under development	-	84,069
Completed properties held for sale	9,107	21,559
Trade and other receivables	1,229	3,299
Trade and other payables	(16,366)	(71,715)
Cash generated from operations	1,686	38,606
Income tax paid	(563)	(3,843)
Interest paid	(7,332)	(7,905)
Net cash generated from operating activities	(6,209)	26,858



- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows (Cont'd)

	Group	
	12 months ended 30-Jun-18 S\$'000 Unaudited	12 months ended 30-Jun-17 S\$'000 Audited
Cash flow from investing activities		
Purchase of property, plant and equipment	(70)	(1,471)
Proceeds from disposal of property, plant and equipment	290	1,081
Proceeds from disposal of investment properties	4,380	-
Proceeds from disposal of non-current assets held for sale	8,800	-
Interest received	70	87
Net cash from/(used in) investing activities	13,470	(303)
Cash flow from financing activities		
Proceeds from bank loans	47	65,841
Repayment of bank loans	(32,295)	(156,118)
Repayment of obligations under finance lease	(543)	(616)
Decrease (Increase) in fixed deposits pledged	5,873	(4,200)
Loan from third party	10,000	20,000
Repayment of loan from third party	(30,000)	-
Repayment of loan to associate	-	(4,400)
Loan from controlling interests	32,778	10,000
Repayment of loan to controlling interests	-	(10,000)
Issuance of share capital	-	50,000
Repayment of loan from non-controlling interests	-	1,100
Profit sharing paid to non-controlling interests	(1,200)	(2,407)
Redemption of RCPS	-	(6,000)
Redemption of REPS	-	(15,000)
Net cash used in financing activities	(15,340)	(51,800)
Net decrease in cash and cash equivalents	(8,079)	(25,245)
Cash and cash equivalents at beginning of period	10,783	36,028
Cash and cash equivalents at end of period	2,704	10,783
	30-Jun-18 S\$'000	30-Jun-17 S\$'000
Cash and bank balances	6,425	20,258
Less: Bank overdrafts	(2,894)	(2,775)
Fixed deposits pledged	(827)	(6,700)
Cash and cash equivalents	2,704	10,783



Cash and cash equivalents at end of the period

The cash and cash equivalents as at 30 June 2018 comprises bank balance of S\$2.49 million (30 June 2017: S\$9.94 million), which are restricted to payments for expenditure incurred on the properties under development.



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group	← Attributable to owners of the Company →						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Equity reserves	Translation reserves	Accumulated losses			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2017	27,916	69,304	12,063	-	(2,363)	(19,524)	87,396	300	87,696
Total comprehensive profit for the year	-	-	-	-	-	4,603	4,603	-	4,603
Balance at 30 June 2018	27,916	69,304	12,063	-	(2,363)	(14,921)	91,999	300	92,299
Balance at 1 July 2016	33,278	26,005	-	3,974	(2,132)	46,846	107,971	300	108,271
Total comprehensive loss for the year	-	-	-	-	(231)	(70,344)	(70,575)	-	(70,575)
Capital reorganisation	(12,063)	-	12,063	-	-	-	-	-	-
Issuance of share capital	6,701	43,299	-	-	-	-	50,000	-	50,000
Transfer on redemption of the RCPS and REPS	-	-	-	(3,974)	-	3,974	-	-	-
Balance at 30 June 2017	27,916	69,304	12,063	-	(2,363)	(19,524)	87,396	300	87,696



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity (Cont'd)

Company	Share capital S\$'000	Share premium S\$'000	Contributed surplus S\$'000	Translation reserves S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 July 2017	8,936	72,155	126,389	(1,491)	(126,389)	79,600
Total comprehensive losses for the year	-	-	-	-	(76,154)	(76,154)
Balance at 30 June 2018	8,936	72,155	126,389	(1,491)	(202,543)	3,446
Balance at 1 July 2016	128,624	28,856	-	(1,491)	(44,531)	111,458
Total comprehensive loss for the year	-	-	-	-	(81,858)	(81,858)
Capital reorganisation	(126,389)	-	126,389	-	-	-
Issuance of share capital	6,701	43,299	-	-	-	50,000
Balance at 30 June 2017	8,936	72,155	126,389	(1,491)	(126,389)	79,600



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

There was no changes in the Company's share capital for the year ended 30 June 2018

	Number of ordinary shares	Share Capital S\$'000
As at 30 June 2018:	<u>1,128,657,445</u>	<u>8,936</u>

There were no treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2017 were 1,128,657,445.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5, the Group has applied consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 30 June 2017.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current financial period, the Group has adopted all the new and revised IASs, IFRSs and amendments to IFRS issued by the International Accounting Standards Board and the Interpretations thereof that are effective from annual periods beginning on or after 1 July 2017 and are relevant to its operations.

The adoption of these new or revised IASs, IFRSs and amendments to IFRSs has no material effect on the amounts reported for the current or prior periods.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	12 months ended 30-Jun-18	12 months ended 30-Jun-17	Change %
Basic earnings (loss) per share (cents)			
Earnings per ordinary share based on the weighted average number	0.41	(6.50)	n.m.
Weighted average number of ordinary shares on issue	<u>1,128,657,445</u>	<u>1,082,974,320</u>	
Diluted earnings (loss) per share (cents)			
Earnings per ordinary share based on a fully diluted basis (cents)	0.41	(6.50)	n.m.
Adjusted weighted average number of ordinary shares	<u>1,128,657,445</u>	<u>1,082,974,320</u>	



7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		
	30-Jun-18	30-Jun-17	Change %
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents) (excluding non-controlling interests)	8.15	7.74	5.3
Total number of issued ordinary shares	1,128,657,445	1,128,657,445	
	Company		
	30-Jun-18	30-Jun-17	Change %
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents) (excluding non-controlling interests)	0.31	7.05	-95.6
Total number of issued ordinary shares	1,128,657,445	1,128,657,445	



8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

The Group posted revenue of approximately S\$25.27 million in FY2018 as compared to S\$134.54 million in FY2017. The decrease in the reported revenue for FY2018 was attributed largely to the Group's property development segment as a result of its development project, Ace@Buroh which has obtained its temporary occupancy permit ("TOP") in FY2017 while no project obtained TOP in FY2018. The Group adheres to the accounting requirement known as the completion of contract ("COC") method used for commercial and industrial properties, hence revenue recognised from the property development segment is expected to be volatile from year to year.

Revenue recognised from property development decreased by 92.2% in FY2018 to approximately S\$9.63 million as compared to approximately S\$122.82 million in FY2017. As the Group's property development project, Ace@Buroh, achieved its TOP in March 2017, the revenue from this property project was recognised in FY2017 which accounted for 83.2% of available units while revenue for FY2018 is made up of sales of several units of Ace@Buroh and Loyang Enterprise.

Revenue recognised from the provision of construction services to third parties increased by approximately 112.2% to approximately S\$0.33 million in FY2018 as compared to approximately S\$0.16 million in FY2017. The increase in revenue was due the finalisation of accounts for a past project during the current year.

Revenue recognised from property investment increased by 32.3% to approximately S\$15.31 million in FY2018 as compared to approximately S\$11.57 million in FY2017. The increment was attributed mainly to rental income received from the leased units in Loyang Enterprise and Ace@Buroh.

Gross Profit ("GP") / Gross Profit Margin ("GPM")

The Group recorded a lower gross profit of approximately S\$8.25 million in FY2018 as compared to approximately S\$13.11 million in FY2017. This was largely attributed to lowers sales achieved from the development projects, Ace@Buroh and Loyang Enterprise in FY2018 as compared to FY2017. Despite lower gross profit for FY2018, the Group's GPM was higher at 32.6% as compared to 9.7% in FY2017. The reason for the higher GPM was attributed to the higher rental contribution from our investment properties.

Other income

Other income for FY2018 was higher at approximately S\$12.25 million as compared to S\$6.36 million in FY2017. Amongst others, the increase was largely attributed to one-off income derived from gain on disposal of non-current assets held for sale and investment properties, gain on revaluation of investment properties and liquidated damages income.



Other expenses

Other expenses for FY2018 decreased to approximately S\$0.96 million as compared to S\$66.27 million back in FY2017. In FY2017, the Group undertook a property valuation exercise on all its property assets through an independent property valuation company. The results of the valuation exercise reflected the downturn in the industrial property market segment. With the industrial property market segment beginning to stabilise, less impairments were required in FY2018, hence resulting in the significant drop in other expenses.

General and Administrative Expenses

General and administrative expenses decreased by 54.7% from approximately S\$18.27 million in FY2017 to S\$8.27 million in FY2018. The decrease was largely due to sales and rental commissions which decreased by approximately S\$6.80 million from FY2017 to S\$0.69 million in FY2018. This was a result of the recognition of sales commission arising from the sale of units of the development project Ace@Buroh when it obtained TOP in FY2017. Other than that, the Group embarked on a cost-cutting exercise which saw its staff and related costs decreased from approximately S\$2.77 million in FY2017 to S\$1.71 million in FY2018. The decrease in professional fees, depreciation due to the sales of property plant and equipment further attributed to the decrease in general and administrative expenses.

Finance Costs

Finance costs decreased by 21.0% from approximately S\$9.43 million in FY2017 to S\$7.45 million in FY2018. The decrease was due to the lower outstanding bank loans and lower interest rate of loan from controlling interests during the year.

Share of Profits of Associate

There was no share of profits of associate for FY2018 as the investments in associate has been classified as assets held for sale and the Group no longer equity account for the said investment.

Income Tax Credit (Expense)

For FY2018, income tax was a credit of S\$0.78 million as compared to a tax expense of S\$1.22 million for FY2017. The tax credit for FY2018 was due to adjustments made to prior year taxation based on the Estimated Chargeable Income statement received from the tax authorities which resulted in a tax refund.

Profit (Loss) for the year

As a result of the foregoing, the Group registered a total profit of approximately S\$4.60 million in FY2018 as compared to a loss of S\$70.34 million (of which \$66.27 million was due to impairment and revaluation losses) in FY2017.



STATEMENT OF FINANCIAL POSITION

As at 30 June 2018, total current assets stood at approximately S\$112.69 million as compared to S\$173.60 million as at 30 June 2017. The reduction in total current assets was attributed largely to completed properties held for sale whereby units from the projects Ace@Buroh and Loyang Enterprise was sold during the year and recognised as revenue, additional units leased out from these projects were also classified as investment properties. The sale of non-current assets held for sale during the year further attributed to the decrease in total current assets. The cash and cash equivalents and trade and other receivables were also lower as at 30 June 2018.

Total non-current assets stood at approximately S\$163.74 million as at 30 June 2018 as compared to approximately S\$142.85 million as at 30 June 2017. The increase was a result of the transfer of the Group's completed properties held for sale to investment properties.

As at 30 June 2018, total current liabilities reduced significantly to approximately S\$123.77 million as compared to approximately S\$164.83 million as at 30 June 2017. This was largely attributed to a reduction in the outstanding trade and other payables, a reduction in total bank loans and overdrafts and a reduction in loan from third party. The overall reduction in current liabilities was partially offset by the classification of loan from controlling interest from non-current liabilities to current liabilities.

Total non-current liabilities decreased to approximately S\$60.36 million as at 30 June 2018 as compared to approximately S\$63.93 million as at 30 June 2017. The decrease was largely due to the bank loan which was classified to current liabilities as at 30 June 2018, the decrease was largely offset by the increase in loan from controlling interests.

STATEMENT OF CASH FLOWS

Net cash outflow/inflow from operating activities

For the financial period ended 30 June 2018, the Group generated net cash outflow from operating activities of approximately S\$6.21 million as compared to a net cash inflow of approximately S\$26.86 million in FY2017. The net cash outflow was primarily due to outflow due to payment of trade and other payables and finance cost, which was partially offset by the proceeds from trade and other receivables and completed properties held for sale.

Net cash inflow/outflow from investing activities

The Group recorded net cash inflow of approximately S\$13.47 million for FY2018 from investing activities as compared to net cash outflow of approximately S\$0.30 million in the corresponding period last year. The net cash inflow in FY2018 related largely to proceeds from the disposal of investment properties, non-current assets held for sale and property, plant and equipment.

Net cash outflow from financing activities

The Group recorded net cash outflow of approximately S\$15.34 million from financing activities in FY2018 as compared to a net cash outflow of S\$51.80 million in the corresponding period last year. The net cash outflow was largely due to a repayment in bank loans, loan from third parties and profit sharing paid to non-controlling interests. The cash outflow was partially offset by additional loan from third party and controlling interests and the decrease in fixed deposits pledged during the year.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of approximately S\$8.08 million in FY2018.

Cash and cash equivalents as at 30 June 2018 stood at (excluding bank overdraft and fixed deposits pledged that totalled approximately S\$3.72 million) approximately S\$2.70 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no variance with what was previously disclosed by the Company.



10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Notwithstanding the current state of the industrial real estate market in Singapore, the Group has started looking for attractive industrial land for development opportunities. Given its success in Addition & Alteration (“A&A”) works and rental income from its Kim Yam Road, Herencia property, the Group will continue to look out for opportunities to undertake A&A to similar buildings to generate a recurrent income stream. The Group is pursuing overseas businesses in the region and has signed a Strategic Cooperation Agreement with Ping An Industrial and Logistics Co., Ltd to develop and manage warehouses in various cities in China. The Group is currently exploring various cities for the potential collaboration with Ping An Industrial and Logistics Co., Ltd.

The Group owns a diverse portfolio of development and investment properties as well as fixed assets. As part of its continuous review, the Group is assessing the relevance of the properties and fixed assets against its overall strategies. The Group may monetise some of these assets through sales so as to further strengthen the financial strength of the Group as it explores new business opportunities.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period report on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

12 If no Dividends has been declared (recommended), a statement to that effect

No dividends have been declared or recommended.



13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for IPTs. The Group did not obtain a mandate under Rule 920(1)(a)(ii). The value of interested person transactions entered into during the period under review were as follows:-

Name of interested party	Aggregate value of all interested person transaction during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 S\$'000
<u>Haiyi Holdings Pte Ltd</u> Interest on loan	1,012	-
<u>Singhaiyi Capital Pte Ltd</u> ⁽¹⁾ Sale of 5 units of properties located at LHK Building ⁽²⁾	8,800	-

⁽¹⁾ Singhaiyi Capital Pte Ltd is a wholly-owned subsidiary of Singhaiyi Group Ltd, which is 62.1% held by Haiyi Holdings Pte Ltd, the controlling shareholder of the Company.

⁽²⁾ As the transaction fall within the exception set out in Rule 916(4), Rule 906 is not applicable.



14 **Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Continuing Operations (Singapore)				
	Construction Services	Property Development	Property Investment	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
Revenue:					
External customers	331	9,633	15,305	-	25,269
Inter-segment	-	-	-	-	-
Total revenue	331	9,633	15,305	-	25,269
Results	452	(2,483)	15,011	(890)	12,090
Unallocated expenses					(811)
Finance costs					(7,451)
Profit before tax					3,828
Income tax credit					775
Profit for the year					4,603
2017					
Revenue:					
External customers	156	122,817	11,571	-	134,544
Inter-segment	2,919	-	-	(2,919)	-
Total revenue	3,075	122,817	11,571	(2,919)	134,544
Results	(24,175)	(19,826)	(3,442)	(700)	(48,143)
Unallocated expenses					(11,548)
Finance costs					(9,430)
Loss before tax					(69,121)
Income tax expense					(1,223)
Profit for the year					(70,344)



14 Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Continuing Operations (Singapore)			
	Construction Services	Property Development	Property Investment	Total
	\$'000	\$'000	\$'000	\$'000
2018				
Segment assets:				
Total segment assets	15,905	56,282	194,389	266,577
Unallocated assets	-	-	-	9,847
Total consolidated assets				276,424
Segment liabilities:				
Total segment liabilities	23,893	60,850	43,189	127,932
Unallocated liabilities	-	-	-	56,193
Total consolidated liabilities				184,125
Other segment information:				
Impairment loss on PPE	(500)	-	-	(500)
Impairment loss on completed properties held for sale		(456)		(456)
Depreciation	(398)	-	(3)	(401)
Liquidated damage income	-	-	1,320	1,320
Change in fair value of investment properties	-	-	2,860	2,860
2017				
Segment assets:				
Total segment assets	31,813	103,564	171,904	307,281
Unallocated assets	-	-	-	9,168
Total consolidated assets				316,449
Segment liabilities:				
Total segment liabilities	45,664	93,794	44,900	184,358
Unallocated liabilities	-	-	-	44,395
Total consolidated liabilities				228,753
Other segment information:				
Impairment loss on PPE	(15,857)	-	-	(15,857)
Impairment loss on completed properties held for sale		(10,465)		(10,465)
Depreciation	(740)	-	(5)	(745)
Change in fair value of investment properties	-	-	(27,223)	(27,223)



15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

16 A breakdown of sales as follows:-

	Group		
	FY2018 S\$'000	FY2017 S\$'000	change %
(a) Sales reported for first half year	6,280	18,361	-66%
(b) Operating profit (loss) after tax before deducting minority interests reported for first half year	3,012	(1,030)	n.m
(c) Sales reported for second half year	18,989	116,183	-84%
(d) Operating profit (loss) after tax before deducting minority interests reported for second half year	1,591	(69,314)	n.m

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

There is no dividend distributed during current and previous financial year.

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Pursuant to Rule 704(13), we confirm that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholders of the Company.

19 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

LOCK WAI HAN
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER
28 August 2018