



## **OXLEY HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore under Registration No. 201005812G)

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### **REPLIES TO QUESTIONS FROM SHAREHOLDERS**

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The Board of Directors (the "**Board**") of Oxley Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the questions received from shareholders ahead of the Company's Annual General Meeting to be held on 28 October 2021 at 2.00 p.m. by electronic means. The Company wishes to provide its response to the substantial and relevant questions, which have been organised under key topics, below. Similar questions have been collated and addressed accordingly.

#### **A. Future Direction and Business Strategy**

##### **1. What is the outlook for property prices in Singapore?**

According to the data released by the Urban Redevelopment Authority on 22 October 2021, private home prices in Singapore rose by 1.1% in Q3 2021 compared with Q2 2021, the sixth consecutive quarterly increase since Q1 2020, while more than 9,000 units were sold during Q3 2021.

The Company is of the view that the buoyant property market may be attributable to tightening supply and strong demand from buyers looking to upgrade, expectations of post-pandemic economic recovery, relatively low mortgage interest rates, and expected increase in future construction costs.

##### **2. What are the potential challenges that Oxley may face and how will Oxley overcome the challenges?**

With rising land prices and construction costs, the profit margins of property development projects in Singapore are expected to decline when compared with those in prior years. In response, the Group intends to focus its development property activities in developed countries such as the United Kingdom and Ireland that generate higher profit margins. The Group will be focusing on the Riverscape (formerly known as Deanston Wharf) and Connolly Station projects for the next few years.

##### **3. What are Oxley's post-pandemic recovery plans?**

Construction of the Group's development projects has been adversely affected by the COVID-19 pandemic due to multiple lockdowns and safe management measures in Singapore and overseas. As Singapore and the rest of the world achieve high vaccination rates for their populations and are preparing to live with endemic COVID-19, the Group is pro-actively managing construction activities in order to complete the projects expeditiously and realise the sales proceeds to further reduce borrowings and strengthen the Group's cash flows.

The Group's hotels in Singapore have signed up as Government Quarantine Facilities and Stay-Home Notices Dedicated Facilities from the onset of the virus outbreak and have been generating positive operating cash flows. With the implementation of Vaccinated Travel Lanes, the prospect of recovery of the hospitality sector seems to be in sight.

With the Government's announcement that all vaccination workers can return to office from 1 January 2022, the battered office and retail segment may be on the path to recovery. The Group has a relatively small exposure to this segment.

## **B. Financial Condition**

### **1. Why is the profit attributable to non-controlling interests (NCI) of \$36.4 million for FY2021 significantly higher than S\$8.3 million reported for FY2020**

The NCI relates mainly to Oxley Gem (Cambodia) Co., Ltd (“**OXG**”), the developer of The Peak project in Cambodia. OXG is 79% owned by the Group and 21% owned by a minority shareholder. During FY2021, The Peak’s residential and commercial components were completed, and revenue and profit relating to the sold units were recognised in the financial statements. As the Group is the majority shareholder of OXG, OXG’s results were consolidated into the Group while the profit attributable to the minority shareholder is shown separately as NCI.

In FY2020, the profit recognised from The Peak project was significantly lower, resulting in lower NCI.

### **2. What is the impact on the Group’s gearing with the completion of the Singapore development projects?**

With the completion of the following Singapore development projects in the years 2021 and 2022 and repayment of the underlying loans, the Group’s gearing ratio is expected to decline by approximately 1.00 based on the equity as at 30 June 2021:

- (a) The Addition
- (b) Sea Pavilion Residences
- (c) The Verandah Residences
- (d) 1953
- (e) Mayfair Gardens
- (f) Mayfair Modern
- (g) Kent Ridge Hill Residences

### **3. How will an increase in interest rates affect the Group’s financial performance?**

The Group’s sensitivity to interest rate is presented on pages 143 to 144 of the Company’s Annual Report 2021, which has been disseminated via SGXNet on 12 October 2021.

### **4. What is the impact on Oxley’s financial position and operation of the liquidity issues faced by the property developers in China?**

The Group’s exposure to China is through the Sino-Singapore Health City project in Gaobeidian, Hebei Province. The Group has a 27.5% stake in the project that is strategically located 40 km away from the Xiongan New Special Economic Zone, next to Beijing-Shijiazhuang Expressway and on the Beijing-Shijiazhuang High-Speed Rail route.

The township project of approximately 2.5 million square metres of gross floor area will include 15,800 residential units, commercial, healthcare and education infrastructure and China’s National Mountain Training Base that provides a full suite of mountain climbing services.

Construction and sales and marketing activities of the project are ongoing. First phase of the project will be completed in 2022.

As of 30 September 2021, 583 of 768 Phase 1 residential units have been sold, generating sales of approximately S\$95 million.

The Sino-Singapore Health City project has been primarily funded by equity injections from the shareholders. The debt/equity ratio for the project is currently less than 10% and the borrowing is denominated in RMB.

**5. How did Pindan Group Pty Ltd (“Pindan” or “Pindan Group”) end up in administration and what would be the impact on Oxley in the financial year ending 30 June 2022?**

The circumstances leading to the appointment of voluntary administrators had been disclosed in the SGXNet announcement on 18 May 2021 and the estimated financial impact on the Group had been disclosed in the SGXNet announcements relating to Pindan from 18 May 2021 to 20 October 2021.

**C. Others**

**1. Is Oxley diversifying into the payment services with OxPay Financial Ltd and what is the expected contribution from the new business?**

The Group has not diversified into payment services and has no shareholding interest in OxPay Financial Limited.

By Order of the Board

Ching Chiat Kwong  
Executive Chairman and CEO  
27 October 2021