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

RESPONSE TO QUERIES FROM SGX-ST

The Board of Directors (the “**Board**”) of Oxley Holdings Limited (the "**Company**", and together with its subsidiaries, the “**Group**”) refers to the queries below raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in relation to the unaudited financial statements of the Company for the financial year ended 30 June 2020 announced on 28 August 2020 (the “**Announcement**”).

1. With reference to the unaudited financial statements for the year ended 30 June 2020 (“FY2020”), it is disclosed that the increase in other losses was mainly attributable to the Covid-19 pandemic as follows:

    (a) fair value loss of $48.7 million on the investment properties in Singapore by independent external valuers in accordance with the Group’s accounting policy, due to COVID-19 pandemic;

    (b) non-recurring losses of $210.7 million on:

        (i) disposal of investment in an associated company, Galliard Group. In 2H FY2020, the Group divested its 18.8% stake in Galliard Group as part of the Group’s plan to streamline its portfolio, divest non-core assets and enhance financial flexibility; and
        (ii) a receivable of proceeds from final completion of the share sale of Oxley Beryl Pte Ltd, a company holding the asset at 30 Raffles Place, in June 2020. This was mainly due to unfavourable circumstances due to COVID-19 pandemic. The share sale generated a profit of $130.0 million for the Group, and

    (c) unrealised foreign exchange losses of $23.7 million primarily from US$ denominated EMTNs due to the appreciation of US dollar against Singapore dollar.

    Please provide a breakdown of non-recurring losses of $210.7 million arising from paragraph (b)(i) and (ii) above.

    In respect of the non-recurring losses on receivable of proceeds from final completion of the share sale of Oxley Beryl Pte Ltd, please disclose:

    (i) how the profit amount of $130m was arrived at and whether this profit takes into account the impairment loss on receivable of proceeds;
    (ii) how the amount of impairment loss was determined;
    (iii) the background and reasons for the impairment loss on receivable of proceeds; and
    (iv) the Board’s confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of impairment.

Reply: The breakdown of the non-recurring losses of $210.7 million is as follows:

	$'million	
Loss on disposal of investment in associate	100.7	Relates to paragraph (b)(i) above and disclosed in note 1(a)(i) of the Announcement
Loss on receivable from the associate	7.8	Relates to paragraph (b)(i) above
Loss on receivable from share sale of Oxley Beryl	102.2	Relates to paragraph (b)(ii) above
	210.7	

In respect of the non-recurring losses on receivable of proceeds from final completion of the share sale of Oxley Beryl Pte Ltd:

(i) The profit amount of $130.0 million was derived as follows:

		$'million
Initial acquisition cost in 2018		660.0
Other costs including stamp duty, AEI construction & related cost, differential premium and finance cost		144.0
Total cost		804.0
Final disposal value	Note 1	934.0
Profit on share sale of Oxley Beryl Pte Ltd		130.0

Note 1	$'million	$'million
Disposal value of the entire interest in Oxley Beryl – disclosed in SGX announcement dated 30 April 2019		1,025.0
Initial targeted divestment value of the retail and commercial space	406.0	
Final divestment value in FY2020 - disclosed in SGX announcements dated 19 May and 22 June 2020	315.0	(91.0)
Final disposal value		934.0

The calculation of the overall profit amount of $130.0 million has taken into consideration the loss on receivable of proceeds from the final completion of the share sale of Oxley Beryl.

(ii) The loss of $102.2 million included the difference of $91.0 million between the initial and final divestment values of the retail and commercial space on level B2 to 5 of 30 Raffles Place. The remaining loss amount of $11.2 million related mainly to additional alteration costs and other adjustments, tenant fitting-out cost borne by the Company due to the divestment value falling short of the initial target price, and estimated shortfall from the agreed aggregate monthly target rent in respect of the retail and commercial space.

(iii) As explained above, the loss was mainly due to the final divestment value of the retail and commercial space of $315.0 million falling short of the initial target of $406.0 million, due to adverse market conditions arising from the COVID-19 pandemic. As disclosed in paragraph (b)(ii) of the Company's announcement on 9 May 2019, the shortfall shall be borne by the Company. The initial target value of $406.0 million was part of the valuation of the asset of $1,025.0 million in FY2019.

(iv) The Board is satisfied with the reasonableness of the methodologies used in calculating the one-time loss recorded in the Group's financial statements for FY2020.

2. It is disclosed on page 2 of the financial results that the Group has recognised a loss on disposal of investment in associates of $100,885,000 for FY2020. Please confirm if the loss on disposal of $100,885,000 relates to above-mentioned disposal of 18.8% stake in Galliard Group and disclose how the loss on disposal amount of $100,885,000 was arrived at.

Reply: The loss on disposal of $100,885,000 arose from the disposal of 18.8% stake in Galliard Group. The loss is the difference between the sale consideration of GBP30.0 million and the carrying value of the investment in associate on date of disposal. The carrying value of the investment in associate included the initial cost of acquisition of GBP50.0 million paid in 2015 and the share of results of the associate recognised over the holding period from 2015 to 2020.

3. It is disclosed on page 3 of the financial results that there was a decrease in other liabilities from $480,122,000 as at 30 June 2019 ("FY2019") to $397,757,000 as at 30 June 2020. Please provide a breakdown of the Group's other liabilities for FY2019 and FY2020 respectively, as well as explain the decrease in other liabilities from FY2019 to FY2020.

Reply: The Group's other liabilities as at 30 June 2020 and 30 June 2019 comprise mainly deposits received from buyers of the Group's properties. The decrease in other liabilities from 30 June 2019 to 30 June 2020 was mainly due to the delivery of the sold units to the buyers in FY2020 and the related deposits from buyers being reversed and taken up as revenue.

4. Please provide the Board's assessment as to whether it foresees any difficulty for the Group to meet its short-term obligations as and when they fall due, and the bases for such an assessment.

Reply: Based on the cash flow forecast prepared by the management, the Board has assessed that the Group will be able to meet its short-term obligations as and when the debts fall due, taking into consideration the (A) incoming cash flows from (i) the completion of overseas projects including Royal Wharf, Dublin Landings and The Peak, (ii) Singapore development projects expected to achieve TOP by the first quarter of 2021 and (iii) the proposed sale of land parcels in Australia and Cambodia, as well as (B) the refinancing of the short-term obligations comprising asset-backed loans which is currently in progress.

By Order of the Board

Ching Chiat Kwong
Executive Chairman and CEO
10 September 2020