



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 2017

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29 August 2017



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		
	FY2017	FY2016	change
	12 months ended 30-Jun-17	12 months ended 30-Jun-16	
	S\$'000	S\$'000	
	Unaudited	Audited	
Revenue	134,544	75,777	77.6%
Cost of sales	(121,432)	(64,714)	87.6%
Gross profit	13,112	11,063	18.5%
Other income	6,357	2,394	n.m.
Other expenses	(66,272)	(6,363)	n.m.
General and administrative expenses	(18,266)	(17,007)	7.4%
Finance costs	(9,430)	(10,086)	-6.5%
Share of profits of associate	5,378	3,400	58.2%
Loss before tax	(69,121)	(16,599)	n.m.
Income tax expenses	(1,223)	(292)	n.m.
Total loss for the year	(70,344)	(16,891)	n.m.
Loss attributable to:			
Owners of the Company	(70,344)	(17,282)	n.m.
Non-controlling interests	-	391	n.m.
	(70,344)	(16,891)	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		
	FY2017	FY2016	change
	12 months ended	12 months ended	
	30-Jun-17	30-Jun-16	
	S\$'000	S\$'000	
	Unaudited	Audited	
Total loss for the year	(70,344)	(16,891)	n.m.
Other comprehensive loss:			
Currency translation differences arising from consolidation	(231)	(323)	-28.5%
Other comprehensive loss for the year, net of tax	(231)	(323)	n.m.
Total comprehensive loss for the year	<u>(70,575)</u>	<u>(17,214)</u>	n.m.
Total comprehensive loss attributable to:			
Owners of the Company	(70,575)	(17,605)	n.m.
Non-controlling interests	-	391	n.m.
	<u>(70,575)</u>	<u>(17,214)</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		
	FY2017 12 months ended 30-Jun-17 S\$'000 Unaudited	FY2016 12 months ended 30-Jun-16 S\$'000 Audited	change
Depreciation of property, plant and equipment	(745)	(1,027)	-27.5%
Foreign exchange gain/(loss), net	10	(9)	n.m.
Bad debt expense	(259)	(102)	n.m.
Interest expenses	(9,430)	(10,086)	-6.5%
Gain on disposal of property, plant and equipment	726	-	n.m.
Impairment loss of property, plant and equipment	(15,857)	-	n.m.
Loss on revaluation of investment properties	(27,223)	(5,230)	n.m.
Loss on revaluation of asset held for sale	(11,459)	-	n.m.
Loss on revaluation of completed property held for sale	(10,465)	-	n.m.
Loss on revaluation of derivative financial instrument	(1,268)	-	n.m.
Interest income	87	51	70.6%
Grant income	-	217	n.m.
Compensation from insurance claim	-	83	n.m.
Forfeiture of deposit from sales/lease cancellation	-	147	n.m.
Other income	5,211	711	n.m.



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-17 S\$'000 Unaudited	30-Jun-16 S\$'000 Audited	30-Jun-17 S\$'000 Unaudited	30-Jun-16 S\$'000 Audited
ASSETS				
Current assets				
Cash and cash equivalents	20,258	44,948	21	712
Trade and other receivables	28,919	37,830	59,702	34,272
Loan due from non-controlling interests	330	1,430	-	-
Completed properties held for sale	67,900	75,327	-	-
Properties under development	-	140,032	-	-
Asset held for sale	56,197	-	-	-
Derivative financial instruments	-	1,268	-	-
Total current assets	173,604	300,835	59,723	34,984
Non-current assets				
Property, plant and equipment	13,265	31,118	-	-
Investment properties	129,580	127,480	-	-
Investments in subsidiaries	-	-	86,171	126,180
Investment in joint venture	-	-	-	-
Investment in associate	-	38,699	-	-
Available-for-sale investment	-	16,257	-	-
Total non-current assets	142,845	213,554	86,171	126,180
Total assets	316,449	514,389	145,894	161,164
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	41,158	127,107	26,294	29,706
Finance leases	327	515	-	-
Loan due to associate	1,600	6,000	-	-
Loan from controlling interests	10,000	20,000	10,000	20,000
Loan from third party	20,000	-	20,000	-
Redeemable convertible preferences shares ("RCPS")	-	6,000	-	-
Redeemable exchangeable preference shares ("REPS")	-	13,970	-	-
Bank loans and overdrafts	89,036	207,664	-	-
Provisions	1,368	1,368	-	-
Income tax payable	1,338	3,958	-	-
Total current liabilities	164,827	386,582	56,294	49,706



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-17	30-Jun-16	30-Jun-17	30-Jun-16
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Non-current liabilities				
Loan from controlling interests	10,000	-	10,000	-
Finance leases	657	1,085	-	-
Bank loans	53,269	18,451	-	-
Total non-current liabilities	63,926	19,536	10,000	-
Total liabilities	228,753	406,118	66,294	49,706
Capital, reserves and non-controlling interests				
Share capital	39,979	33,278	135,325	128,624
Share premium	69,304	26,005	72,155	28,856
Equity reserves	-	3,974	-	-
Translation reserves	(2,363)	(2,132)	(1,491)	(1,491)
Accumulated (losses)/profits	(19,524)	46,846	(126,389)	(44,531)
Equity attributable to owners of the Company	87,396	107,971	79,600	111,458
Non-controlling interests	300	300	-	-
Total equity	87,696	108,271	79,600	111,458
Total liabilities and equity	316,449	514,389	145,894	161,164



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 2017		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
109,363	11,600	208,179	45,970

Amount repayable after one year

As at 30 June 2017		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
53,926	10,000	19,536	-

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-17 S\$'000 Unaudited	12 months ended 30-Jun-16 S\$'000 Audited
Cash flows from operating activities		
Loss for the year	(70,344)	(16,891)
Adjustments for:		
Income tax expenses	1,223	292
Waiver of interest receivable	-	7
Impairment loss on available for sale investment	-	1,521
Bad debts expense	259	102
Gain on disposal of property, plant and equipment	(726)	-
Depreciation of property, plant and equipment	745	1,027
Impairment loss of property, plant and equipment	15,857	-
Loss on revaluation of investment properties	27,223	4,842
Loss on revaluation of asset held for sale	11,459	-
Loss on revaluation of completed property held for sale	10,465	-
Loss/(Gain) on revaluation of derivative financial instrument	1,268	(1,268)
Interest expenses	9,430	10,086
Interest income	(87)	(51)
Payables written back	-	(425)
Unrealised foreign currency exchange gain	-	6
Share of profits of associate	(5,378)	(3,400)
Share of losses of joint venture	-	-
Operating cash flows before changes in working capital	1,394	(4,152)
Properties under development	84,069	2,336
Completed properties held for sale	21,559	-
Construction contracts	-	(2,503)
Trade and other receivables	3,299	17,225
Trade and other payables	(71,715)	32,651
Cash generated from operations	38,606	45,557
Income tax paid	(3,843)	(4,663)
Interest paid	(7,905)	(10,703)
Net cash generated from operating activities	26,858	30,191



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-17 S\$'000 Unaudited	12 months ended 30-Jun-16 S\$'000 Audited
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,471)	(19,174)
Additions to investment properties	-	(1,476)
Proceeds from disposal of property, plant and equipment	1,081	-
Proceeds from share buyback of available for sale investment	-	3,722
Interest received	87	51
Net cash used in investing activities	(303)	(16,877)
Cash flow from financing activities		
Proceeds from bank loans	65,841	125,827
Repayment of bank loans	(156,118)	(127,913)
Repayment of obligations under finance lease	(616)	(526)
Increase in fixed deposits pledged	(4,200)	(1,000)
Repayment to a director	-	(33)
Loan from third party	20,000	-
Repayment of loan to associate	(4,400)	(2,000)
Loan from controlling interests	10,000	20,000
Repayment of loan to controlling interests	(10,000)	-
Issuance of share capital	50,000	-
Repayment of loan from non-controlling interests	1,100	1,900
Profit sharing paid to non-controlling interests	(2,407)	(5,700)
Redemption of RCPS	(6,000)	(2,000)
Redemption of REPS	(15,000)	-
Net cash (used in)/from financing activities	(51,800)	8,555
Net (decrease)/increase in cash and cash equivalents	(25,245)	21,869
Cash and cash equivalents at beginning of period	36,028	14,159
Cash and cash equivalents at end of period	10,783	36,028
	30-Jun-17	30-Jun-16
	S\$'000	S\$'000
Cash and bank balances	20,258	44,948
Less: Bank overdrafts	(2,775)	(6,420)
Fixed deposits pledged	(6,700)	(2,500)
Cash and cash equivalents	10,783	36,028



Cash and cash equivalents at end of the period

The cash and cash equivalents as at 30 June 2017 comprises bank balance of S\$9.94 million (30 June 2016: S\$31.9 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

	← Attributable to owners of the Company →					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Equity reserves	Translation reserves	Accumulated profits/(losses)			
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2016	33,278	26,005	3,974	(2,132)	46,846	107,971	300	108,271
Total comprehensive profit/(loss) for the year	-	-	-	(231)	(70,344)	(70,575)	-	(70,575)
Transfer on redemption of convertible notes	-	-	(3,974)	-	3,974	-	-	-
Issuance of share capital	6,701	43,299	-	-	-	50,000	-	50,000
Balance at 30 June 2017	39,979	69,304	-	(2,363)	(19,524)	87,396	300	87,696
Balance at 1 July 2015	33,278	26,005	3,974	(1,809)	64,128	125,576	13,509	139,085
Total comprehensive profit/(loss) for the year	-	-	-	(323)	(17,282)	(17,605)	391	(17,214)
Profit sharing declared to non-controlling interests	-	-	-	-	-	-	(13,600)	(13,600)
Balance at 30 June 2016	33,278	26,005	3,974	(2,132)	46,846	107,971	300	108,271



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	Translation reserves S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 July 2016	128,624	28,856	(1,491)	(44,531)	111,458
Issuance of share capital	6,701	43,299	-	-	50,000
Total comprehensive losses for the year	-	-	-	(81,858)	(81,858)
Balance at 30 June 2017	135,325	72,155	(1,491)	(126,389)	79,600
Balance at 1 July 2015	128,624	28,856	(1,491)	(8,775)	147,214
Total comprehensive profits for the year	-	-	-	(35,756)	(35,756)
Balance at 30 June 2016	128,624	28,856	(1,491)	(44,531)	111,458



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.

During the period of review, the Company undertook a capital reorganisation exercise to reduce the par value of its ordinary shares from US\$0.16 to US\$0.01. Subsequently on 2 August 2016, the Company allotted and issued 500,000,000 new ordinary shares at S\$0.10 to Haiyi Holdings Pte Ltd. As a result, the Company's number of ordinary shares issued and share capital changes are as follows:

	Number of ordinary shares	Share Capital S\$'000
As at 30 June 2016:	<u>628,657,445</u>	<u>128,624</u>
As at 30 June 2017:	<u>1,128,657,445</u>	<u>135,325</u>

There were no treasury shares and subsidiary holdings as at 30 June 2017 and 30 June 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares 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 as at 30 June 2017 and 30 June 2016 were 1,128,657,445 and 628,657,445 respectively.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares 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 2016.

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 2016 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-17	12 months ended 30-Jun-16	Change %
Basic loss per share (cents)			
Earnings per ordinary share based on the weighted average number	(6.50)	(2.69)	n.m.
Weighted average number of ordinary shares on issue	<u>1,082,974,320</u>	<u>628,657,445</u>	
Diluted loss per share (cents)			
Earnings per ordinary share based on a fully diluted basis (cents)	(6.50)	(2.69)	n.m.
Adjusted weighted average number of ordinary shares	<u>1,082,974,320</u>	<u>659,260,492</u>	

Basic EPS is calculated based on the net profit attributable to equity holders of the Company set out in 1(a) above divided by the weighted average number of ordinary shares in issue during the financial period.



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-17	30-Jun-16	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)	7.74	17.17	-54.9
Total number of issued ordinary shares	1,128,657,445	628,657,445	
	Company		
	30-Jun-17	30-Jun-16	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)	7.05	17.73	-60.2
Total number of issued ordinary shares	1,128,657,445	628,657,445	



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

FY2017 vs FY2016

	Revenue			COGS			Gross Profit			Gross Profit Margin		
	FY2017 S\$'000	FY2016 S\$'000	change %	FY2017 S\$'000	FY2016 S\$'000	change %	FY2017 S\$'000	FY2016 S\$'000	change %	FY2017 %	FY2016 %	change %points
Construction Services	156	940	-83.4	19	312	-93.9	137	628	-78.2	87.8	66.8	21.0
Property Development	122,817	64,255	91.1	115,338	58,169	98.3	7,479	6,086	22.9	6.1	9.5	(3.4)
Property Investment	11,571	10,582	9.3	6,075	6,233	-2.5	5,496	4,349	26.4	47.5	41.1	6.4
Total	134,544	75,777	77.6	121,432	64,714	87.6	13,112	11,063	18.5	9.7	14.6	(4.9)

Revenue

The Group posted revenue of approximately S\$134.54 million in FY2017 as compared to S\$75.78 million in FY2016. The increase in the reported revenue for FY2017 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") during the financial year. 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 rose by 91.1% in FY2017 to approximately S\$122.82 million as compared to approximately S\$64.26 million in FY2016. 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. As at end of FY2017, the said project has registered sales of 83.2% hence resulting in a higher revenue contribution from property development as compared to the preceding financial year.

Revenue recognised from the provision of construction services to third parties was down by approximately 83.4% to approximately S\$0.16 million in FY2017 as compared to approximately S\$0.94 million in FY2016. The drop in revenue was due to the completion of most of the Group's third parties construction contracts.

Revenue recognised from property investment increased by 9.3% to approximately S\$11.57 million in FY2017 as compared to approximately S\$10.58 million in FY2016. The increment was attributed mainly to rental income received from the leased units in Loyang Enterprise.



Gross Profit (“GP”) / Gross Profit Margin (“GPM”)

The Group recorded a higher gross profit of approximately S\$13.11 million in FY2017 as compared to approximately S\$11.06 million in FY2016. This was largely attributed to higher sales achieved from the development project, Ace@Buroh in FY2017 as compared to the development project, Loyang Enterprise in FY2016. Despite higher gross profit for FY2017, the Group’s GPM was lower at 9.7% as compared to 14.6% in FY2016. The reason for the lower GPM was attributed to the higher cost incurred in the development project, Ace@Buroh.

Other income

Other income for FY2017 was higher at approximately S\$6.36 million as compared to S\$2.39 million in FY2016. Amongst others, the increase was largely attributed to one-off income derived from goodwill received due to the finalisation of the final accounts for the Group’s previously completed projects.

Other expenses

Other expenses for FY2017 increased to approximately S\$66.27 million as compared to S\$6.36 million back in FY2016. The Group undertook a property valuation exercise on all its property assets through an independent and reputable property valuation company. The results of the valuation exercise reflected the current downturn in the industrial property market segment. Consequent to the revaluation, the Group took an impairment loss on property, plant and equipment of approximately S\$15.86 million which related solely to a property under Construction in Progress in the property, plant and equipment and the write-down in the value of the asset was to better reflect the current economic value of the said asset; a loss on revaluation of its investment properties of approximately S\$27.22 million; a loss on revaluation of asset held for sale of approximately S\$11.46 million; and a loss on revaluation of completed property held for sale of approximately S\$10.47 million.

General and Administrative Expenses

General and administrative expenses increased by 7.4% from approximately S\$17.01 million in FY2016 to S\$18.27 million in FY2017. The increase was largely due to sales commissions which more than doubled from approximately S\$3.21 million in FY2016 to approximately S\$7.48 million in FY2017. This was a result of the recognition of sales commission arising from the sale of units of the development project, Ace@Buroh which obtained its 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\$4.76 million in FY2016 to S\$2.77 million in FY2017.

Finance Costs

Finance costs decreased by 6.5% from approximately S\$10.09 million in FY2016 to S\$9.43 million in FY2017. The decrease was due to the absence of interest from RCPS and lower outstanding bank loans during the year.

Share of Profits of Associate

The share of profits of associate in FY2017 amounted to approximately S\$5.38 million as compared to S\$3.40 million in the preceding financial year. The increase was mainly attributed to the completed BMW warehouse project which started contributing to the rental income in the current financial year.

Income Tax

Notwithstanding the loss for the year, income tax expense for FY2017 was approximately S\$1.22 million. This was due to previously under provision of income tax in prior year.

Loss for the year

As a result of the foregoing, the Group registered a total loss of approximately S\$70.34 million (of which S\$66.27 million was due to impairment and revaluation losses) in FY2017 as compared to a loss of S\$16.89 million in FY2016.



STATEMENT OF FINANCIAL POSITION

As at 30 June 2017, total current assets stood at approximately S\$173.60 million as compared to S\$300.84 million as at 30 June 2016. The reduction in total current assets was attributed largely to properties under development, after the development project, Ace@Buroh obtained its TOP. Units of the said project that has been sold were recognised as revenue in the current year while unsold units are being held as completed properties held for sale. The cash and cash equivalents and trade and other receivables were also lower as at 30 June 2017. The overall reduction in current assets was partially offset by increases in asset held for sale which essentially represent the Group's investmentst in the associate, Pan Asia Logistics Investments Holdings Pte Ltd and Pan Asia Logistics Holdings Singapore Pte Ltd ("PAL group").

Total non-current assets stood at approximately S\$142.85 million as at 30 June 2017 as compared to approximately S\$213.55 million as at 30 June 2016. The reduction was a result of a write-down in the book value of a property under property, plant and equipment, and the transfer of the Group's investment in the PAL group to asset held for sale and classified under the total current assets.

As at 30 June 2017, total current liabilities reduced significantly to approximately S\$164.82 million as compared to approximately S\$386.58 million as at 30 June 2016. This was largely attributed to a reduction in the outstanding trade and other payables, redemption of the RCPS and REPS and a reduction in total bank loans and overdrafts. The overall reduction in current liabilities was partially offset by the additional loan of S\$20.00 million from third party taken up during the period under review.

Total non-current liabilities increased to approximately S\$63.93 million as at 30 June 2017 as compared to approximately S\$19.54 million as at 30 June 2016. The increase was largely due to the refinancing of a bank loan which was classified as current liabilities as at 30 June 2016.

STATEMENT OF CASH FLOWS

Net cash inflow from operating activities

For the financial period ended 30 June 2017, the Group generated positive net cash inflow from operating activities of approximately S\$26.86 million as compared to approximately S\$30.16 million in FY2016. The net cash inflow was primarily due to proceeds from properties under development and completed properties held for sale, which was partially offset by the outflow from trade and other payables.

Net cash outflow in investing activities

The Group recorded net cash outflow of approximately S\$0.30 million for FY2017 from investing activities as compared to net cash outflow of approximately S\$16.88 million in the corresponding period last year. The net cash outflow in FY2017 related largely to the increase in the purchase of property, plant and equipment but partially offset by similar disposals.

Net cash outflow/inflow from financing activities

The Group recorded net cash outflow of approximately S\$51.80 million from financing activities in FY2017 as compared to a net cash inflow of S\$8.59 million in the corresponding period last year. The net cash outflow was largely due to a net repayment in bank loans and the redemption of both the RCPS and REPS. The cash outflow was partially offset by loan from third party and the issuance of new share capital.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of approximately S\$25.25 million in FY2017.

Cash and cash equivalents as at 30 June 2017 stood at (including bank overdraft and fixed deposits pledged that totalled approximately S\$9.48 million) approximately S\$10.78 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 will start 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 will also be tapping on its business networks to pursue overseas businesses in the region.

The Group owns a diverse portfolio of development and investment properties as well as fixed assets. As part of its continuous review, the Group will assess 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	1,498	-



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)				
	<u>Construction Services</u>	<u>Property Development</u>	<u>Property Investment</u>	<u>Eliminations</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
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 expenses					(1,223)
Loss for the year					(70,344)
2016					
Revenue:					
External customers	940	64,255	10,582	-	75,777
Inter-segment	66,495	-	-	(66,495)	-
Total revenue	67,435	64,255	10,582	(66,495)	75,777
Results	(13,735)	1,725	6,494	4,956	(560)
Unallocated expenses					(5,953)
Finance costs					(10,086)
Loss before tax					(16,599)
Income tax expense					(292)
Profit for the year					(16,891)



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	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
Segment assets:					
Total segment assets	31,813	103,564	180,904		316,281
Unallocated assets	-	-	-	-	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
Depreciation	740	-	5	-	745
Capital expenditure (PPE Additions)	2,657	-	-	-	2,657
Change in fair value of investment properties	-	-	(27,223)	-	(27,223)
2016					
Segment assets:					
Total segment assets	54,485	268,808	168,986		492,279
Unallocated assets	-	-	-	-	22,110
Total consolidated assets					514,389
Segment liabilities:					
Total segment liabilities	100,237 #	211,109	63,579		374,925
Unallocated liabilities	-	-	-	-	31,193
Total consolidated liabilities					406,118
Other segment information:					
Depreciation	1,021	-	6	-	1,027
Capital expenditure (PPE Additions)	19,591	-	-	-	19,591
Change in fair value of investment properties	-	-	(4,842)	-	(4,842)

Segment liabilities include payables relating to the Group's development projects for which the construction services division is the main contractor for the projects



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		
	FY2017 S\$'000	FY2016 S\$'000	change %
(a) Sales reported for first half year	18,361	5,880	212%
(b) Operating (loss)/profit after tax before deducting minority interests reported for first half year	(1,030)	(7,781)	-87%
(c) Sales reported for second half year	116,183	69,897	66%
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	(69,314)	(9,110)	661%

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
29 August 2017