ANNUAL REPORT 2012

# COMPANY PROFILE

Oxley Holdings Limited is a property development company specialising in the development of quality residential, commercial and industrial projects.

Oxley's developments cater to the growing needs of young and trendy home buyers who value quality living and a finer lifestyle, as well as small and medium enterprise owners looking to purchase their own office premises. Oxley's property developments are usually located at good strategic areas that are easily accessible and with prominent lifestyle features.

The Company's distinctive portfolio of developments includes Oxley Tower, Robinson Square, Parc Somme, Devonshire Residences, Loft@Holland, Loft@Rangoon, Loft@Stevens, Viva Vista, Vibes@Kovan, Oxley BizHub and Oxley BizHub 2.

The Company was listed on the Catalist Board of the SGX-ST in October 2010.

NOTE:
All images of Oxley's development projects shown in this annual report are artist's impressions, as construction of the projects is currently in progress.

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# CHAIRMAN'S STATEMENT

**Dear Shareholders,**

On behalf of the Board of Directors of Oxley Holdings Limited ("Oxley Holdings"), I am delighted to report a successful year for the financial year ended 30 June 2012 ("FY2012"). This is significant given FY2012 was our first full year as a public-listed company, having debuted on the Catalist Board of the SGX-ST on 29 October 2010.

FY2012 demonstrated our ability to utilise optimally public monies entrusted to us, and grow into the new responsibilities expected of us as a public company.

## FINANCIAL HIGHLIGHTS

For FY2012, we recorded revenue of $159.4 million based on the percentage of completion method. This is an increase of 125% compared to $70.9 million in the previous financial year ("FY2011").

Net profit attributable to shareholders rose 26% in FY2012 to $16.9 million with earnings per share on a fully diluted basis rising 21% to 1.14 cents. This compares to net profit attributable to shareholders of $13.4 million in FY2011, with fully diluted earnings per share of 0.94 cents.

## SOURCES OF GROWTH

The strong revenue growth in FY2012 was powered mainly by construction progress made in eleven of the Group's residential projects – Suites@Katong, Parc Somme, Loft@Rangoon, Viva Vista, RV Point, Loft@ Holland, Loft@Stevens, Vibes@Kovan, Devonshire Residences, Vibes@East Coast, and Suites@Braddell. One of these projects, namely Parc Somme, obtained its Temporary Occupation Permit in May 2012.

Net profit attributable to shareholders was partly boosted by rental income from The Corporate Office at Robinson Road (the site of the future Oxley Tower), where most lease obligations were in place prior to it being acquired in February 2011. Rental income amounted to $6.3 million for FY2012.

## FINANCIAL POSITION

We ended FY2012 with total shareholder's equity of $140.2 million and net asset value per share of 9.4 cents. As at 30 June 2012, our cash and cash equivalents stood at $205.1 million.

## DIVIDEND

In view of our performance, the Board has proposed a final one-tier tax exempt cash dividend of 0.47 cents per ordinary share for FY2012, which together with the interim dividend of 0.10 cents per ordinary share, brings the total dividend per ordinary share for FY2012 to 0.57 cents. This is higher than the 0.45 cents per ordinary share distributed in the prior year and represents a dividend payout ratio of approximately 50%.

## YEAR IN REVIEW

We launched three residential developments during the year – Presto@Upper Serangoon, Vibes@Upper Serangoon, and The Promenade@Pelikat. All three received very strong market response and were sold out.

We also launched three industrial developments – Oxley BizHub 2, Arcsphere, and The Commerze@Irving. As at 30 June 2012, both Arcsphere and The Commerze@Irving

were 100% sold, and more than half of Oxley BizHub 2 has been taken up.

In November 2011, we launched our first commercial development, Robinson Square, which is 84% sold as at 23 August 2012. This was followed by the launch of a very significant commercial development in April 2012 - Oxley Tower. This 32-storey tower along Robinson Road with 104 offices, eight cafés, three restaurants and a gym/spa received strong market reception with all the shop units sold on the day of the launch. As at 23 August 2012, about 78% of the units have been taken up.

## LAND ACQUISITIONS

During the year, Oxley Holdings led consortiums to acquire McDonald's Place at King Albert Park, Seletar Garden at Cactus Road, and the site currently occupied by Hong Leong Garden Shopping Centre at West Coast Way. It also teamed up with Lian Beng Group to acquire Hougang Plaza in June 2012. Except for McDonald's Place, these acquisitions have been completed as at 30 June 2012.

We also acquired a residential land parcel along Joo Chiat Road, and a commercial plot along East Coast Road. In July 2012, we had the opportunity to add to our existing residential land parcels at River Valley Road with the acquisition of an adjoining plot. We will be amalgamating all five plots at River Valley Road for a pending project.

## CORPORATE SOCIAL RESPONSIBILITY

In line with our corporate objective of giving back to society, we enhanced our support of the Thye Hua Kwan Moral Society to a higher level with my personal participation as the chairman for the society's Charity Show 2012 organising committee.

The Charity Show 2012 was part of the Thye Hua Kwan Moral Society's fund-raising initiative to finance more than 50 community aid programmes aimed at improving the social, physical, and emotional health of the financially and physically disadvantaged in Singapore.

Overall, the effort successfully raised about $5.5 million, with Oxley Holdings as one of the lead sponsors contributing $500,000 which exceeded the target of $3.8 million.

## OUTLOOK

Notwithstanding the good performance in FY2012, we are mindful of the possible impact of the cooling measures introduced by the government in the residential and industrial property segments, and are adopting a prudent view of our prospects in FY2013.

We are also closely monitoring the economic performance of Singapore as well, given the continuing economic problems in the Eurozone and USA.

Oxley Holdings continues to seek out opportunities to purchase new land parcels that hold good market potential. Apart from progressive revenue stream from its successfully launched projects, the Group is also monitoring market conditions closely for an opportune time to launch its pipeline projects.

## ACKNOWLEDGEMENTS

My heartfelt gratitude goes out to our Board of Directors, management team and staff. Their hard work, skill and dedication resulted in this good first full year for Oxley Holdings as a public-listed company.

Thanks also to our bankers and principal suppliers for their unwavering support.

Most of all, I would also like to thank our shareholders who have put their trust in Oxley Holdings. As a company, we shall continue to strive to enhance our shareholders' value and look forward to your continuing and unwaivering support.

**Ching Chiat Kwong**
Chairman & CEO

# PROJECT PORTFOLIO

## Residential Properties

| Property Name | Launched | Acquired | Tenure | GFA (ft$^2$) | No. of units - Residential - Shops | % sold | TOP |
|---|---|---|---|---|---|---|---|
| Parc Somme | Apr-10 | Dec-09 | 99 years | 17,539 | 30<br>5 | 100% | May-12 |
| Suites@Katong | Apr-10 | Dec-09 | Freehold | 30,106 | 51<br>8 | 100% | 2014 |
| Loft@Rangoon | Jun-10 | Feb-10 | Freehold | 15,645 | 24<br>3 | 100% | 2014 |
| Viva Vista | Aug-10 | Jun-09 | Freehold | 97,022 | 144<br>106 | 100% | 2015 |
| RV Point | Oct-10 | Feb-10 | 999 years | 21,934 | 36<br>9 | 100% | 2014 |
| Loft@Holland | Jan-11 | May-10 | Freehold | 17,004 | 41<br>0 | 100% | 2015 |
| Vibes@Kovan | Jan-11 | May-10 | Freehold | 23,219 | 36<br>5 | 100% | 2015 |
| Loft@Stevens | Feb-11 | Jun-10 | Freehold | 20,329 | 44<br>0 | 100% | 2015 |
| Devonshire Residences | Mar-11 | Apr-10 | Freehold | 41,291 | 84<br>0 | 99% (1) | 2015 |
| Vibes@East Coast | Jun-11 | May-10 | Freehold | 76,694 | 117<br>28 | 100% | 2015 |
| Suites@Braddell | Jun-11 | Oct-10 | Freehold | 16,699 | 33<br>0 | 100% | 2015 |
| Presto@Upper Serangoon | Apr-12 | Oct-10 | Freehold | 19,867 | 36<br>0 | 100% | 2016 |
| The Promenade@Pelikat | Apr-12 | May-11 | Freehold | 209,735 | 164<br>270 | 100% | 2016 |
| Vibes@Upper Serangoon | May-12 | Oct-10 | Freehold | 33,530 | 60<br>0 | 100% | 2016 |

Note:
(1) Refer to percentage of units sold as at 23 August 2012.

## Industrial Properties

| Property Name | Launch Date | Acquired | Tenure | GFA (ft²) | No. of units<br>- Light Industrial<br>- Shops | % sold | TOP |
|---|---|---|---|---|---|---|---|
| Oxley BizHub | Apr-11 | Aug-10 | 60 years | 937,825 | 728<br>0 | 89% [(1)] | 2015 |
| Arcsphere | Sep-11 | Dec-10 | Freehold | 27,223 | 19<br>0 | 100% | 2015 |
| Oxley BizHub 2 | Oct-11 | Feb-11 | 60 years | 333,092 | 271<br>0 | 58% [(1)] | 2015 |
| The Commerze@Irving | Feb-12 | Jun-11 | 60 years | 126,263 | 66<br>64 + 1 Canteen | 99% [(1)] | 2015 |

## Commercial Properties

| Property Name | Launch Date | Acquired | Tenure | GFA (ft²) | No. of units<br>- Offices<br>- Shops | % sold | TOP |
|---|---|---|---|---|---|---|---|
| Robinson Square | Nov-11 | Dec-10 | Freehold | 51,177 | 32<br>5 + gym | 84% [(1)] | 2016 |
| Oxley Tower | Apr-12 | Sep-10 | Freehold | 181,255 | 104 Offices<br>121 Shops<br>8 Cafes<br>3 Restaurants<br>1 Gym/Spa | 78% [(1)] | 2018 |

## Projects in Pipeline

| Property Name | Expected Launch Date | Acquired | Tenure | GFA (ft²) | % sold | TOP |
|---|---|---|---|---|---|---|
| Oxley Edge | FY2013 | Nov-10 | Freehold | 33,614 | n/a | n/a |
| Hong Leong Garden Shopping Centre | FY2013 | May-12 | 956 years | 263,472 | n/a | n/a |
| Seletar Gardens | FY2013 | Jun-12 | Freehold | 127,695 | n/a | n/a |
| 339, 339A, 339B & 339C Joo Chiat Road | FY2013 | Jun-12 | Freehold | 19,152 | n/a | n/a |
| Hougang Plaza | FY2013 | Jun-12 | 99 years | 171,141 | n/a | n/a |
| MacDonald's Place@King Albert Park | FY2013 | Oct-12 | Freehold | 184,092 | n/a | n/a |
| 66 East Coast Road | FY2013 | TBA | Freehold | 70,057 | n/a | n/a |

Note:
[(1)] Refer to percentage of units sold as at 23 August 2012.

# BOARD OF DIRECTORS

**CHING CHIAT KWONG**
Executive Chairman
and CEO

Ching Chiat Kwong is the Executive Chairman and CEO of the Group. He is responsible for the overall performance as well as for the formulation of corporate strategies, and the future direction of the Group.

Mr Ching possesses more than 15 years of industry experience. Prior to establishing the Group, he invested in, developed and successfully launched 13 residential property projects in various parts of Singapore. His keen ability to identify market trends and business opportunities has enabled him to chart the course for the Group's expansion towards the development of industrial and commercial projects in addition to residential properties. Under Mr Ching's leadership, the Group completed the largest initial public offering to date on the Catalist of the Singapore Exchange.

Apart from his commitments at Oxley Holdings, Mr Ching is also an active supporter of programmes that benefit the elderly and socially disadvantaged. Mr Ching graduated with a Bachelor of Arts degree and a Bachelor of Social Sciences (Hons) degree from the National University of Singapore in 1989 and 1990 respectively.

**LOW SEE CHING**
Non-Executive Director

Low See Ching is the Group's Non-Executive Director. Between 2005 and 2009, Mr Low invested in, developed and launched five property development projects in Singapore, namely Residences@Jansen at Jansen Road, Urban Lofts at Rangoon Road, Vetro at Mar Thoma Road, The Verve at Jalan Rajah and The Aristo@Amber at Amber Road.

Mr Low currently holds the position of CEO at Hafary Holdings Limited, a Catalist-listed company, where he is responsible for the overall management, operations and charting of its corporate and strategic direction, including its sales, marketing and procurement strategies. Prior to his appointment at Hafary Holdings Limited, he was the sales director of Hafary Pte. Ltd. from 2000 to 2009, where he was responsible for formulating effective sales strategies and plans, providing leadership to the sales teams, developing and rolling out a strong customer relationship management system and building strong relationships with key customers.

Mr Low graduated with a Bachelor of Accountancy degree from the Nanyang Technological University, Singapore in 1999.

Ng Weng Sui, Harry is currently the Executive Director of HLM (International) Corporate Services Pte. Ltd., a company providing corporate services, including business consultancy, corporate advisory, accounting and secretarial services.

Mr Ng also serves as Independent Director of SGX Mainboard-listed Q&M Dental Group (Singapore) Limited, and Catalist-listed Artivision Technologies Ltd and IEV Holdings Limited where he is Chairman of the Audit Committee.

Mr Ng has more than 30 years of experience in accountancy, finance and audit. From October 2008 to April 2010, Mr Ng was Chief Financial Officer and Executive Director of Achieva Limited, a SGX Mainboard-listed company. From August 2004 to July 2008, he was the Chief Financial Officer of Sunmoon Food Company Limited, a SGX Mainboard-listed company.

He is currently a Fellow member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Association of Chartered Certified Accountants (UK). Mr Ng obtained a Master of Business Administration (General Business Administration) from The University of Hull, UK.

**NG WENG SUI, HARRY**
Independent Director

Phua Sian Chin has served as the Chief Financial Officer of Catalist-listed Teho International Inc Ltd. since August 2008 and has more than 35 years of experience in accounting and corporate finance. He is also the Lead Independent Director of Catalist-listed Jason Parquet Holdings Ltd.

He was, for over 8 years, the CFO of a holding company listed on the Hong Kong Stock Exchange. For over 10 years, he had worked as regional financial controller for multinational corporations in the Asia-Pacific region. He was also the group financial head for property development groups in Singapore and Indonesia for over 6 years.

Mr Phua graduated with a Bachelor of Accountancy degree from the University of Singapore in 1975.

He is currently a Fellow of the Institute of Certified Public Accountants of Singapore, a Fellow of CPA Australia, a Fellow of the Association of Chartered Certified Accountants (UK) and a registered member of the Singapore Institute of Directors.

**PHUA SIAN CHIN**
Independent Director

# KEY MANAGEMENT

**JUDY CHING CHIAT DEE**
General Manager

As General Manager, Judy Ching is responsible for the general operations of the Group, including the smooth execution of property development projects.

Ms Ching possesses nearly 30 years of experience in the marketing and management of residential, commercial and industrial property. Prior to joining Oxley in June 2011, Ms Ching spent five years with LCD Property Management Pte. Ltd., where her last position held was Senior Manager (Marketing & Leasing). During her employment at LCD Property, she also spent about 1.5 years holding a concurrent position as General Manager of Paradiz Investment Ltd. Ms Ching was a senior manager of Savills Residential before LCD Property, and spent some 22 years with Tuan Sing Holdings Limited, where her last position held was as Marketing Manager.

Ms Ching is a sister of Mr Ching Chiat Kwong, Executive Chairman and CEO, and a controlling shareholder of Oxley Holdings.

**NG KOK PENG**
Finance Manager

As Finance Manager, Ng Kok Peng is responsible for the overall financial and accounting functions of the Group. Prior to joining Oxley in May 2010, he spent more than three years as Audit Assistant Manager and Audit Senior with Deloitte & Touche LLP and Foo Kon Tan Grant Thornton LLP respectively. He has more than 10 years of combined experience in audit, finance and accounting.

Mr Ng is a member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Association of Chartered Certified Accountants (UK). He holds a Bachelor of Science degree in Applied Accounting from Oxford Brookes University.

**NG SUAT KHENG, CAROL**
Administrative Manager

As Administrative Manager, Carol Ng is responsible for the Group's overall office administration and sales and marketing support activities. She manages the team of office staff and assists in the generation of management reports, liaison with external service providers including suppliers, government authorities and financial institutions & solicitors, and the handling of tax return matters. Prior to joining Oxley in May 2010, Ms Ng was an office manager at Oxley Construction Pte Ltd, where she was responsible for the office operations and administration of construction projects. Ms Ng holds a Diploma in Management Studies from the Singapore Institute of Management.

**TAN CHEW GUEK, LINDSAY**
Quantity Survey Manager

As Quantity Survey Manager, Lindsay Tan is responsible for supporting the Group's quality control effort, preparing handover documents to unit owners as well as handling customers' claims on defect works. She is also responsible for liaising with various suppliers and architects for quotations and claims, and for the preparation of building specification details for submission to the Controller of Housing, as well as the publication of marketing brochures. Prior to joining Oxley in May 2010, Ms Tan was a quantity surveyor at Oxley Construction Pte Ltd, where she was responsible for project tendering, handling of subcontractors' quotations, claims and contracts, as well as preparing and submitting various documents in relation to property construction. Ms Tan holds a Diploma in Civil and Structural Engineering from Singapore Polytechnic.

# FINANCIAL HIGHLIGHTS

| Consolidated Statement of Comprehensive Income ($'000) | **2012** | 2011 |
|---|---|---|
| Revenue | **159,368** | 70,850 |
| Profit Before Income Tax | **29,500** | 17,962 |
| Income Tax Expense | **(5,768)** | (3,360) |
| Profit After Income Tax | **23,732** | 14,602 |
| Attributable to: | | |
| Owners of the Parent | **16,903** | 13,379 |
| Non-Controlling Interests | **6,829** | 1,223 |
| | **23,732** | 14,602 |

| Consolidated Statement of Financial Position ($'000) | | |
|---|---|---|
| Plant and Equipment | **83** | 126 |
| Deferred Tax Assets | **1,228** | 633 |
| Investment in a Joint Venture | **554** | – |
| Development Properties | **1,323,881** | 720,822 |
| Trade and Other Receivables | **40,522** | 12,199 |
| Other Assets | **34,037** | 9,685 |
| Cash and Cash Equivalents | **205,135** | 112,652 |
| Total Assets | **1,605,440** | 856,117 |
| Non-Current Liabilities | **(815,937)** | (620,413) |
| Current Liabilities | **634,996** | (98,640) |
| Net Assets | **154,507** | 137,064 |
| Shareholder's Equity | **140,230** | 131,516 |
| Non-Controlling Interests | **14,277** | 5,548 |
| Total Equity | **154,507** | 137,064 |

# CORPORATE INFORMATION

### DIRECTORS

| | |
|---|---|
| Ching Chiat Kwong | Executive Chairman and CEO |
| Low See Ching | Non-Executive Director |
| Ng Weng Sui, Harry | Lead Independent Director |
| Phua Sian Chin | Independent Director |

### MANAGEMENT TEAM

Ching Chiat Kwong
Judy Ching Chiat Dee
Ng Kok Peng
Ng Suat Kheng, Carol
Tan Chew Guek, Lindsay

### COMPANY SECRETARY

Ng Kok Peng, CPA Singapore

### REGISTERED OFFICE

50 Raffles Place #11-02
Singapore Land Tower
Singapore 048623
Tel: 6438 0202
Fax: 6438 2020

### SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

### SPONSOR

Canaccord Genuity Singapore Pte. Ltd.
(formerly known as Collins Stewart Pte. Limited)
77 Robinson Road #21-02,
Singapore 068896

### EXTERNAL AUDITORS

RSM Chio Lim LLP
8 Wilkie Road #04-08
Wilkie Edge
Singapore 228095
Partner-in-charge: Lee Mong Sheong
(since the financial year ended 30 June 2011)
(Certified Public Accountant, a member of the
Institute of Certified Public Accountants of Singapore)

### INTERNAL AUDITORS

Pioneer Management Services Pte. Ltd.
4 Shenton Way #04-01
SGX Centre 2
Singapore 068807
Director -in-charge: Low Sok Lee Mona

### PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Hong Leong Finance Limited
16 Raffles Quay #01-05
Hong Leong Building
Singapore 048581

Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

# FINANCIAL REPORT

# DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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# CORPORATE
# GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Oxley Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") recognises the importance of corporate governance and the offering of high standards of accountability to the shareholders of the Company by complying with the benchmark set by the Code of Corporate Governance 2005 (the "**Code**").

This Report sets out the corporate governance practices that have been adopted by the Company with specific reference to the principles of the Code, as well as any deviation from any guideline of the Code together with an explanation for such deviation.

**Statement of Compliance**

The Board confirms that for the financial year ended 30 June 2012 ("**FY2012**"), the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

**BOARD MATTERS**

**The Board's Conduct of Affairs**

**Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with the management of the Company (the "Management") to achieve this and the Management remains accountable to the Board.**

The Board comprises four directors, which include one executive director, one non-executive director and two independent directors, all of whom are from different disciplines and bring with them diversity of experience which will enable them to contribute effectively to the Company.

The principal functions of the Board, apart from its statutory responsibilities, include:-

- to review and oversee the management of the Group's business affairs and financial controls, performance and resource allocation;

- to approve matters such as corporate strategy and business plans, corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets and major corporate policies on key areas of operations;

- to approve the release of the Group's quarterly and full-year financial results and related party transactions of a material nature; and

- to assume the responsibilities for corporate governance.

Every director is expected, in the course of carrying out his duties, to act in good faith to provide insights and objectively take decisions in the interests of the Company.

The Board has established three Board committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") to assist in the execution of its responsibilities. These committees operate within clearly defined terms of reference.

The Board will meet on a quarterly basis and ad-hoc Board meetings will be convened when they are deemed necessary. In between Board meetings, other important matters will be put to the Board's approval by way of circulating resolutions in writing. The Company's Articles of Association provide for meetings of directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or other means.

# CORPORATE GOVERNANCE REPORT

The attendance of the directors at scheduled meetings of the Board and Board committees during FY2012 is disclosed below:-

| | Board | Audit Committee | Remuneration Committee | Nominating Committee |
|---|---|---|---|---|
| Number of meetings held | | | | |
| | 4 | 4 | 1 | 2 |
| Number of meetings attended | | | | |
| Ching Chiat Kwong | 4 | 4 | 1 | 1 |
| Low See Ching | 4 | 4 | 1 | 2 |
| Ng Weng Sui Harry | 4 | 4 | 1 | 2 |
| Phua Sian Chin | 4 | 4 | 1 | 2 |

Newly appointed directors will be given an orientation of the Group's business strategies and operations. Directors also have the opportunity to visit the Group's development sites and meet with the Management as and when necessary to gain a better understanding of the Group's business operations and governance practices. All directors who had no prior experience as directors of a listed company have undergone training and briefing on the roles and responsibilities as directors of a listed company.

**Board Composition and Guidance**

**Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

As at the date of this report, the Board comprises the following directors:-

Executive Director
Ching Chiat Kwong — Executive Chairman and Chief Executive Officer ("**CEO**")

Non-Executive Directors
Low See Ching — Non-Executive Director
Ng Weng Sui Harry — Lead Independent Director
Phua Sian Chin — Independent Director

The Board comprises directors who have the right core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively.

The independent directors make up more than one-third of the Board. There is a strong independent element on the Board. The Board has adopted the Code's criteria of an independent director in its review. An "independent" director is one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgment with a view to the best interests of the Company. The Board is of the view that all its independent non-executive directors have satisfied the criteria of independence as a result of its review. The independence of each independent director will be reviewed annually by the NC.

The Board considers the current Board size appropriate for the nature and scope of the Group's operations.

The composition of the Board will be reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience, which the Group may tap for assistance in furthering its business objectives and shaping its business strategies. Together, the directors as a group provide core competencies in business, accounting, investment, audit and taxation matters.

The independent directors also communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives and the remuneration of the executive director and senior management.

**Chairman and Chief Executive Officer**

**Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.**

Mr Ching Chiat Kwong is the executive chairman and CEO of the Company and bears executive responsibility for the Group's business performance. He also assumes the responsibility of the chairman of the Board and is responsible for scheduling Board meetings as and when required, setting the agenda for Board meetings and ensuring the quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He is also responsible for ensuring compliance with the Company's guidelines on corporate governance.

The Company has not created a separate CEO position as the Board is of the view that the current Board composition is appropriate and effective for the purposes for which the Board's roles and responsibilities are set up. The Board is of the view that with the establishment of the three Board committees, there are adequate safeguards in place to prevent an uneven concentration of power and authority in a single individual.

The Board has appointed Mr Ng Weng Sui Harry as the lead independent director to lead and co-ordinate the activities of the independent directors. The lead independent director will assist the independent directors to review the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. The lead independent director is also available to shareholders where they have concerns which contact through the normal channels of the executive chairman and CEO or finance manager has failed to resolve or for which such contact is inappropriate.

**Board Membership**

**Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.**

The NC comprises the following members:-

Phua Sian Chin (Chairman)
Ng Weng Sui Harry
Low See Ching

The chairman of the NC, Mr Phua Sian Chin, is an independent director, while Mr Ng Weng Sui Harry is the lead independent director and Mr Low See Ching is a non-executive director. Mr Phua Sian Chin is not associated with any substantial shareholder of the Company.

The main terms of reference of the NC are as follows:-

- to recommend to the Board on all Board appointments and re-nominations having regard to the director's contribution and performance (such as attendance, preparedness, participation and candour);
- to ensure that all directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- to determine annually whether a director is independent in accordance with paragraph 2.1 of the Code;
- to decide whether a director is able to and has adequately carried out his duties as a director of the Company, in particular, where the director concerned has multiple board representations; and
- to assess the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC is in charge of re-nominating the directors, having regard to their contribution and performance. Pursuant to Article 104 of the Company's Articles of Association, one-third of the directors shall retire from office at least once every three years at the Company's Annual General Meeting ("**AGM**"). In addition, pursuant to Article 106, a retiring director shall be eligible for re-election at the meeting at which he retires.

Article 114 of the Company's Articles of Association provides that a director appointed by the Board must retire and submit himself for re-election at the next AGM following his appointment.

The dates of initial appointment of each director, together with his directorships in other listed companies, are set out below:-

| Name of director | Appointment | Date of initial appointment | Date of last re-election | Current directorships in listed companies | Past directorships in listed companies |
|---|---|---|---|---|---|
| Ching Chiat Kwong<br>Age: 46 | Executive Chairman and CEO | 16 March 2010 | 16 September 2011 | None | None |
| Low See Ching<br>Age: 37 | Non-Executive Director | 16 March 2010 | 16 September 2011 | Hafary Holdings Limited | None |
| Ng Weng Sui Harry<br>Age: 56 | Lead Independent Director | 28 September 2010 | 16 September 2011 | Q&M Dental Group (Singapore) Limited<br>Artivision Technologies Ltd.<br>IEV Holdings Limited | Achieva Limited<br>KTL Global Limited |
| Phua Sian Chin<br>Age: 62 | Independent Director | 28 September 2010 | 16 September 2011 | Jason Parquet Holdings Limited | None |

According to Article 104 of the Company's Articles of Association, Mr Ching Chiat Kwong and Mr Phua Sian Chin will retire at the Company's forthcoming AGM and will be eligible for re-election.

When a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention has been given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations.

When the need for a new director arises, or where it is considered that the Board would benefit from the services of a new director with particular skills or to replace a retiring director, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. In its search and nomination process for new directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates.

The profiles and key information on the individual directors and their shareholdings in the Company are set out in the "Board of Directors" section and the "Directors' Report" section of this Annual Report.

**Board Performance**

**Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.**

The Board's performance is linked to the overall performance of the Group. The Board ensures compliance with the applicable laws and the Board members act in good faith, with due diligence and care in the best interest of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual director. The NC proposes objective performance criteria which are approved by the Board. The performance criteria include comparison with industry peers, how the Board has enhanced long-term shareholders' value and the Company's share price performance vis-à-vis the Singapore Straits Times Index or a benchmark index of its industry peers. Other performance criteria may include return on equity. These performance criteria will not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the onus will be on the Board to justify such changes.

The evaluation of individual directors aims to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and committee meetings, and any other duties). The executive chairman will act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the NC.

**Access to Information**

**Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.**

The Company recognises the importance of the flow of information for the Board to discharge its duties effectively. The Management provides the Board with quarterly management accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at the Board meetings, prior to the scheduled meetings. All directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary. The Board has separate and independent access to the company secretary and the Management at all times. Under the direction of the chairman, the company secretary facilitates information flow within the Board and its committees and between the Management and non-executive directors. The company secretary attends all meetings of the Board and Board committees and ensures that all Board procedures are followed and applicable rules and regulations are complied with. The minutes of all Board committee meetings are circulated to the Board. The appointment and removal of the company secretary are subject to the approval of the Board as a whole.

The Board will have independent access to professional advice when required, subject to the approval of the chairman. The fees of professional advice will be borne by the Company.

**REMUNERATION MATTERS**

**Procedures for Developing Remuneration Policies**

**Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

The RC comprises the following members:-

Phua Sian Chin (Chairman)
Ng Weng Sui Harry
Low See Ching

The chairman of the RC, Mr Phua Sian Chin, is an independent director, while Mr Ng Weng Sui Harry is the lead independent director and Mr Low See Ching is a non-executive director.

The main terms of reference of the RC are as follows:-

- to recommend to the Board a framework of remuneration for the directors and senior management;
- to determine specific remuneration packages for each executive director, covering all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
- to determine the remuneration of non-executive directors, taking into account factors such as effort and time spent, and the responsibilities of the directors;
- in the case of service contracts of directors, to review and to recommend to the Board the terms of renewal of the service contracts; and
- to consider the various disclosure requirements for directors' and key executives' remuneration as required by any regulatory bodies.

The RC's recommendations should be submitted for endorsement by the entire Board. No director shall be involved in deciding his own remuneration. If necessary, the RC will seek expert advice on the remuneration of directors.

**Level and Mix of Remuneration**

**Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.**

In setting remuneration packages, the Company takes into consideration the remuneration packages and employment conditions within the industry and in comparable companies. The remuneration package also takes into account the Company's relative performance and the performance of individual directors. The remuneration package is designed to allow the Company to better align the interests of the executive director with those of shareholders and link rewards to corporate and individual performance.

The directors are paid directors' fees, taking into account factors such as effort and time spent, and responsibilities of the directors. Directors' fees are recommended by the Board for approval at the Company's AGM.

The remuneration package of the executive director includes a basic salary and an annual incentive bonus based on the audited profit before tax of the Group.

The Company has entered into a service agreement with the executive chairman and CEO, Mr Ching Chiat Kwong, for an initial period of three years with effect from 1 May 2010. Upon the expiry of the initial period of three years, the employment of the executive director shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. The service agreement provides for termination by each party giving not less than six months' notice in writing.

Currently, the Company does not have any long-term incentive schemes.

**Disclosure on Remuneration**

**Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.**

The following shows the level and mix of the remuneration paid or payable for FY2012 to each director and executive officer:-

| Remuneration bands | Salary[1] % | Variable or performance related income/ bonuses % | Directors' fees[2] % | Total % |
|---|---|---|---|---|
| **Directors** | | | | |
| *S$1,000,000 to S$1,249,999* | | | | |
| Ching Chiat Kwong | 21 | 76 [3] | 3 | 100 |
| *Below S$250,000* | | | | |
| Low See Ching | - | - | 100 | 100 |
| Ng Weng Sui Harry | - | - | 100 | 100 |
| Phua Sian Chin | - | - | 100 | 100 |
| **Executive Officers** | | | | |
| *Below S$250,000* | | | | |
| Ching Chiat Dee[4] | 85 | 15 | - | 100 |
| Ng Kok Peng | 86 | 14 | - | 100 |
| Ng Suat Kheng | 86 | 14 | - | 100 |
| Tan Chew Guek, Lindsay | 86 | 14 | - | 100 |

**Notes:-**

(1) Salary is inclusive of salary, allowances and Central Provident Fund contributions.

(2) Directors' fees are subject to the approval of the shareholders at the forthcoming AGM.

(3) Based on the service agreement, Mr Ching Chiat Kwong is eligible to be paid an incentive bonus, if the profit before tax of the Group ("**PBT**") exceeds S$7.5 million based on the audited financial statements, equivalent to 3% of S$2.0 million, 4% of S$2.5 million, and 5% of the PBT in excess of S$7.5 million. According to the audited financial statements for FY2012, the PBT exceeded S$7.5 million. As a result, an incentive bonus of S$0.9 million would be paid to Mr Ching Chiat Kwong.

(4) Ms Ching Chiat Dee is the sister of Mr Ching Chiat Kwong, the executive chairman and CEO of the Company.

Save as disclosed in note (4) above, there is no employee who is an immediate family member of a director or the CEO and was paid more than S$150,000 during FY2012. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

Currently, the Company does not have any employee share schemes.

**ACCOUNTABILITY AND AUDIT**

**Accountability**

**Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

The Board understands its accountability to the shareholders on the Group's performance. The objectives of the presentation of the annual financial statements and quarterly announcements to its shareholders are to provide the shareholders with a detailed and balanced analysis and explanation of the Group's performance, financial position and prospects.

The Management understands its role in providing all members of the Board with balanced and understandable management accounts of the Group's performance, position and prospects on a quarterly basis and/or such regular basis as the Board may require from time to time.

**Audit Committee**

**Principle 11: The Board should establish an AC with written terms of reference which clearly sets out its authority and duties.**

The AC comprises the following members:-

Ng Weng Sui Harry (Chairman)
Phua Sian Chin
Low See Ching

The chairman of the AC, Mr Ng Weng Sui Harry, is the lead independent director, while Mr Phua Sian Chin is an independent director and Mr Low See Ching is a non-executive director. All AC members have accounting or related financial management qualification to discharge their responsibilities as members of the committee.

The main terms of reference of the AC are as follows:-

- review the audit plans of the external auditors and internal auditors, including the results of their reviews and evaluation of the Group's system of internal controls;
- review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- review the periodic consolidated financial statements comprising the income statements and balance sheets and such other information required by the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), before submission to the Board for approval;
- review and discuss with the external auditors and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- review the co-operation given by the Management to the external auditors;
- review the independence of the external auditors annually, and recommend to the Board the appointment, re-appointment or removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;
- review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- review potential conflicts of interests (if any);
- review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;
- commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weakness (if any);
- ensure that the internal audit function is adequate and has appropriate standing within the Group, ensure the adequacy of the internal audit function, and review the scope and results of the internal audit procedures including the effectiveness of the internal audit function;
- ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually by the internal and/or external auditors;
- review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors, and where the external auditors also supply a substantial volume of non-audit services to the Company, keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- approve internal control procedures and arrangements for all interested person transactions;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

- undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any director or executive officer of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC meets with the external auditors, without the presence of the Management, at least annually.

The AC reviews the whistle-blowing policy and procedures, which provide staff with well-defined and accessible channels within the Group for reporting possible improprieties in matters of financial reporting or other matters in confidence and ensure that there is independent investigation of such matters and appropriate follow-up action.

The Company's external auditors are RSM Chio Lim LLP. During FY2012, the fees paid by the Company to the external auditors for audit and non-audit services amounted to S$198,400 and S$71,200, respectively. The AC has undertaken a review of all non-audit services provided to the Company by the external auditors and they would not, in the AC's opinion, affect the independence of the external auditors. As such, the AC has recommended to the Board that RSM Chio Lim LLP be nominated for re-appointment as external auditors of the Company at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

**Internal Controls**

**Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.**

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed.

The external auditors and internal auditors provide feedback to the AC highlighting matters that require the attention of the Management. The AC keeps under review the effectiveness of the Group's system of accounting and internal financial controls on an annual basis. Based on the internal controls put in place by the Group, the work performed and reports submitted by the external auditors and internal auditors and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is satisfied with the adequacy of the Group's internal controls, including financial, operational and compliance controls, and risk management systems.

**Internal Audit**

**Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.**

The Company outsourced the internal audit function to a professional firm to review the Company's internal control processes in FY2012. The internal auditors report primarily to the AC and administratively to the executive chairman. The internal auditors plan their internal audit schedules in consultation with, but independent of, the Management. The AC will approve the annual internal audit plans, and review the scope and the results of the internal audit performed by the internal auditors. The AC will ensure the adequacy of the internal audit function at least annually.

## COMMUNICATION WITH SHAREHOLDERS

**Communication with Shareholders**

**Principle 14: Companies should engage in regular, effective and fair communication with shareholders.**

The Company's quarterly and full year financial results announcements, analyst briefings and press releases (if any) are issued via SGXNET.

The Company discloses all material information on a timely basis and to all shareholders.

**Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

The Company supports the Code's principle to encourage communication with and participation by shareholders. Shareholders are encouraged to attend the AGM to ensure a greater level of shareholder participation. The Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend the AGM and vote in place of the shareholder. Shareholders are given the opportunity to pose questions to the Board or the Management at the AGM. The members of the AC, NC and RC will be present at the AGM to answer questions relating to matters overseen by the respective committees. The external auditors will also be present to assist in addressing queries from shareholders relating to the conduct of audit and the preparation and content of the auditor's report.

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principles as regards "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will provide reasons and material implications.

## DEALING IN SECURITIES

The Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of shares of the Company. The policies have been made known to directors, executive officers and any other persons as determined by the Management who may possess unpublished material price-sensitive information of the Group. The Group has procedures in place prohibiting directors and officers from dealing in the Company's shares during the two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and the one month before the announcement of the Company's full year financial statements ("**Prohibited Periods**"), or if they are in possession of unpublished material price-sensitive information of the Group.

Directors and officers are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the Prohibited Periods. They are discouraged from dealing in the Company's securities on short-term considerations and should be mindful of the law on insider trading.

## INTERESTED PERSON TRANSACTIONS

The Company is required to comply with the requisite rules under Chapter 9 of the Catalist Rules for interested person transactions.

All interested person transactions will be properly documented and submitted to the AC for quarterly review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

In addition, an interested person transaction of value equal to or more than 3% of the Group's latest audited net tangible assets will be approved by the AC prior to entry into such transactions.

In the event that a member of the AC is interested in any interested person transaction, he will abstain from reviewing that particular transaction.

The Board will ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards are complied with.

Save as disclosed below, there were no material contracts of the Group involving the interests of any director or controlling shareholder, either still subsisting at the end of FY2012 or if not then subsisting, entered into since the end of the financial year ended 30 June 2011.

The aggregate value of interested person transactions during FY2012 is as follows:-

| Name of interested person | Aggregate value of all interested person transactions during FY2012 (excluding transactions less than S$100,000 and transaction conducted under shareholders' mandate pursuant to Rule 920) (S$'000) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000) |
|---|---|---|
| Oxley Construction Pte Ltd for construction of property development projects | - | 28,173 |
| Interest paid on advances from Directors[1] | | |
| - Ching Chiat Kwong | 770 | - |
| - Low See Ching | 539 | - |

**Note:**

(1) Ching Chiat Kwong and Low See Ching are Directors and controlling shareholders of the Company. The amounts due to Ching Chiat Kwong and Low See Ching from the Company as at 30 June 2012 were S$18.9 million and S$12.5 million respectively. Interest is payable on the outstanding principal amount of the advances at 6.0% per annum, computed on a monthly basis with effect from 1 October 2011. The advances are unsecured and without fixed repayment terms.

**NON-SPONSOR FEES**

In compliance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor, Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited), for FY2012.

# DIRECTORS' REPORT

**Directors' Report**

The directors of Oxley Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are pleased to present their report together with the audited financial statements of the Company and of the Group for the reporting year ended 30 June 2012.

## 1. Directors at Date of Report

The directors of the Company in office at the date of this report are:

Ching Chiat Kwong
Low See Ching
Ng Weng Sui Harry
Phua Sian Chin

## 2. Arrangements to Enable Directors to Acquire Benefits by Means of The Acquisition of Shares and Debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangement to which the Company is a party, being an arrangement whose objects are, or one of whose objects is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## 3. Directors' Interests in Shares and Debentures

The directors of the Company holding office at the end of the reporting year had no interests in the share capital of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 except as follows:

| Name of directors and company in which interest are held | At beginning of the reporting year | At end of the reporting year | As at 21 July 2012 |
|---|---|---|---|
| | Number of ordinary shares of no par value | | |
| Parent company – Bullish Investment Pte. Ltd. | | Direct Interest | |
| Ching Chiat Kwong | – | 28 | 451,920,000 |
| Low See Ching | – | 23 | 307,470,000 |
| The Company | | | |
| | | Direct Interest | |
| Ching Chiat Kwong | 580,714,000 | 204,282,500 | 174,407,500 |
| Low See Ching | 403,675,000 | 74,746,450 | 110,085,450 |
| Ng Weng Sui Harry | 100,000 | 100,000 | 100,000 |
| | | Deemed Interest | |
| Ching Chiat Kwong | – | 759,390,000 | 759,390,000 |
| Low See Ching | – | 759,390,000 | 759,390,000 |

By virtue of section 7 of the Companies Act, Chapter 50, Mr Ching Chiat Kwong and Mr Low See Ching are deemed to have an interest in all the subsidiaries of the Company.

**4. Contractual Benefits of Directors**

Since the beginning of the reporting year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Chapter 50, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

There were certain transactions (shown in the financial statements under related party transactions) with corporations in which certain directors have interests.

**5. Share Options**

During the reporting year, no option to take up unissued shares of the Company or any of its subsidiaries was granted.

During the reporting year, there were no shares of the Company or any of its subsidiaries issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the Company or any of its subsidiaries under option.

**6. Independent Auditors**

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

**7. Audit Committee**

The members of the audit committee at the date of this report are as follows:

Ng Weng Sui Harry (Chairman of audit committee and Lead Independent Director)
Phua Sian Chin (Independent Director)
Low See Ching (Non-Executive Director)

The audit committee performs the functions specified by section 201B(5) of the Companies Act, Chapter 50. Among other functions, it performs the following:

- Reviewed with the independent external auditors their audit plan;
- Reviewed with the independent external auditors their evaluation of the Company's internal accounting controls, and their report on the financial statements and the assistance given by the Company's officers to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

**7. Audit Committee (Cont'd)**

Other functions performed by the audit committee are described in the corporate governance report included in the annual report. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as independent auditors at the forthcoming annual general meeting of the Company.

**8. Subsequent Developments**

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 23 August 2012, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On Behalf of The Directors

..................................................
Ching Chiat Kwong
Director

..................................................
Low See Ching
Director

3 September 2012

# STATEMENT
# BY DIRECTORS

In the opinion of the directors,

(a) the accompanying consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 30 June 2012 and of the results and cash flows of the group and changes in equity of the company and of the group for the reporting year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

On Behalf of The Directors

..................................................
Ching Chiat Kwong
Director

..................................................
Low See Ching
Director

3 September 2012

# INDEPENDENT AUDITORS' REPORT

to the Members of OXLEY HOLDINGS LIMITED (Registration No: 201005612G)

### Report on the Financial Statements

We have audited the accompanying financial statements of Oxley Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 30 June 2012, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statement of financial position and to maintain accountability of assets.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# INDEPENDENT AUDITORS' REPORT

to the Members of OXLEY HOLDINGS LIMITED (Registration No: 201005612G)

**Opinion**

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 30 June 2012 and the results, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Certified Public Accountants
Singapore

3 September 2012

Partner in charge of audit: Lee Mong Sheong
Effective from year ended 30 June 2011

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 30 June 2012

| | Notes | Group 2012 $'000 | Group 2011 $'000 |
|---|---|---|---|
| **Revenue** | 5 | 159,368 | 70,850 |
| Cost of Sales | | (120,216) | (46,163) |
| **Gross Profit** | | 39,152 | 24,687 |
| **Other Items of Income** | | | |
| Other Income | 6 | 6,295 | 2,396 |
| Interest Income | 7 | 27 | 13 |
| Other Credits | 8 | 658 | 352 |
| **Other Items of Expense** | | | |
| Marketing and Distribution Costs | | (3,868) | (2,777) |
| Administrative Expenses | 10 | (8,121) | (5,955) |
| Other Charges | 8 | (612) | – |
| Finance Costs | 11 | (4,085) | (754) |
| Share of Profit from an Equity-Accounted Joint Venture | | 54 | – |
| **Profit Before Tax from Continuing Operations** | | 29,500 | 17,962 |
| Income Tax Expense | 12 | (5,768) | (3,360) |
| **Profit Net of Tax, Representing Total Comprehensive Income** | | 23,732 | 14,602 |
| Profit Attributable to Owners of the Parent, Net of Tax | | 16,903 | 13,379 |
| Profit Attributable to Non-Controlling Interests, Net of Tax | | 6,829 | 1,223 |
| Profit Net of Tax | | 23,732 | 14,602 |
| Total Comprehensive Income Attributable to Owners of the Parent | | 16,903 | 13,379 |
| Total Comprehensive Income Attributable to Non-Controlling Interests | | 6,829 | 1,223 |
| Total Comprehensive Income | | 23,732 | 14,602 |
| **Earnings Per Share** | 13 | | |
| Earnings per Share Currency Unit | | Cents | Cents |
| Basic | | 1.14 | 0.94 |
| Diluted | | 1.14 | 0.94 |

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 30 June 2012

| | Notes | Group 2012 $'000 | Group 2011 $'000 | Company 2012 $'000 | Company 2011 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Plant and Equipment | 15 | 83 | 126 | 83 | 126 |
| Investment in a Joint Venture | 16 | 554 | – | 554 | – |
| Investments in Subsidiaries | 17 | – | – | 20,825 | 16,725 |
| Deferred Tax Assets | 12 | 1,228 | 633 | – | – |
| **Total Non-Current Assets** | | 1,865 | 759 | 21,462 | 16,851 |
| **Current Assets** | | | | | |
| Development Properties | 18 | 1,323,881 | 720,822 | – | – |
| Trade and Other Receivables | 19 | 40,522 | 12,199 | 212,575 | 159,292 |
| Other Assets | 20 | 34,037 | 9,685 | 58 | 58 |
| Cash and Cash Equivalents | 21 | 205,135 | 112,652 | 228 | 6,204 |
| **Total Current Assets** | | 1,603,575 | 855,358 | 212,861 | 165,554 |
| **Total Assets** | | 1,605,440 | 856,117 | 234,323 | 182,405 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity Attributable to Owners of the Parent** | | | | | |
| Share Capital | 22 | 118,445 | 118,445 | 118,445 | 118,445 |
| Retained Earnings | | 21,785 | 13,071 | 5,507 | 7,768 |
| **Equity, Attributable to Owners of the Parent** | | 140,230 | 131,516 | 123,952 | 126,213 |
| Non-Controlling Interests | | 14,277 | 5,548 | – | – |
| **Total Equity** | | 154,507 | 137,064 | 123,952 | 126,213 |
| **Non-Current Liabilities** | | | | | |
| Other Financial Liabilities | 23 | 809,883 | 616,692 | – | – |
| Deferred Tax Liabilities | 12 | 6,054 | 3,721 | – | – |
| **Total Non-Current Liabilities** | | 815,937 | 620,413 | – | – |
| **Current Liabilities** | | | | | |
| Income Tax Payable | | 4,310 | 479 | – | – |
| Trade and Other Payables | 24 | 165,035 | 84,616 | 110,371 | 56,192 |
| Other Financial Liabilities | 23 | 177,356 | 13,545 | – | – |
| Other Liabilities | 25 | 288,295 | – | – | – |
| **Total Current Liabilities** | | 634,996 | 98,640 | 110,371 | 56,192 |
| **Total Liabilities** | | 1,450,933 | 719,053 | 110,371 | 56,192 |
| **Total Equity and Liabilities** | | 1,605,440 | 856,117 | 234,323 | 182,405 |

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year Ended 30 June 2012

| Group | Total Equity $'000 | Attributable to Parent Sub-Total $'000 | Share Capital $'000 | Retained Earnings (Accumulated Losses) $'000 | Non-Controlling Interests $'000 |
|---|---|---|---|---|---|
| **Current Year:** | | | | | |
| Opening Balance at 1 July 2011 | 137,064 | 131,516 | 118,445 | 13,071 | 5,548 |
| **Movements in Equity:** | | | | | |
| Total Comprehensive Income for the Year | 23,732 | 16,903 | – | 16,903 | 6,829 |
| Dividends Paid (Note 14) | (8,189) | (8,189) | – | (8,189) | – |
| Capital Contribution by Non-Controlling Interests | 1,900 | – | – | – | 1,900 |
| **Closing Balance at 30 June 2012** | 154,507 | 140,230 | 118,445 | 21,785 | 14,277 |
| **Previous Year:** | | | | | |
| Opening Balance at 1 July 2010 | 9,743 | 8,268 | 8,576 | (308) | 1,475 |
| **Movements in Equity:** | | | | | |
| Total Comprehensive Income for the Year | 14,602 | 13,379 | – | 13,379 | 1,223 |
| Capital Contribution by Non-Controlling Interests | 2,850 | – | – | – | 2,850 |
| Issue of Share Capital (Note 22) | 27,000 | 27,000 | 27,000 | – | – |
| Issue of Shares Pursuant to the Placement of Shares (Note 22) | 85,120 | 85,120 | 85,120 | – | – |
| Share Issue Expenses (Note 22) | (2,251) | (2,251) | (2,251) | – | – |
| **Closing Balance at 30 June 2011** | 137,064 | 131,516 | 118,445 | 13,071 | 5,548 |

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year Ended 30 June 2012

| Company | Total Equity $'000 | Share Capital $'000 | Retained Earnings (Accumulated Losses) $'000 |
|---|---|---|---|
| **Current Year:** | | | |
| Opening Balance at 1 July 2011 | 126,213 | 118,445 | 7,768 |
| **Movements in Equity:** | | | |
| Total Comprehensive Income for the Year | 5,928 | – | 5,928 |
| Dividends Paid (Note 14) | (8,189) | – | (8,189) |
| **Closing Balance at 30 June 2012** | 123,952 | 118,445 | 5,507 |
| **Previous Year:** | | | |
| Opening Balance at 1 July 2010 | 694 | 1,000 | (306) |
| **Movements in Equity:** | | | |
| Total Comprehensive Income for the Year | 8,074 | – | 8,074 |
| Issue of Share Capital (Note 22) | 27,000 | 27,000 | – |
| Issue of Shares Pursuant to the Restructuring Exercise (Note 22) | 7,576 | 7,576 | – |
| Issue of Shares Pursuant to the Placement of Shares (Note 22) | 85,120 | 85,120 | – |
| Share Issue Expenses (Note 22) | (2,251) | (2,251) | – |
| **Closing Balance at 30 June 2011** | 126,213 | 118,445 | 7,768 |

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 June 2012

| | Group | |
|---|---|---|
| | 2012 | 2011 |
| | $'000 | $'000 |
| **Cash Flows From Operating Activities** | | |
| Profit Before Tax | 29,500 | 17,962 |
| Adjustments for: | | |
| Interest Income | (27) | (13) |
| Interest Expense | 4,085 | 754 |
| Share of Profit of an Equity-Accounted Joint Venture | (54) | – |
| Depreciation of Plant and Equipment | 50 | 46 |
| Operating Cash Flows before Changes in Working Capital | 33,554 | 18,749 |
| Development Properties | (300,864) | (583,547) |
| Trade and Other Receivables | (24,799) | (7,572) |
| Other Assets | (24,352) | (3,008) |
| Trade and Other Payables | 39,043 | 18,050 |
| Net Cash Flows Used in Operating Activities | (277,418) | (557,328) |
| Income Taxes Paid | (199) | – |
| Net Cash Flows Used in Operating Activities | (277,617) | (557,328) |
| **Cash Flows From Investing Activities** | | |
| Purchase of Plant and Equipment | (7) | (52) |
| Investment in a Joint Venture | (500) | – |
| Acquisition of a Subsidiary | – | (11,915) |
| Interest Received | 27 | 13 |
| Net Cash Flows Used in Investing Activities | (480) | (11,954) |
| **Cash Flows From Financing Activities** | | |
| Dividends Paid to Equity Owners (Note 14) | (8,189) | – |
| Issue of Shares at IPO (Note 22) | – | 82,869 |
| Capital Contribution by Non-Controlling Interests | 1,900 | 2,850 |
| Advances from Pre-IPO Investors (Note 22) | – | 27,000 |
| (Repayment to) Advances from Directors | (6,125) | 23,025 |
| Advances from Shareholder | 231 | 2,645 |
| Advances from Non-Controlling Interests | 43,746 | 14,890 |
| Increase in Bank Borrowings | 507,314 | 550,024 |
| Repayment of Bank Borrowings | (150,312) | (25,728) |
| Interest Paid | (17,985) | (8,506) |
| Net Cash Flows From Financing Activities | 370,580 | 669,069 |
| **Net Increase in Cash and Cash Equivalents** | 92,483 | 99,787 |
| Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance | 112,652 | 12,865 |
| **Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance (Note 21)** | 205,135 | 112,652 |

The accompanying notes form an integral part of these financial statements.

## 1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are those of investment holding and provision of management services. It is listed on the Catalist which is a market on Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the subsidiaries are property development and investment holding.

The registered office is: 50 Raffles Place, #11-02 Singapore Land Tower, Singapore 048623. The company is situated in Singapore.

## 2. Summary of Significant Accounting Policies

### Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

### Basis of Presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its directly and indirectly controlled subsidiaries. Consolidated financial statements are the financial statements of the group presented as those of a single economic entity. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including profit or loss and other comprehensive income items and dividends are eliminated on consolidation. The results of any subsidiary acquired or disposed of during the reporting year are accounted for from the respective dates of acquisition or up to the date of disposal which is the date on which effective control is obtained of the acquired business until that control ceases.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, no statement of comprehensive income is presented for the company.

**2. Summary of Significant Accounting Policies (Cont'd)**

**Basis of Preparation of the Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this note to the financial statements, where applicable.

**Revenue Recognition**

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, estimated returns and rebates.

For residential and mixed development properties under progressive payment schemes in Singapore, whereby the legal terms in the sales contracts result in the continuous transfer of work-in-progress to the purchasers, revenue and cost are recognised using the stage of completion method. The amounts brought into the financial statements are the results attributable to each sale contracts signed, but only to the extent that they relates to the stage of completion as certified by the independent architects or quantity surveyors for the individual units sold.

For the industrial and commercial development properties, the revenue and cost are recognised using the completion of construction method, when the development units are delivered to the purchasers.

When losses are expected, full provision is made in the financial statements after adequate consideration has been made for estimated costs to completion. Developments are considered complete upon the issue of temporary occupation permits ("TOP").

Interest income is recognised using the effective interest method. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

**Employee Benefits**

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government managed retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

2. **Summary of Significant Accounting Policies (Cont'd)**

**Income Tax**

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and interest in joint venture except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

**Foreign Currency Transactions**

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

**Borrowing Costs**

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

## 2. Summary of Significant Accounting Policies (Cont'd)

### Plant and Equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Plant and equipment – 25% to 33.33%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

### Operating Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

### Segment Reporting

The group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

**2. Summary of Significant Accounting Policies (Cont'd)**

**Subsidiaries**

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

In the company's own separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book value of the investment in a subsidiary is not necessarily indicative of the amounts that would be realised in a current market.

**Joint Ventures**

A joint venture is a contractual arrangement with other parties to undertake an economic activity that is subject to joint control. The accounting for investment in a joint venture is on the equity method. The net book value of the investment in the joint venture is not necessarily indicative of the amounts that would be realised in a current market exchange. The reporting entity discontinues the use of this method from the date that it loses joint control over the joint venture and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture is measured at its fair value at the date that it ceases to be a joint venture.

Losses of a joint venture in excess of the group's interest in the relevant entity are not recognised except to the extent that the group has an obligation. Profits and losses resulting from transactions between the reporting entity and a joint venture are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the relevant joint venture.

**Business Combinations**

Business combinations are accounted for by applying the acquisition method. There were none during the reporting year.

**Non-Controlling Interests**

The non-controlling interests in the net assets and net results of a consolidated subsidiary are shown separately in the appropriate components of the consolidated financial statements. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**2. Summary of Significant Accounting Policies (Cont'd)**

**Impairment of Non-Financial Assets**

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. When the fair value less costs to sell method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Development Properties**

Development properties are properties being constructed or developed for sale. The cost of properties under development comprises specifically identified costs, including land acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable.

1. Unsold development properties – Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete development and selling expenses.

2. Sold development properties – Revenue and costs on development properties that have been sold are recognised using the stage of completion method and completion of construction method (see Note 2 on Revenue Recognition and Note 18). The amount brought into the financial statements are the results attributable to each sale contracts signed, but only to the extent that it relates to the stage of completion as certified by the independent architects or quantity surveyors for the individual units sold. When it is probable that cost of development property will exceed sale proceed of the development property, the expected loss is recognised as an expense immediately.

The development properties in progress have operating cycles longer than one year. The management includes in current assets amounts relating to the development properties in progress realisable over a period in excess of one year.

## 2. Summary of Significant Accounting Policies (Cont'd)

### Financial Assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year, there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets*:* As at end of the reporting year, there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

## 2. Summary of Significant Accounting Policies (Cont'd)

### Cash and Cash Equivalents

Cash and cash equivalents include bank and cash balances. For the consolidated statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

### Financial Liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred. As at end of the reporting year, there were no financial liabilities classified in this category.

2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

**2. Summary of Significant Accounting Policies (Cont'd)**

**Fair Value of Financial Instruments**

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is: the total of the fair value of the financial assets and other financial instruments: the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any commitments on borrowings at the end of the reporting year. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

**Equity**

Equity instruments are contracts that give a residual interest in the net assets of the company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

**Provisions**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

## 2. Summary of Significant Accounting Policies (Cont'd)

### Critical Judgements, Assumptions and Estimation Uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Recognition of revenue and expenses relating to development properties accounted on the stage of completion method:
The stage of completion is applied on a cumulative basis in each accounting period to the current estimates of revenue and costs of development property. Changes in the estimate of revenue or costs, or the effect of a change in the estimate of the outcome of a development property could impact the amount of revenue and expenses recognised in profit or loss in the period in which the change is made and in subsequent periods. Such impact could potentially be significant. Significant judgement is required in estimating reasonable amounts of variation claims to be recognised as cost in project budgets and in determining if the group has to make provisions for any potential liquidated damages exposure and other losses.

Provision of foreseeable losses on development properties:
The group's accounting policy on development properties requires known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. Estimating such losses requires the group to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market valuation of the unsold units. The group also estimates the total development costs to determine the extent of the anticipated losses, if any. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised, and therefore provision for foreseeable losses on development properties could be revised.

## 3. Related Party Relationships and Transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group; (ii) One entity is an associate or joint venture of the other entity; (iii) Both entities are joint ventures of the same third party; (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) The entity is controlled or jointly controlled by a person identified in (a); (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**3. Related Party Relationships and Transactions (Cont'd)**

3.1 Related companies:

The company is a subsidiary of Bullish Investment Pte. Ltd., incorporated in Singapore that is also the company's ultimate parent company. Related companies in these financial statements include the members of the parent company's group of companies. The ultimate controlling parties are Mr Ching Chiat Kwong and Mr Low See Ching.

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any significant non-current balances and significant financial guarantees an interest or charge is charged or imputed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3.2 Other related parties:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any significant non-current balances and significant financial guarantees an interest or charge is charged or imputed unless stated otherwise.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

| Group | Related parties 2012 $'000 | Related parties 2011 $'000 |
|---|---|---|
| Purchases of goods and services for construction of development properties capitalised in development properties | (27,383) | (18,157) |
| Showroom building costs | (790) | (2,038) |
| Reimbursement of project technical officers | (311) | – |
| Purchase of plant and equipment | – | (28) |
| Commission expense | – | (6) |

| Group | Directors 2012 $'000 | Directors 2011 $'000 | Shareholder 2012 $'000 | Shareholder 2011 $'000 |
|---|---|---|---|---|
| Interest expense | 1,309 | – | 231 | – |

| | Non-controlling interests 2012 $'000 | Non-controlling interests 2011 $'000 |
|---|---|---|
| Interest expense | 652 | – |

3. **Related Party Relationships and Transactions (Cont'd)**

3.3 Key management compensation:

| | Group 2012 $'000 | Group 2011 $'000 |
|---|---|---|
| Salaries and other short-term employee benefits | 1,719 | 1,388 |

The above amounts are included under administrative expenses. Included in the above amounts are the following items:

| | Group 2012 $'000 | Group 2011 $'000 |
|---|---|---|
| Remuneration of a director of the company | 1,166 | 957 |
| Fees to directors of the company | 170 | 120 |

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel of the company.

3.4 Other receivables from and other payables to related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

| | Directors | | | |
|---|---|---|---|---|
| | Group | | Company | |
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Other payables: | | | | |
| Balance at beginning of the year | (37,497) | (16,822) | (37,497) | – |
| Transfer of balance owing by subsidiaries to parent company | – | – | – | (16,822) |
| Amounts paid out | 7,434 | – | 7,434 | – |
| Amounts received and settlement of liabilities on behalf of the company | – | (20,675) | – | (20,675) |
| Interest expense | (1,309) | – | (1,309) | – |
| Balance at end of the year (Note 24) | (31,372) | (37,497) | (31,372) | (37,497) |

## 3. Related Party Relationships and Transactions (Cont'd)

3.4 Other receivables from and other payables to related parties (Cont'd):

| Group and company | Joint venture 2012 $'000 | Joint venture 2011 $'000 |
|---|---|---|
| Other receivables: | | |
| Balance at beginning of the year | – | – |
| Amounts paid out and settlement of liabilities on behalf of another party | 25,533 | – |
| Amounts received and settlement of liabilities on behalf of the company | (8,263) | – |
| Balance at end of the year (Note 19) | 17,270 | – |

| | Shareholder | | | |
|---|---|---|---|---|
| | Group | | Company | |
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Other payables: | | | | |
| Balance at beginning of the year | (5,128) | (2,733) | (5,128) | – |
| Transfer of balance owing by subsidiaries to parent company | – | – | – | (2,733) |
| Amounts received and settlement of liabilities on behalf of the company | – | (2,395) | – | (2,395) |
| Interest expense | (231) | – | (231) | – |
| Balance at end of the year (Note 24) | (5,359) | (5,128) | (5,359) | (5,128) |

| Group | Non-controlling interests 2012 $'000 | Non-controlling interests 2011 $'000 |
|---|---|---|
| Other receivables (other payables): | | |
| Balance at beginning of the year | (18,977) | (4,087) |
| Amounts paid out and settlement of liabilities on behalf of another party | 15,859 | 4,363 |
| Amounts received and settlement of liabilities on behalf of the company | (59,143) | (19,253) |
| Interest expense | (462) | – |
| Balance at end of the year | (62,723) | (18,977) |
| | | |
| Presented as: | | |
| Other receivables (Note 19) | 5,611 | 2,087 |
| Other payables (Note 24) | (68,334) | (21,064) |
| Net | (62,723) | (18,977) |

3. **Related Party Relationships and Transactions (Cont'd)**

3.4 Other receivables from and other payables to related parties (Cont'd):

| Company | Subsidiaries 2012 $'000 | Subsidiaries 2011 $'000 |
|---|---|---|
| Other receivables (other payables): | | |
| Balance at beginning of the year | 145,911 | – |
| Amounts paid out and settlement of liabilities on behalf of another party | – | 159,266 |
| Amounts paid in and settlement of liabilities on behalf of the company | (24,004) | (13,355) |
| Balance at end of the year | 121,907 | 145,911 |
| Presented as: | | |
| Other receivables (Note 19) | 195,305 | 159,266 |
| Other payables (Note 24) | (73,398) | (13,355) |
| Net | 121,907 | 145,911 |

4. **Financial Information by Operating Segments**

FRS 108 Operating Segments requires disclosure of information about operating segments, products and services, the geographical areas, and the major customers. This disclosure standard has no impact on the reported results or financial position of the group.

The group has one major strategic operating segment – develop and sale of properties. All revenue and expenses incurred are directly attributable to this segment.

Geographical information – The group's combined results are generated in Singapore. The group's assets and liabilities are located in Singapore.

There are no customers with revenue transactions of over 10% of the group's revenue.

5. **Revenue**

| | Group 2012 $'000 | Group 2011 $'000 |
|---|---|---|
| Revenue from development properties | 159,368 | 70,850 |

## 6. Other Income

| | Group 2012 $'000 | Group 2011 $'000 |
|---|---|---|
| Rental income | 6,277 | 2,357 |
| Other income | 18 | 39 |
| | 6,295 | 2,396 |

## 7. Interest Income

| | Group 2012 $'000 | Group 2011 $'000 |
|---|---|---|
| Interest income | 27 | 13 |

## 8. Other Credits and (Other Charges)

| | Group 2012 $'000 | Group 2011 $'000 |
|---|---|---|
| Customer deposits forfeited | 658 | 247 |
| Compensation to tenant | (612) | – |
| Others | – | 105 |
| | 46 | 352 |
| Presented in profit or loss as: | | |
| Other credits | 658 | 352 |
| Other charges | (612) | – |
| Net | 46 | 352 |

## 9. Employee Benefits Expense

| | Group 2012 $'000 | Group 2011 $'000 |
|---|---|---|
| Employee benefits expense | 1,885 | 1,497 |
| Contribution to defined contribution plan | 89 | 62 |
| Total employee benefits expense | 1,974 | 1,559 |

## 10. Administrative Expenses

The major components include the following:

| | Group | |
|---|---|---|
| | 2012 $'000 | 2011 $'000 |
| Donations | 729 | 305 |
| Employee benefits expense | 1,974 | 1,559 |
| Related taxes | 3,085 | 1,155 |
| IPO expenses | – | 914 |
| Professional fees | 273 | 476 |
| Utilities | 610 | 179 |

## 11. Finance Costs

| | Group | |
|---|---|---|
| | 2012 $'000 | 2011 $'000 |
| Interest expense | 4,085 | 754 |
| Interest expense capitalised as cost of development properties (Note 18) | 13,900 | 7,752 |
| Total | 17,985 | 8,506 |

## 12. Income Tax

### 12A. Components of tax expense (income) recognised in profit or loss includes:

| | Group | |
|---|---|---|
| | 2012 $'000 | 2011 $'000 |
| Current tax expense: | | |
| Current tax expense | 4,030 | 272 |
| Subtotal | 4,030 | 272 |
| Deferred tax expense: | | |
| Deferred tax expense | 1,738 | 3,088 |
| Subtotal | 1,738 | 3,088 |
| Total income tax expense | 5,768 | 3,360 |

**12. Income Tax (Cont'd)**

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2011: 17.0%) to profit or loss before income tax as a result of the following differences:

| | Group | |
|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 |
| Profit before tax | 29,500 | 17,962 |
| Less: Share of profit from an equity-accounted joint venture | (54) | – |
| | 29,446 | 17,962 |
| Income tax expense at the above rate | 5,006 | 3,053 |
| Not deductible items | 835 | 537 |
| Exemptions | (83) | (65) |
| Deferred tax assets used | – | (165) |
| Other minor items less than 3% each | 10 | – |
| Total income tax expense | 5,768 | 3,360 |

There are no income tax consequences of dividends to owners of the company.

**12B. Deferred tax expense (income) recognised in profit or loss includes:**

| | Group | |
|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 |
| Tax loss carryforwards | (595) | (468) |
| Deferred tax assets valuation allowance | – | (165) |
| Deferred tax on profits recognised for development properties based on stage of completion method | 2,333 | 3,721 |
| Total deferred income tax expense recognised in profit or loss | 1,738 | 3,088 |

## 12. Income Tax (Cont'd)

### 12C. Deferred tax balance in the statements of financial position:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Deferred tax assets (liabilities) recognised in profit or loss: | | | | |
| Tax loss carryforwards | 1,228 | 633 | – | – |
| Profits recognised on development properties based on stage of completion method | (6,054) | (3,721) | – | – |
| Net balance | (4,826) | (3,088) | – | – |
| Presented in the statement of financial position as follows: | | | | |
| Deferred tax assets | 1,228 | 633 | – | – |
| Deferred tax liabilities | (6,054) | (3,721) | – | – |
| Net balance | (4,826) | (3,088) | – | – |

It is impracticable to estimate the amount expected to be settled or used within one year.

The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Profit from qualifying development properties is taxed upon completion of the project.

## 13. Earnings Per Share

Basic and diluted earnings per share ("EPS") is calculated by dividing the net profit for the year attributable to owners of the company by the weighted average number of ordinary shares as follows:

| | Group | |
|---|---|---|
| | 2012 $'000 | 2011 $'000 |
| Net profit attributed to owners of the company | 16,903 | 13,379 |
| | '000 | '000 |
| Weighted average number of equity shares | 1,489,000 | 1,419,649 |

The weighted average number of equity shares refers to shares in circulation during the reporting year. Basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting period.

There are no dilutive ordinary share equivalents outstanding during each reporting year.

## 14. Dividends on Equity Shares

| Group and Company | Rate per share – cents 2012 | 2011 | 2012 $'000 | 2011 $'000 |
|---|---|---|---|---|
| Final tax exempted (one-tier) dividend paid in respect of previous reporting year | 0.45 | – | 6,701 | – |
| Interim exempt (one-tier) dividend paid | 0.10 | – | 1,488 | – |
| Total dividend paid in the year | 0.55 | – | 8,189 | – |

In respect of the current reporting year, the directors propose that a final dividend of 0.47 cents per share with a total of $6,999,000 be paid to shareholders after the annual general meeting. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend for 2012 is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

## 15. Plant and Equipment

| Group and Company | Total $'000 |
|---|---|
| Cost: | |
| At 1 July 2010 | 120 |
| Additions | 52 |
| At 30 June 2011 | 172 |
| Additions | 7 |
| At 30 June 2012 | 179 |
| Accumulated depreciation: | |
| At 1 July 2010 | – |
| Depreciation for the year | 46 |
| At 30 June 2011 | 46 |
| Depreciation for the year | 50 |
| At 30 June 2012 | 96 |
| Net book value: | |
| At 1 July 2010 | 120 |
| At 30 June 2011 | 126 |
| At 30 June 2012 | 83 |

The depreciation expense is charged under administrative expenses.

## 16. Investment in a Joint Venture

| | Group and Company | |
|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 |
| Movements in carrying value: | | |
| At beginning of the year | – | – |
| Additions | 500 | – |
| Share of profit for the year | 54 | – |
| At end of the year | 554 | – |
| Carrying value: | | |
| Unquoted equity shares at cost | 500 | – |
| Share of profit, net of dividends received | 54 | – |
| | 554 | – |
| Share of net book value of joint venture | 554 | – |

The joint venture held by the company is listed below:

| Name of joint venture, country of incorporation, place of operations, principal activities and independent auditor | Percentage of equity held by the group | |
|---|---|---|
| | 2012<br>% | 2011<br>% |
| Oxley-Lian Beng Pte. Ltd. [a]<br>(Formerly known as Oxley Bloom Pte. Ltd.)<br>Singapore<br>Property developer<br>RSM Chio Lim LLP | 50 | – |

[a] Joint venture with Lian Beng Land Pte. Ltd., a wholly-owned subsidiary of Lian Beng Group Ltd, which is in the business of construction. Oxley-Lian Beng Pte. Ltd. is jointly controlled by both parties as a result of a contractual agreement involving sharing of control over strategic, financial and operating decisions related to Oxley-Lian Beng Pte. Ltd.

The summary financial information of the joint venture, not adjusted for the percentage ownership held by the group, is as follows:

| | Group | |
|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 |
| Assets | 131,486 | – |
| Liabilities | 130,379 | – |
| Revenue | – | – |
| Profit for the year | 108 | – |

## 17. Investments in Subsidiaries

| | Company 2012 $'000 | Company 2011 $'000 |
|---|---|---|
| Movements during the year: | | |
| Cost at beginning of the year | 16,725 | – |
| Additions | 4,100 | 16,725 |
| Cost at end of the year | 20,825 | 16,725 |
| Total cost comprising: | | |
| Unquoted equity shares at cost | 20,825 | 16,725 |
| Net book value of subsidiaries | 58,223 | 32,822 |

The subsidiaries held by the company and the group are listed below:

| Name of subsidiaries and principal activities | Cost in Books of Group | | Effective Percentage of Equity Held by Group | |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 % | 2011 % |
| Held by the company | | | | |
| Ascend Assets Pte. Ltd.<br>Property developer | 910 | 910 | 100 | 100 |
| Galaxy Land Pte. Ltd.<br>Property developer | 1,308 | 1,308 | 100 | 100 |
| Hume Homes Pte. Ltd.<br>Property developer | 1,173 | 1,173 | 100 | 100 |
| Oxley Ascend Capital Pte. Ltd.<br>Property developer | 833 | 833 | 100 | 100 |
| Oxley Ascend Realty Pte. Ltd.<br>Property developer | 550 | 550 | 55 | 55 |
| Oxley Assets Pte. Ltd.<br>Property developer | 994 | 994 | 100 | 100 |
| Oxley Bliss Pte. Ltd. (b)<br>Property developer | – (a) | – | 100 | – |
| Oxley Blossom Pte. Ltd.<br>Property developer | 1,000 | 1,000 | 100 | 100 |

## 17. Investments in Subsidiaries (Cont'd)

| Name of subsidiaries and principal activities | Cost in Books of Group 2012 $'000 | Cost in Books of Group 2011 $'000 | Effective Percentage of Equity Held by Group 2012 % | Effective Percentage of Equity Held by Group 2011 % |
|---|---|---|---|---|
| Oxley Bright Pte. Ltd. [b]<br>Property developer | – [a] | – | 100 | – |
| Oxley Changi Pte. Ltd. [b]<br>Property developer | – [a] | – | 100 | – |
| Oxley Concept Pte. Ltd.<br>Property developer | 596 | 596 | 60 | 60 |
| Oxley Connections Pte. Ltd.<br>Investment holding | 2,600 | 2,600 | 52 | 52 |
| Oxley Consortium Pte. Ltd.<br>Property developer | 1,000 | 1,000 | 100 | 100 |
| Oxley Diamond Pte. Ltd. [b]<br>Property developer | – [a] | – | 100 | – |
| Oxley Fort Pte. Ltd.<br>Property developer | 1,000 | – | 100 | – |
| Oxley Gem Pte. Ltd. [b]<br>Property developer | – [a] | – | 100 | – |
| Oxley Global Pte. Ltd.<br>Property developer | 1,000 | 1,000 | 100 | 100 |
| Oxley Module Pte. Ltd.<br>Property developer | 656 | 656 | 66 | 66 |
| Oxley Mosaic Pte. Ltd.<br>Property developer | 1,000 | 1,000 | 100 | 100 |
| Oxley Niche Pte. Ltd.<br>Property developer | 1,000 | 1,000 | 100 | 100 |
| Oxley Rise Pte. Ltd. [b]<br>Property developer | – [a] | – | 100 | – |
| Oxley Rising Pte. Ltd.<br>Property developer | – [a] | – [a] | 100 | 100 |

**17. Investments in Subsidiaries (Cont'd)**

| Name of subsidiaries and principal activities | Cost in Books of Group 2012 $'000 | Cost in Books of Group 2011 $'000 | Effective Percentage of Equity Held by Group 2012 % | Effective Percentage of Equity Held by Group 2011 % |
|---|---|---|---|---|
| Oxley Sanctuary Pte. Ltd.<br>Property developer | 550 | – | 55 | – |
| Oxley Shine Pte. Ltd. [b]<br>Property developer | – [a] | – | 100 | – |
| Oxley Sims Pte. Ltd.<br>Property developer | 1,000 | 1,000 | 100 | 100 |
| Oxley Sparkle Pte. Ltd. [b]<br>Property developer | – [a] | – | 100 | – |
| Oxley Star Pte. Ltd.<br>Property developer | 671 | 671 | 67.5 | 67.5 |
| Oxley Vibes Pte. Ltd. [d]<br>Property developer | 900 | – [a] | 90 | 100 |
| Oxley Vibrant Pte. Ltd.<br>Property developer | – [a] | – | 100 | – |
| Oxley Vista Pte. Ltd. [d]<br>Property developer | 550 | – [a] | 55 | 100 |
| Oxley Viva Pte. Ltd. [c]<br>Property developer | 550 | – [a] | 55 | 100 |
| Oxley Wealth Pte. Ltd.<br>Property developer | 434 | 434 | 51 | 51 |
| Oxley YCK Pte. Ltd. [c]<br>Property developer | 550 | – [a] | 55 | 100 |
| Oxley Zest Pte. Ltd.<br>Property developer | – [a] | – | 100 | – |
| Held by subsidiary<br>Orchard Suites Residence Pte. Ltd.<br>Property developer | 5,000 | 5,000 | 52 | 52 |

## 17. Investments in Subsidiaries (Cont'd)

[a] Cost of investment is less than $1,000.

[b] Not audited as it is newly incorporated and has not commenced operations. The unaudited management accounts as at 30 June 2012 are used for the purpose of consolidation.

[c] During the reporting year 2012, the company entered into shareholders agreements with non-controlling interests. Through the injection of additional capital by the company and the non-controlling interests during the year, the company's equity interests in these subsidiaries decreased from 100% to 55%.

[d] The company and other non-controlling interests injected additional capital into the subsidiaries during the reporting year 2012, resulting in the decrease in the company's equity interests in the subsidiaries.

The country of incorporation and place of operations for all the subsidiaries is Singapore. All the subsidiaries are audited by RSM Chio Lim LLP.

## 18. Development Properties

| | Group | |
|---|---|---|
| | 2012 $'000 | 2011 $'000 |
| Properties in the course of development: | | |
| Aggregate amount of costs incurred | 1,513,178 | 869,827 |
| Add: Attributable profit | 63,839 | 24,687 |
| Less: Progress payments received and receivable to date | (253,136) | (173,692) |
| | 1,323,881 | 720,822 |
| Interest expense capitalised during the reporting year as cost of development properties | 13,900 | 7,752 |

The rate of interest capitalised during the year is between 1.55% – 3.25% (2011: 1.58% – 3.25%) per annum.

The development properties are mortgaged to banks as securities for the credit facilities (Note 23).

**18. Development Properties (Cont'd)**

Details of the development properties are as follows:

| Project Name (where available)/ Location | Description | Tenure | Approximate Area (sqm) Land Area | Gross Floor Area | Percentage of Completion at 30 June 2012 | Interest Held by the Group | Expected Completion Date |
|---|---|---|---|---|---|---|---|
| Mixed Developments | | | | | | | |
| Suites@Katong<br>263 Tanjong Katong Road, Singapore | 4-storey development with attic, mechanised car park and communal facilities | Freehold | 1,040 | 2,797 | 99% | 51% | 2014 |
| Parc Somme<br>62 Somme Road, Singapore | 6-storey development with attic, swimming pool, gym and mechanised car park | 99-year leasehold from 6 May 2008 | 518 | 1,629 | 100% | 100% | Completed |
| Loft@Rangoon<br>113 Rangoon Road, Singapore | 5-storey development with attic, swimming pool and mechanised car park | Freehold | 458 | 1,453 | 60% | 100% | 2014 |
| RV Point<br>229 River Valley Road, Singapore | 8-storey development, mechanised car park and communal facilities | 999-year leasehold from 1 July 1841 | 507 | 2,038 | 28% | 100% | 2014 |
| Viva Vista<br>3 South Buona Vista Road, Singapore | 5-storey development with attic and mechanised car park | Freehold | 3,626 | 9,013 | 37% | 100% | 2015 |
| Vibes@East Coast<br>308 Telok Kurau Road, Singapore | 5-storey development with attic, mechanised car park, swimming pool and communal facilities | Freehold | 2,413 | 7,125 | 29% | 66% | 2015 |
| Oxley Edge<br>300-306 River Valley Road | – [(a)] | Freehold | 870 | 2,546 | Has not commenced construction | 100% | – [(b)] |

## 18. Development Properties (Cont'd)

| Project Name (where available)/ Location | Description | Tenure | Approximate Area (sqm) Land Area | Approximate Area (sqm) Gross Floor Area | Percentage of Completion at 30 June 2012 | Interest Held by the Group | Expected Completion Date |
|---|---|---|---|---|---|---|---|
| Mixed Developments (Cont'd) | | | | | | | |
| Vibes@Kovan<br><br>93 Kovan Road, Singapore | 5-storey development with attic, mechanised car park, swimming pool and communal facilities | Freehold | 723 | 2,157 | 28% | 100% | 2015 |
| The Promenade@ Pelikat<br><br>183 Jalan Pelikat, Singapore | 3-storey development with attic and 3 levels of basement, swimming pool, car park and communal facility | Freehold | 6,462 | 19,485 | Has not commenced construction | 90% | 2016 |
| 2 to 20 Cactus Road, Singapore | – [a] | Freehold | 8,800 | 11,863 | Has not commenced construction | 55% | – [b] |
| 100 to 230 West Coast Way, Singapore | – [a] | 956-year leasehold from 27 May 1928 | 15,289 | 24,477 | Has not commenced construction | 55% | – [b] |
| 339, 339A, 339B, 339C Joo Chiat Road, Singapore | – [a] | Freehold | 593 | 1,779 | Has not commenced construction | 100% | – [b] |

## 18. Development Properties (Cont'd)

| Project Name (where available)/ Location | Description | Tenure | Approximate Area (sqm) Land Area | Gross Floor Area | Percentage of Completion at 30 June 2012 | Interest Held by the Group | Expected Completion Date |
|---|---|---|---|---|---|---|---|
| Residential Developments | | | | | | | |
| Loft@Holland<br><br>151 Holland Road, Singapore | 5-storey development with attic, mechanised car park and swimming pool | Freehold | 1,124 | 1,580 | 26% | 67.5% | 2015 |
| Loft@Stevens<br><br>68 Stevens Road, Singapore | 5-storey development with attic, mechanised car park, swimming pool and communal facilities | Freehold | 1,298 | 1,889 | 56% | 60% | 2015 |
| Vibes@Upper Serangoon<br><br>488 Upper Serangoon Road, Singapore | 5-storey development with attic, mechanised car park, swimming pool and gym | Freehold | 993 | 3,115 | Has not commenced construction | 100% | 2016 |
| Presto@Upper Serangoon<br><br>524 Upper Serangoon Road, Singapore | 5-storey development with attic, mechanised car park, swimming pool and gym | Freehold | 585 | 1,846 | Has not commenced construction | 100% | 2016 |
| Devonshire Residences<br><br>55 Devonshire Road, Singapore | 25-storey development, mechanised car park, swimming pool and communal facilities | Freehold | 1,245 | 3,836 | 19% | 52% | 2015 |
| Suites@Braddell<br><br>56 Braddell Road, Singapore | 5-storey development with attic, mechanised car park, swimming pool and communal facilities | Freehold | 1,108 | 1,552 | 11% | 100% | 2015 |

## 18. Development Properties (Cont'd)

| Project Name (where available)/ Location | Description | Tenure | Approximate Area (sqm) Land Area | Approximate Area (sqm) Gross Floor Area | Percentage of Completion at 30 June 2012 | Interest Held by the Group | Expected Completion Date |
|---|---|---|---|---|---|---|---|
| Industrial Developments | | | | | | | |
| Oxley Bizhub<br><br>61,63,65,67,69,71 and 73 Ubi Road 1, Singapore | 2 block 10-storey multiple-user development and one block of 4-storey building development, car park and ancillary facilities | 60-year leasehold from 15 November 2010 | 34,853 | 87,126 | 32% | 100% | 2015 |
| Oxley Bizhub 2<br><br>62 Ubi Road 1, Singapore | 11-storey multiple-user development, car park and ancillary facilities | 60-year leasehold from 10 June 2011 | 12,378 | 30,942 | 28% | 55% | 2015 |
| Arcsphere<br><br>124 Lorong 23 Geylang, Singapore | 10-storey multiple-user development and car park | Freehold | 1,011 | 2,529 | 19% | 100% | 2015 |
| The Commerze@ Irving<br><br>1 Irving Place, Singapore | 9-storey multiple user development, car park and ancillary facilities | 60 years leasehold from 26 September 2011 | 3,353 | 11,730 | Has not commenced construction | 55% | 2015 |
| Commercial Developments | | | | | | | |
| Oxley Tower<br><br>138 Robinson Road, Singapore | 32-storey development and car park | Freehold | 1,490 | 16,839 | Has not commenced construction | 100% | 2018 |
| Robinson Square<br><br>144 Robinson Road, Singapore | 20-storey development and mechanised car park | Freehold | 422 | 4,755 | Has not commenced construction | 100% | 2016 |

[a] The plans for these projects are subject to modification, pending URA approval.

[b] These projects are yet to be launched.

## 19. Trade and Other Receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Trade receivables: | | | | |
| Outside parties | 17,632 | 10,094 | – | 26 |
| Subtotal | 17,632 | 10,094 | – | 26 |
| Other receivables: | | | | |
| Outside parties | 9 | 18 | – | – |
| Non-controlling interests (Note 3) | 5,611 | 2,087 | – | – |
| Subsidiaries (Note 3) | – | – | 195,305 | 159,266 |
| Joint venture (Note 3) | 17,270 | – | 17,270 | – |
| Subtotal | 22,890 | 2,105 | 212,575 | 159,266 |
| Total trade and other receivables | 40,522 | 12,199 | 212,575 | 159,292 |

## 20. Other Assets

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Deposits and stamp duties paid for purchases of land | 33,896 | 9,539 | – | – |
| Deposits to secure services | 141 | 146 | 58 | 58 |
| | 34,037 | 9,685 | 58 | 58 |

## 21. Cash and Cash Equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 $'000 | 2011 $'000 | 2012 $'000 | 2011 $'000 |
| Not restricted in use | 21,702 | 14,949 | 228 | 6,204 |
| Project Accounts [a] | 183,433 | 97,703 | – | – |
| Cash at end of the year | 205,135 | 112,652 | 228 | 6,204 |

The interest earning balances are not significant.

[a] The amounts in project accounts are bank balances held under Housing Developers (Project Account) (Amendment) Rules 1997, the use of which is subject to restrictions imposed by the aforementioned rules.

## 22. Share Capital

| | Number of shares issued '000 | Share capital $'000 |
|---|---|---|
| Group | | |
| Ordinary shares of no par value: | | |
| Balance at beginning of year 1 July 2010 | 8,445 | 8,576 |
| Issue of shares at $27 each [(a)] | 1,000 | 27,000 |
| Effect of Restructuring Exercise [(b)] | 555 | – |
| Sub-division of shares | 1,265,000 | 35,576 |
| Issue of shares pursuant to the placement of shares | 224,000 | 85,120 |
| Share issue expenses | – | (2,251) |
| Balance at end of the year 30 June 2011 and 30 June 2012 | 1,489,000 | 118,445 |
| | | |
| Company | | |
| Ordinary shares of no par value: | | |
| Balance at beginning of year 1 July 2010 | 1,000 | 1,000 |
| Issue of shares at $27 each [(a)] | 1,000 | 27,000 |
| Issue of shares pursuant to the Restructuring Exercise [(b)] | 8,000 | 7,445 |
| Effect of Restructuring Exercise [(b)] | – | 131 |
| Sub-division of shares | 1,265,000 | 35,576 |
| Issue of shares pursuant to the placement of shares | 224,000 | 85,120 |
| Share issue expenses | – | (2,251) |
| Balance at end of the year 30 June 2011 and 30 June 2012 | 1,489,000 | 118,445 |

(a) Pursuant to an investment agreement dated 25 August 2010, pre-IPO investors collectively subscribed for 1,000,000 shares in the company, constituting 10.0% of the pre-Invitation share capital of the company, for an aggregate consideration of $27,000,000. The shares were issued to the pre-IPO investors on 8 October 2010.

(b) During the reporting year 2011, the company issued ordinary shares to the existing shareholders as consideration for the acquisition of their equity interests in certain group entities as part of the restructuring exercise undertaken for the company's share placement exercise.

The ordinary shares of no par value which are fully paid and carry one vote each have no right to fixed income.

The company is listed on the Catalist and has appointed a sponsor to comply with the Catalist Rules and to facilitate certain corporate actions including rights issues, placement of shares, company warrants or other convertible securities for cash, major transactions, transactions requiring shareholders' approval and schemes of arrangement.

## 22. Share Capital (Cont'd)

**Capital management:**

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, and retained earnings).

| | Group | |
|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 |
| Net debt: | | |
| All current and non-current borrowings | 987,239 | 630,237 |
| Less cash and cash equivalents | (205,135) | (112,652) |
| Net debt | 782,104 | 517,585 |
| Adjusted capital: | | |
| Total equity | 154,507 | 137,064 |
| Debt-to-adjusted capital ratio | 506% | 378% |

The increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in new debts. There are significant external borrowings but these are secured by specific assets. The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk of borrowings.

## 23. Other Financial Liabilities

| | Group 2012 $'000 | Group 2011 $'000 |
|---|---|---|
| Non-current: | | |
| Bank loans (secured) | 809,883 | 616,692 |
| Current: | | |
| Bank loans (secured) | 177,356 | 13,545 |
| Total | 987,239 | 630,237 |
| The non-current portion is repayable as follows: | | |
| Due within 2 to 5 years | 809,883 | 455,442 |
| After 5 years | – | 161,250 |
| Total non-current portion | 809,883 | 616,692 |

The range of floating interest rates paid were as follows:

| | 2012 | 2011 |
|---|---|---|
| Bank loans (secured) | 1.55% – 3.25% | 1.58% – 3.25% |

The loans bear interest at either:

(a) 1.5% to 2.00% (2011: 1.25% to 2.00%) per annum above the bank's cost of funds or 1.50% to 2.00% (2011: 1.25% to 2.00%) per annum over the bank's Swap Offer Rate as determined by the bank on the day of transaction, whichever is the higher, or at such other rate at the sole discretion of the bank, for an interest period of one, two, three or six months; or

(b) 1.00% to 1.75% (2011: 1.50% to 1.75%) per annum below the bank's prevailing Enterprise Base Rate on daily balance or such other rate or rates as may be determined by the bank at their discretion from time to time; or

(c) 1.50% to 1.75% (2011: 1.75%) per annum over and above prevailing Singapore Interbank Offered Rate on daily balance or such other rate or rates as may be determined by the bank at their discretion from time to time; or

(d) 0.75% per annum (2011: Nil) above certain finance company's base rate.

The repayment terms of the loans are in one lump sum ranging from 24 to 70 months (2011: 36 to 70 months) from the date of first drawdown of the loan or three to six months from the date of issuance of the Temporary Occupation Permit, whichever is the earliest.

## 23. Other Financial Liabilities (Cont'd)

The agreements for the bank loans provide among other matters for the following:-

(a) First legal mortgage on the development properties disclosed in Note 18;

(b) Legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the proposed developments;

(c) Joint and several guarantees from directors and a shareholder of the company, as well as the non-controlling shareholders of the subsidiaries;

(d) Corporate guarantee by the company and fellow subsidiaries;

(e) Deed of subordination of shareholder and related companies' loan; and

(f) Compliance with certain covenants.

## 24. Trade and Other Payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 | 2012<br>$'000 | 2011<br>$'000 |
| Trade payables: | | | | |
| Outside parties and accrued liabilities | 49,997 | 10,912 | 242 | 212 |
| Related parties (Note 3) | 8,459 | 8,427 | – | – |
| Subtotal | 58,456 | 19,339 | 242 | 212 |
| Other payables: | | | | |
| Rental deposits | 1,514 | 1,588 | – | – |
| Subsidiaries (Note 3) | – | – | 73,398 | 13,355 |
| Directors (Note 3) | 31,372 | 37,497 | 31,372 | 37,497 |
| Shareholder (Note 3) | 5,359 | 5,128 | 5,359 | 5,128 |
| Non-controlling interests (Note 3) [a] | 68,334 | 21,064 | – | – |
| Subtotal | 106,579 | 65,277 | 110,129 | 55,980 |
| Total trade and other payables | 165,035 | 84,616 | 110,371 | 56,192 |

[a] Advances from non-controlling interests to finance the purchase of development properties.

## 25. Other Liabilities

| | Group | |
|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 |
| Progress payments received and receivable | 288,295 | – |

This pertains to progress payments received and receivable to date from industrial and commercial development properties. The revenues of which are recognised on the delivery of the properties. Also see Note 18.

## 26. Financial Instruments: Information on Financial Risks

### 26A. Classification of Financial Assets and Liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 | 2012<br>$'000 | 2011<br>$'000 |
| Financial assets: | | | | |
| Cash and bank balances | 205,135 | 112,652 | 228 | 6,204 |
| Loans and receivables | 40,522 | 12,199 | 212,575 | 159,292 |
| At end of the year | 245,657 | 124,851 | 212,803 | 165,496 |
| Financial liabilities: | | | | |
| Borrowings measured at amortised cost | 987,239 | 630,237 | – | – |
| Trade and other payables measured at amortised cost | 165,035 | 84,616 | 110,371 | 56,192 |
| At end of the year | 1,152,274 | 714,853 | 110,371 | 56,192 |

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

**26. Financial Instruments: Information on Financial Risks (Cont'd)**

**26B. Financial Risk Management**

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. The guidelines include the following:

(i) Minimise interest rate, currency, credit and market risks for all kinds of transactions.
(ii) Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
(iii) All financial risk management activities are carried out and monitored by senior management staff.
(iv) All financial risk management activities are carried out following good market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

**26C. Fair Values of Financial Instruments**

The financial assets and financial liabilities at amortised cost are at a carrying amount that is a reasonable approximation of fair value.

**26D. Credit Risk on Financial Assets**

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. Trade receivables relate mainly to the customers who bought its commercial and residential units. The exposure to credit risk is deemed minimal as it would receive up to 85% of sale proceeds prior to handing over the units of commercial and residential properties to the customers. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers.

Note 21 discloses the maturity of the cash and cash equivalents balances.

As at the end of reporting year, there were no amounts that were impaired.

Other receivables are normally with no fixed terms and therefore there is no maturity.

**26. Financial Instruments: Information on Financial Risks (Cont'd)**

**26E. Liquidity Risk**

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

| Group | Less than 1 year $'000 | 1 – 5 years $'000 | After 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| 2012: | | | | |
| Gross borrowings commitments | 198,196 | 840,342 | – | 1,038,538 |
| Trade and other payables | 165,035 | – | – | 165,035 |
| At end of the year | 363,231 | 840,342 | – | 1,203,573 |
| 2011: | | | | |
| Gross borrowings commitments | 26,901 | 472,051 | 161,373 | 660,325 |
| Trade and other payables | 84,616 | – | – | 84,616 |
| At end of the year | 111,517 | 472,051 | 161,373 | 744,941 |

| Company | Less than 1 year $'000 | Total $'000 |
|---|---|---|
| 2012: | | |
| Trade and other payables | 110,371 | 110,371 |
| At end of the year | 110,371 | 110,371 |
| 2011: | | |
| Trade and other payables | 56,192 | 56,192 |
| At end of the year | 56,192 | 56,192 |

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The undiscounted amounts on the bank borrowings with floating rates are determined by reference to the conditions existing at the reporting date.

## 26. Financial Instruments: Information on Financial Risks (Cont'd)

### 26E. Liquidity Risk (Cont'd)

Financial guarantee contracts – For financial guarantee contracts the maximum earliest period in which the guarantee could be called is used. At the end of the reporting year no claims on the financial guarantees are expected. The following table shows the maturity analysis of the contingent liabilities:

| Company | Less than 1 year $'000 | 1 – 5 years $'000 | After 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| 2012: | | | | |
| Bank guarantee in favour of joint venture (Note 3) | – | 71,850 | – | 71,850 |
| Bank guarantee in favour of subsidiaries (Note 3) | 90,960 | 709,081 | – | 800,041 |
| | 90,960 | 780,931 | – | 871,891 |
| 2011: | | | | |
| Bank guarantee in favour of subsidiaries (Note 3) | 13,545 | 246,044 | 161,250 | 420,839 |

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2011: 30 days). The other payables are with short-term durations.

The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

| | Group | |
|---|---|---|
| | 2012 $'000 | 2011 $'000 |
| Bank facilities: | | |
| Undrawn borrowing facilities | 295,190 | 239,727 |

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

## 26. Financial Instruments: Information on Financial Risks (Cont'd)

### 26F. Interest Rate Risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

| | Group | |
|---|---|---|
| | 2012 $'000 | 2011 $'000 |
| Financial liabilities: | | |
| Floating rates | 987,239 | 630,237 |
| Total at end of the year | 987,239 | 630,237 |
| Financial assets: | | |
| Floating rates | 110 | 110 |
| Total at end of the year | 110 | 110 |

The floating rate debt instruments are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

| | Group | |
|---|---|---|
| | 2012 $'000 | 2011 $'000 |
| Financial liabilities: | | |
| A hypothetical variation in interest rates by 10 basis points with all other variables held constant, would have an increase / decrease in the amount of interest expense capitalised in development properties for the year by | 813 | 578 |
| A hypothetical variation in interest rates by 10 basis points with all other variables held constant, would have an increase / decrease in pre-tax profit for the year by | 174 | 52 |

The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses.

The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

### 26G. Foreign Currency Risk

The company and the entities in the group are not exposed to significant foreign currency risk as its transactions are mainly denominated in Singapore dollar, the functional currency of all entities within the group.

## 27. Commitments

Estimated amounts committed at the end of the reporting year for future certain expenditure but not recognised in the financial statements are as follows:

| | Group | |
|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 |
| Development expenditure contracted for development properties [a] | 244,117 | 197,154 |
| Commitment to purchase properties (Note 20) | 203,490 | 127,954 |

[a] The development expenditure includes contracts with a related party amounting to $49,904,000 (2011: $58,715,000).

## 28. Operating Lease Payment Commitments

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

| | Group | |
|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 |
| Not later than one year | 217 | 202 |
| Later than one year and not later than five years | – | 230 |
| Rental expense for the year | 217 | 211 |

Operating lease payments are for rentals payable for office premise and certain plant and equipment. The leases from the owner are for three years, commencing from 1 July 2010 and 1 November 2010 respectively. The lease rental terms are negotiated for an average term of three years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

## 29. Operating Lease Income Commitment

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

| | Group | |
|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 |
| Not later than one year | 3,541 | 5,608 |
| Later than one year and not later than five years | 316 | 2,543 |
| Rental income for the year | 6,277 | 2,357 |

Operating lease income commitments are for certain commercial properties acquired during the reporting year for the purpose of redevelopment.

## 30 . Items in Profit or Loss

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

| | Group | |
|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 |
| Audit fees to the independent auditors of the company | 198 | 157 |
| Other fees to the company's independent auditors | | |
| – IPO expenses | – | 160 |
| – Other expenses | 41 | 58 |

## 31. Events after the End of the Reporting Year

On 24 August 2012, the company has proposed the following that will impact the capital structure of the company:

(a) Share Split

The company proposed a share split of every ten ordinary shares in the capital of the company into eighteen ordinary shares. Upon completion, the company shall have an issued and paid-up share capital increased to 2,680,200,000 shares from 1,489,000,000 shares (see Note 22).

(b) Renounceable non-underwritten rights issue of shares ("Right Issue")

Following the completion of the Share Split, the company has proposed a renounceable non-underwritten rights issue of up to 268,020,000 new ordinary shares, in the capital of the company at an issue price of $0.17 per share, on the basis of one rights share for every ten shares held by entitled shareholders.

The above proposals are subject to the relevant approvals as highlighted in the announcement on SGX-ST dated 24 August 2012.

## 32. Changes and Adoption of Financial Reporting Standards

For the reporting year ended 30 June 2012, the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements except as disclosed below:

| FRS No. | Title |
|---|---|
| FRS 1 | Presentation of Financial Statements Disclosures (Amendments to) |
| FRS 24 | Related Party Disclosures (revised) |
| FRS 27 | Consolidated and Separate Financial Statements (Amendments to) |
| FRS 32 | Classification Of Rights Issues (Amendments to) (*) |
| FRS 34 | Interim Financial Reporting (Amendments to) |
| FRS 103 | Business Combinations (Amendments to) (*) |
| FRS 107 | Financial Instruments: Disclosures (Amendments to) |
| FRS 107 | Financial Instruments: Disclosures (Amendments to) - Transfers of Financial Assets (*) |
| INT FRS 113 | Customer Loyalty Programmes (Amendments to) (*) |
| INT FRS 114 | Prepayments of a Minimum Funding Requirement (revised) (*) |
| INT FRS 115 | Agreements for the Construction of Real Estate |
| INT FRS 119 | Extinguishing Financial Liabilities with Equity Instruments (*) |

(*) Not relevant to the entity.

<u>INT FRS 115 Agreements for the Construction of Real Estate</u>

The group adopted the INT FRS 115 Agreements for the Construction of Real Estate, for the first time during the current reporting year. INT FRS 115 is to be applied retrospectively when adopted.

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not classify as construction contracts in accordance with FRS 11 Construction Contracts can only be accounted for using the percentage of completion ("POC") method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work-in-progress in its current state as construction progresses.

The group has considered the application of INT FRS 115 and the accompanying practice note issued specifically in the context of the sale of residential development properties in Singapore, and concluded that whilst the "pre-completion" sale contracts were not, in substance, construction contracts, the legal terms in certain contracts result in the continuous transfer of work-in-progress to the purchaser. Consequently, the group adopts the POC method of revenue recognition for residential projects (including residential projects with some commercial units, commonly known as "mixed developments") under progressive payment schemes in Singapore and hence for these contracts, revenue is recognised as work progresses. This is consistent with the accounting policy applied by the group for the previous reporting year as the POC method is an allowed alternative method under Recommended Accounting Practice ("RAP") 11 Pre-Completion Contracts for the Sale of Development Property.

For the industrial and commercial development projects in Singapore, the group accounts for construction revenue and expenses under the completion of construction method as stipulated in INT FRS 115. As the group has yet to recognise revenue and related expenses for the industrial and commercial development projects for the previous reporting year ended 30 June 2011, the adoption of INT FRS 115 for the first time in the current reporting year has not resulted in any retrospective adjustment of the comparatives.

## 33. Future Changes in Financial Reporting Standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

| FRS No. | Title | Effective date for periods beginning on or after |
|---|---|---|
| FRS 1 | Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| FRS 12 | Deferred Tax (Amendments to) – Recovery of Underlying Assets (*) | 1 January 2012 |
| FRS 19 | Employee Benefits | 1 January 2013 |
| FRS 27 | Separate Financial Statements | 1 January 2013 |
| FRS 28 | Investments in Associates and Joint Ventures | 1 January 2013 |
| FRS 110 | Consolidated Financial Statements | 1 January 2013 |
| FRS 111 | Joint Arrangements | 1 January 2013 |
| FRS 112 | Disclosure of Interests in Other Entities | 1 January 2013 |
| FRS 113 | Fair Value Measurements | 1 January 2013 |

(*) Not relevant to the entity.

# STATISTICS OF SHAREHOLDINGS

As at 12 September 2012

| | | |
|---|---|---|
| Issued and paid-up capital | : | $120,695,590 |
| Number of shares | : | 1,489,000,000 |
| Class of shares | : | Ordinary shares |
| Voting rights | : | One vote per share |

The Company does not hold any treasury shares.

## DISTRIBUTION OF SHAREHOLDINGS

(As recorded in the Register of Members and Depository Register as at 12 September 2012)

| Range Of Shareholdings | No. of Shareholders | % of Shareholders | No. of Shares | % of Shareholdings |
|---|---|---|---|---|
| 1 - 999 | 44 | 5.51 | 2,280 | 0.00 |
| 1,000 - 10,000 | 254 | 31.79 | 1,743,739 | 0.12 |
| 10,001 - 1,000,000 | 473 | 59.20 | 45,508,439 | 3.05 |
| 1,000,001 and above | 28 | 3.50 | 1,441,745,542 | 96.83 |
| **TOTAL** | **799** | **100.00** | **1,489,000,000** | **100.00** |

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 12 September 2012)

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| Bullish Investment Pte. Ltd.[(1), (2)] | 759,390,000 | 51.00 | - | - |
| Ching Chiat Kwong[(1)] | 174,503,500 | 11.72 | 759,390,000 | 51.00 |
| Low See Ching (Liu Shijin)[(2)] | 110,385,450 | 7.41 | 759,390,000 | 51.00 |
| Tee Wee Sien (Zheng Weixian) | 186,730,800 | 12.54 | - | - |

**Notes:**

(1) Ching Chiat Kwong is deemed to have an interest in the 759,390,000 shares held by Bullish Investment Pte. Ltd. by virtue of Section 7 of the Companies Act (Chapter 50) (the "**Act**").

(2) Low See Ching (Liu Shijin) is deemed to have an interest in the 759,390,000 shares held by Bullish Investment Pte. Ltd. by virtue of Section 7 of the Act.

# STATISTICS OF SHAREHOLDINGS

As at 12 September 2012

**TWENTY LARGEST SHAREHOLDERS**

(As recorded in the Register of Members and Depository Register as at 12 September 2012)

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | BULLISH INVESTMENT PTE LTD | 701,390,000 | 47.10 |
| 2 | MAYBAN NOMINEES (S) PTE LTD | 133,231,000 | 8.95 |
| 3 | HONG LEONG FINANCE NOMINEES PTE LTD | 130,200,000 | 8.74 |
| 4 | TEE WEE SIEN (ZHENG WEIXIAN) | 95,731,800 | 6.43 |
| 5 | BANK OF SINGAPORE NOMINEES PTE LTD | 91,196,500 | 6.12 |
| 6 | DBS NOMINEES PTE LTD | 55,449,012 | 3.72 |
| 7 | CHING CHIAT KWONG | 48,945,500 | 3.29 |
| 8 | TAN YONG HOA | 31,312,500 | 2.10 |
| 9 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 22,807,980 | 1.53 |
| 10 | FU JIANG HOLDINGS PTE LTD | 17,053,500 | 1.15 |
| 11 | LEE TIAM NAM | 15,931,500 | 1.07 |
| 12 | UOB KAY HIAN PTE LTD | 13,687,000 | 0.92 |
| 13 | CHAN YEOK PHENG | 13,255,000 | 0.89 |
| 14 | TAN AH SENG | 12,618,500 | 0.85 |
| 15 | LIM WAN LOOI | 11,500,000 | 0.77 |
| 16 | SBS NOMINEES PTE LTD | 10,000,000 | 0.67 |
| 17 | LIM TECK YONG | 7,000,000 | 0.47 |
| 18 | LIAN BEE METAL PTE LTD | 5,932,250 | 0.40 |
| 19 | MAYBANK KIM ENG SECURITIES PTE LTD | 5,109,000 | 0.34 |
| 20 | OCBC SECURITIES PRIVATE LTD | 4,689,000 | 0.31 |
| | **TOTAL** | **1,427,040,042** | **95.82** |

**SHARES HELD BY PUBLIC**

Based on the information provided to the Company as at 12 September 2012, approximately 11.68% of the issued ordinary shares of the Company was held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Rules of Catalist**"). Accordingly, Rule 723 of the Rules of Catalist has been complied with.

# APPENDIX

8 October 2012

This Appendix is circulated to shareholders of Oxley Holdings Limited (the "**Company**") together with the Company's Annual Report. Its purpose is to explain to shareholders the rationale and provide information to shareholders for the proposed renewal of the Shareholders' Mandate (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company to be held on Tuesday, 30 October 2012 at 10.00 am at the Raffles Lounge (Level 2) of Raffles Country Club at 450 Jalan Ahmad Ibrahim, Singapore 639932.

The Notice of Annual General Meeting is enclosed with the Annual Report.

If you are in any doubt as to the contents herein or as to any action you should take, you should consult your broker, bank manager, accountant or other professional adviser immediately.

If you have sold or transferred all your issued and fully paid ordinary shares in the capital of the Company, you should immediately forward this Appendix, together with the Company's Annual Report, the Notice of Annual General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this Appendix.

This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made, or reports contained in this Appendix.

The contact person for the Sponsor is Mr Alex Tan, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

## OXLEY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201005612G)

### APPENDIX

### IN RELATION TO

### THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

# APPENDIX

8 October 2012

## DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

**Companies within our Group**

| | | |
|---|---|---|
| *"Company" or "Oxley Holdings"* | : | Oxley Holdings Limited |
| *"Group"* | : | The Company and its subsidiaries |

**Other Companies and Organisations**

| | | |
|---|---|---|
| *"Oxley Construction" or "Mandated Interested Person"* | : | Oxley Construction Pte Ltd |
| *"SGX-ST"* | : | Singapore Exchange Securities Trading Limited |

**General**

| | | |
|---|---|---|
| *"Act" or "Companies Act"* | : | The Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time |
| *"AGM"* | : | Annual general meeting to be held on Tuesday, 30 October 2012 at 10.00 am at the Raffles Lounge (Level 2) of Raffles Country Club at 450 Jalan Ahmad Ibrahim, Singapore 639932 |
| *"Associate"* | : | (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:-<br>(i) his immediate family (being his spouse, child, adopted child, step-child, sibling and parent);<br>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and<br>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more<br>(b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more |
| *"Audit Committee"* | : | The audit committee of the Company |

| | | |
|---|---|---|
| *"Catalist Rules"* | : | The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, varied or supplemented from time to time |
| *"Controlling Shareholder"* | : | A person who:-<br>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or<br>(b) in fact exercises control over the Company |
| *"Directors"* | : | The directors of the Company |
| *"Latest Practicable Date"* | : | 12 September 2012, being the latest practicable date prior to the printing of this Appendix |
| *"Shareholders"* | : | Registered holders of Shares, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares |
| *"Shareholders' Mandate"* | : | The general mandate approved by Shareholders for the Group to enter into certain transactions with the Mandated Interested Person in compliance with Chapter 9 of the Catalist Rules, as further described in this Appendix |
| *"Shares"* | : | Ordinary shares in the capital of the Company |
| *"Substantial Shareholder"* | : | A person who has an interest in voting shares of the Company the total votes attached to which is not less than 5% of the total votes attached to all the voting shares in the Company |

**Currencies, Units and Others**

| | | |
|---|---|---|
| *"S$" or "$" and "cents"* | : | Singapore dollars and cents, respectively |

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Act, any statutory modification thereof, and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Act, such statutory modification thereof, as the case may be.

# APPENDIX

8 October 2012

## 1. INTRODUCTION

The Company anticipates that the Group would, in the ordinary course of business, enter into transactions including but not limited to the transactions set out in this Appendix with persons which are considered "interested persons" as defined in Chapter 9 of the Catalist Rules. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Under Chapter 9 of the Catalist Rules, a listed company may seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's interested persons, but not for the purchase or sale of assets, undertakings or businesses.

Due to the time-sensitive nature of commercial transactions, such a mandate will enable the Group, in the normal course of business, to enter into certain categories of interested person transactions with certain categories of interested persons, as set out below, provided that such interested person transactions are made on an arm's length basis and on normal commercial terms.

At the last annual general meeting held on 16 September 2011, the Shareholders approved the renewal of the Shareholders' Mandate (as described below). The Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company. Accordingly, the Directors propose that the Shareholders' Mandate be renewed at the AGM to be held on 30 October 2012, to take effect until the next annual general meeting of the Company.

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval at the AGM to renew the Shareholders' Mandate.

## 2. RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

### 2.1 Categories of interested persons

The Shareholders' Mandate will apply to the Group's transactions with the Mandated Interested Person, namely Oxley Construction.

Oxley Construction is a company incorporated in May 1995 and is primarily engaged in building construction. The sole shareholder of Oxley Construction is Mr Ching Chiat Kwong, the Executive Chairman and Chief Executive Officer, as well as Controlling Shareholder, of the Company. The directors of Oxley Construction are Mr Home Baha Dur and Mr Ching Chiat Kwong (who is a non-executive director of Oxley Construction).

### 2.2 Categories of interested person transaction and the benefits derived from such transactions

The transactions with the Mandated Interested Person relate to the provision of building and construction services by the Mandated Interested Person in the ordinary course of business to the Group. The Directors believe that it is beneficial to the Group to engage the Mandated Interested Person for the construction of the Group's property projects as long as such transactions are made on prices and terms not less favourable than those offered to the Group by unrelated parties.

The Mandated Interested Person has been providing building and construction services to previous property development projects undertaken by Mr Ching Chiat Kwong, the Executive Chairman and Chief Executive Officer of the Company. The Mandated Interested Person has also been providing building and construction services to the Group since the listing of the Company on the Catalist. The Mandated Interested Person is thus familiar with the requirements and specifications, in terms of material quality, workmanship, timeline and other deliverables, demanded by the Group. As such, less time and resource will be spent on additional quality checks, unnecessary rectification works and supervision to ensure that work is done to the Group's satisfaction and project timelines are adhered to. Based on the foregoing, the Directors are of the view that it will be beneficial to the Group to continue to engage the services of the Mandated Interested Person in the future, subject to the review procedures under the Shareholders' Mandate.

Transactions with interested persons that do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Catalist Rules.

**2.3 Rationale for and benefits of the Shareholders' Mandate**

The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to convene general meetings from time to time to seek Shareholders' approval as and when potential transactions with the Mandated Interested Persons arise, thereby eliminating the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

The Shareholders' Mandate is intended to facilitate recurrent transactions of a revenue or trading nature or those necessary for day-to-day operations, provided that they are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Disclosure will be made in the Company's annual report of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate during the financial year. In addition, the Company will announce the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the relevant financial period within the required time frame stipulated in the Catalist Rules.

**2.4 Guidelines and review procedures under Shareholders' Mandate**

Prior to engaging the services of the Mandated Interested Person, at least two other quotes or bids from unrelated parties shall be obtained for similar building and construction services for comparison purposes. If the construction contract is to be awarded to the Mandated Interested Person, the contract sum shall not be less favourable than the most competitive quote offered and the credentials of the Mandated Interested Person shall also be supported by a recommendation from an architect. In addition, the material terms (in respect of the total amount of the contract sum) offered by the Mandated Interested Person shall also not be less favourable than those offered by the unrelated parties. In the event that certain material terms are not directly comparable to the other quotes or bids from unrelated parties (for example, differences arising from classification of work to be performed), a Director or the Finance Manager, who shall not have an interest in such transaction, will determine whether the terms offered by the Mandated Interested Person are fair and reasonable. In reviewing the contract sum and terms, all pertinent factors, including but not limited to quality, specifications and requirements, duration of contracts, credit terms, delivery arrangement and track record will be taken into consideration.

The Group has implemented the aforesaid procedures to supplement existing internal control procedures to ensure that interested person transactions are undertaken on an arm's length basis and on normal commercial terms consistent with usual business practice and policies and are not more favourable to the interested person than those extended to unrelated parties.

In addition, to supplement internal procedures to ensure that all interested person transactions covered by the Shareholders' Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the following approval limits for the interested person transactions will be applied:-

(a) where an individual transaction is below $250,000, such transaction will be subject to review and prior approval by the Finance Manager, who shall not have an interest in such transaction;

(b) where an individual transaction is equal to or in excess of $250,000, such transaction will be subject to review and prior approval by the Audit Committee; and

(c) where the aggregate value of all transactions with the Mandated Interested Person in the same financial year is equal to or in excess of 5% of the Group's latest audited net tangible assets, all transactions comprising such an amount will be reviewed by the Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures set out in the Shareholders' Mandate. All transactions which have been reviewed and approved by the Audit Committee will be excluded from the aggregation of transactions for the purpose of such review.

A register will be maintained by the Company to record all interested person transactions (including the dates, terms and basis on which such transactions are entered into) which are entered into pursuant to the Shareholders' Mandate and the approval or review by the Audit Committee or Finance Manager, as the case may be. In the event that the Finance Manager or any member of the Audit Committee (where applicable) is interested in any interested person transaction, he will abstain from reviewing and/or approving that particular transaction.

The Company shall, on a quarterly basis, report to the Audit Committee on all interested person transactions, and the basis of such transactions, entered into with the Mandated Interested Person during the preceding quarter. The Audit Committee shall review such interested person transactions to ensure that they are carried out at arm's length and on normal commercial terms, at its quarterly meetings except where such interested person transactions are required under the review procedures to be reviewed and approved by the Audit Committee prior to the entry thereof.

The Audit Committee shall review from time to time such guidelines and procedures to determine if they continue to be adequate and/or commercially practicable in ensuring that transactions between the Mandated Interested Person and the Group are conducted on an arm's length basis and on normal commercial terms.

The Audit Committee will also carry out periodic reviews (not less than twice in a financial year) to ensure that the established guidelines and procedures for interested person transactions have been complied with and the relevant approvals obtained. The Audit Committee may also engage external parties to carry out such periodic reviews if deemed necessary or appropriate. Further, if during these periodic reviews, the Audit Committee is of the view that the above guidelines and procedures are not sufficient to ensure that these interested person transactions will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the Mandated Interested Person. During the period prior to obtaining a fresh mandate from Shareholders, all transactions with the Mandated Interested Person will be subject to prior review and approval by the Audit Committee.

**3. AUDIT COMMITTEE'S STATEMENT**

The Audit Committee (currently comprising Mr Ng Weng Sui Harry, Mr Phua Sian Chin and Mr Low See Ching) has reviewed the terms of the Shareholders' Mandate and confirms that the method and procedures for determining the transaction prices under the Shareholders' Mandate have not changed since the last Shareholders' approval on 16 September 2011 and that such methods and procedures are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in Shares as at the Latest Practicable Date are out below:-

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | Number of Shares | % | Number of Shares | % |
| **Directors** | | | | |
| Ching Chiat Kwong [(1)] | 174,503,500 | 11.72 | 759,390,000 | 51.00 |
| Low See Ching [(2)] | 110,385,450 | 7.41 | 759,390,000 | 51.00 |
| Harry Ng | 100,000 | 0.01 | - | - |
| Phua Sian Chin | - | - | - | - |
| **Substantial Shareholders (other than Directors)** | | | | |
| Bullish Investment Pte. Ltd. [(1), (2)] | 759,390,000 | 51.00 | - | - |
| Tee Wee Sien (Zheng Weixian) | 186,730,800 | 12.54 | - | - |

**Notes:**

(1) Ching Chiat Kwong is deemed to have an interest in the 759,390,000 shares held by Bullish Investment Pte. Ltd. by virtue of section 7 of the Companies Act.

(2) Low See Ching is deemed to have a interest in the 759,390,000 shares held by Bullish Investment Pte. Ltd. by virtue of section 7 of the Companies Act.

## 5. DIRECTORS' RECOMMENDATION

Having fully considered the rationale set out in this Appendix, the Directors who are considered independent for the purposes of the proposed renewal of the Shareholders' Mandate, namely Mr Ng Weng Sui Harry, Mr Phua Sian Chin and Mr Low See Ching, believe that the Shareholders' Mandate is in the interest of the Company and recommend that Shareholders vote in favour of the resolution to approve the same as set out in the Notice of AGM.

In view that the Mandated Interested Person is an Associate of Mr Ching Chiat Kwong, the Executive Chairman and Chief Executive Officer, as well as Controlling Shareholder, of the Company, Mr Ching will abstain from voting on the resolution pertaining to the renewal of the Shareholders' Mandate at the AGM and will also undertake to ensure that his Associates will abstain from voting on the same.

## 6. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report 2012 of the Company, will be held on Tuesday, 30 October 2012 at 10.00 am at the Raffles Lounge (Level 2) of Raffles Country Club at 450 Jalan Ahmad Ibrahim, Singapore 639932, for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution relating to the renewal of the Shareholders' Mandate as set out in the Notice of AGM.

## 7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to the Annual Report in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 50 Raffles Place #11-02 Singapore Land Tower Singapore 048623 not less than 48 hours before the time fixed for the AGM. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the AGM.

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the renewal of the Shareholders' Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

# NOTICE OF ANNUAL GENERAL MEETING

## OXLEY HOLDINGS LIMITED

(Company Registration No. 201005612G)
(Incorporated in the Republic of Singapore)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of OXLEY HOLDINGS LIMITED (the "**Company**") will be held at the Raffles Lounge (Level 2) of Raffles Country Club at 450 Jalan Ahmad Ibrahim, Singapore 639932 on Tuesday, 30 October 2012 at 10.00 am for the following purposes:-

**AS ORDINARY BUSINESS**

**Resolution 1**

1. To receive and adopt the Audited Accounts for the financial year ended 30 June 2012 together with the Directors' Report, Statement by Directors and Independent Auditors' Report.

**Resolution 2**

2. To declare a final one-tier tax exempt dividend of 0.47 Singapore cent per ordinary share for the financial year ended 30 June 2012.

**Resolution 3**

3. To re-elect Mr Ching Chiat Kwong who is retiring pursuant to Article 104 of the Company's Articles of Association (the "**Articles**") and who, being eligible, offers himself for re-election as a Director.

**Resolution 4**

4. To re-elect Mr Phua Sian Chin who is retiring pursuant to Article 104 of the Articles and who, being eligible, offers himself for re-election as a Director.

   *Mr Phua Sian Chin will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Rules of Catalist**").*

**Resolution 5**

5. To approve the payment of Directors' fees of S$170,000 for the financial year ended 30 June 2012. [FY2011: S$120,000]

**Resolution 6**

6. To re-appoint RSM Chio Lim LLP as the Company's Independent Auditors and to authorise the Directors to fix their remuneration.

7. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

**AS SPECIAL BUSINESS**

**Resolution 7**

8. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:-

"Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and the Listing Manual Section B: Rules of Catalist (the "**Rules of Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

(A) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

(1) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 100% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the total number of Issued Shares;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this authority is given, after adjusting for:-

(i) new Shares arising from the conversion or exercise of convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

**Resolution 8**

9. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:-

"Renewal of mandate for interested person transactions

That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited for the renewal of the mandate (the "**Shareholders' Mandate**") for the Company and its subsidiaries to enter into any of the transactions falling within the types of interested person transactions as described in the Appendix to the Annual Report 2012 (the "**Appendix**") with the interested person described in the Appendix, provided that such transactions are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders and in accordance with the guidelines and procedures as set out in the Appendix and that the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Resolution."

[See Explanatory Note (ii)]

BY ORDER OF THE BOARD

NG KOK PENG
Company Secretary

Singapore
8 October 2012

**Explanatory Notes:-**

(i) Ordinary Resolution 7, if passed, will empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 50% for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time Ordinary Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities; (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time Ordinary Resolution 7 is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and (c) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

(ii) Ordinary Resolution 8, if passed, will renew the shareholders' mandate for the Company and its subsidiaries to enter into certain transactions with an interested person (further details are set out in the Appendix to the Annual Report 2012). Such mandate will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

**Notes:**

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.

(ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 50 Raffles Place, #11-02, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the above Meeting.

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# ANNUAL GENERAL MEETING
# PROXY FORM

## OXLEY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201005612G)

**IMPORTANT**
1. This Annual Report is also forwarded to investors who have used their CPF moneys to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. This Proxy Form is therefore not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of OXLEY HOLDINGS LIMITED (the "**Company**") hereby appoint:

| Name | Address | NRIC / Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

and/or (delete as appropriate)

| Name | Address | NRIC / Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

or failing the person or both of the persons above, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("**AGM**") of the Company to be held at the Raffles Lounge (Level 2) of Raffles Country Club at 450 Jalan Ahmad Ibrahim, Singapore 639932 on Tuesday, 30 October 2012 at 10.00 am, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

| No. | Resolutions relating to: | For | Against |
|---|---|---|---|
| | **Ordinary Business** | | |
| 1. | Audited accounts for financial year ended 30 June 2012 | | |
| 2. | Payment of final dividend | | |
| 3. | Re-election of Mr Ching Chiat Kwong as a Director | | |
| 4. | Re-election of Mr Phua Sian Chin as a Director | | |
| 5. | Payment of Directors' fees of S$170,000 | | |
| 6. | Re-appointment of RSM Chio Lim LLP as auditors | | |
| | **Special Business** | | |
| 7. | Authority to allot and issue shares | | |
| 8. | Renewal of mandate for interested person transactions | | |

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of AGM.)

Dated this ____________ day of ________________ 2012

| Total number of Shares in: | No. of Shares |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

______________________________
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

# ANNUAL GENERAL MEETING
# PROXY FORM

**Notes:-**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

4. This proxy form must be deposited at the registered office of the Company at 50 Raffles Place, #11-02, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time set for the AGM.

5. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form may be treated as invalid.

7. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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& Produced by
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**OXLEY HOLDINGS LIMITED**
(Incorporated in the Republic of Singapore on 16 March 2010)
(Company Registration Number: 201005612G)