



OXLEY HOLDINGS LIMITED

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

RESPONSE TO SGX-ST'S QUERIES ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The Board of Directors (the "**Board**") of Oxley Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to provide below its response to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to the Company's unaudited financial results for the financial year ended 30 June 2023 ("**FY2023**") announced via SGXNET on 28 August 2023 (the "**unaudited financial statements**").

Query 1

Please disclose:

- (i) the breakdown of the Group's non-current other receivables amounting to \$157,634,000;
- (ii) the nature of the non-current receivables; and
- (iii) the Board's assessment of the recoverability of the non-current other receivables.

Company's Response

The Group's non-current other receivables of \$157,634,000 relate to shareholder's loans and interest receivables due from its joint ventures, Rio Casa Venture Pte. Ltd. and Oxley Serangoon Pte. Ltd. (collectively, the "**joint ventures**").

The joint ventures are the property development companies for the Singapore projects, Riverfront Residences and Affinity @ Serangoon, which have obtained Temporary Occupation Permits ("**TOP**") in May 2023 and June 2023, respectively, and all the project units are fully sold. Subsequent to TOP, the joint ventures had repaid \$101.0 million to the Group as at 31 August 2023, with the sale proceeds collected from buyers of the projects. The remaining receivable amounts are expected to be repaid with the remaining sale proceeds to be collected from the buyers progressively. In view of the foregoing, the Board has assessed that the remaining other receivables are recoverable.

As the non-current other receivables of \$157,634,000 is expected to be repaid on or before 30 June 2024, this amount has been reclassified as current assets under trade and other receivables in the audited financial statements. Please refer to the announcement on material variances between unaudited and audited financial statements for the financial year ended 30 June 2023 made on 5 October 2023.

Query 2

It is disclosed on page 28 of the unaudited financial statements that, “The decrease in current assets by \$761.4 million or 33% as at 30 June 2023, compared with that as at 30 June 2022, was mainly attributable to (i) decrease in carrying value of development properties as the cost had been progressively taken up as cost of sales in the statement of profit or loss upon recognition of revenue...”. Please disclose the movement in development properties from \$1.7b as at 30 June 2022 to \$0.97b as at 30 June 2023.

Company's Response

The movement in development properties from 30 June 2022 to 30 June 2023 is given below:

	Completed and in progress	Contract assets	Total
	S\$'000	S\$'000	S\$'000
As at 30 June 2022	1,233,602	477,188	1,710,790
(a) <u>Completed and in progress</u>			
Additions	191,227	–	191,227
Transfer to cost of sales	(509,816)	–	(509,816)
Step acquisition of a subsidiary	18,249	–	18,249
Transfer to investment properties	(22,110)	–	(22,110)
Impairment loss	(22,985)	–	(22,985)
(b) <u>Contract assets</u>			
Consideration for work completed but not billed	–	520,388	520,388
Transfer to trade receivables	–	(867,938)	(867,938)
Foreign exchange adjustments	(41,734)	(1,222)	(42,956)
As at 30 June 2023	846,433	128,416	974,849

Query 3

It is disclosed on page 18 of the unaudited financial statements that the Company has recognised impairment loss on receivables of \$26,006,000 for the financial year ended 30 June 2023.

Please disclose:

- (i) a breakdown of the Group's trade and other receivables;
- (ii) the nature and underlying transactions of the other receivables;
- (iii) the reasons for the impairment on receivables, including the reasons for delays or non-payment, where applicable;
- (iv) the Board's opinion on the reasonableness of the methodologies and assumptions used to determine the value of the impairment of the trade and other receivables;
- (v) the Board's assessment of the recoverability of the remaining trade and other receivables, and the basis for such an assessment.

Company's Response

- (i) Breakdown of the Group's trade and other receivables is disclosed below:

	\$'000
<u>Trade receivables:</u>	
Outside parties	230,574
Unbilled revenue	552
	<u>231,126</u>
<u>Other receivables:</u>	
Joint ventures	126,709
Associates ¹	6,523
Related party	3,322
Non-controlling interests in subsidiaries	2,925
	<u>139,479</u>
Total trade and other receivables	<u>370,605</u>

- (ii) Other receivables relate to advances made to joint ventures, associates, related parties and non-controlling interests in subsidiaries.

¹ An associate is an entity including an unincorporate entity in which the Group has a significant influence and that is neither a subsidiary nor a joint arrangement of the Group.

- (iii) The breakdown for impairment on receivables and the reasons for impairment are disclosed below:

	\$'000
<u>Impairment on receivables</u>	
(a) Loan and interest amount to a joint venture and a related party	17,022
(b) Deposit receivable	6,044
(c) Loan receivable from Pindan group	1,878
(d) Other impairment loss	1,062
	<u>26,006</u>

Notes:

- (a) As at 30 June 2023, the Group had signed a sale and purchase agreement to divest its shares in its 100% owned subsidiary, Oxley Holdings (Cyprus) Limited, which held a 50% share in a joint venture company, Oxley Planetvision Properties Ltd ("**Planetvision**"). Following the divestment, the advances to and interest amounts owing from Planetvision amounting to \$17.0 million are unlikely to be recovered.
- (b) Impairment loss on receivable of \$6.0 million was due to non-recoverability of the receivable as the project in Myanmar was aborted, attributable to the political landscape in Myanmar.
- (c) Loan amount receivable from the Group's wholly-owned Pindan group of subsidiaries in Australia (the "**Pindan group**") was impaired/written off as it is unlikely to be recovered after the Pindan group was placed under voluntary administration in FY2021.
- (d) Other impairment loss mainly relates to the amount receivable of \$0.6 million from the Group's Vietnam subsidiary, which is non-recoverable as the entity was deregistered in FY2022.

- (iv) The Board is satisfied with the reasonableness of the methodologies and assumptions used by the Management to determine the value of the impairment of the trade and other receivables.
- (v) Based on the Board's assessment, the Group's remaining trade and other receivables are recoverable. The trade receivables which mainly relate to sale proceeds to be collected from buyers of the development properties are deemed to carry low credit risk individually as the buyers are obliged to pay under the sale and purchase agreements. The recoverability of other receivables is regarded as low risk as they are mainly amounts due from joint ventures for the Group's Singapore and overseas property development projects.

Query 4

It is disclosed on page 18 of the unaudited financial statements that the Company has recognized impairment loss on development properties of \$22,985,000 for the financial year ended 30 June 2023.

Please disclose:

- (i) how the amount of impairment loss on development properties was determined;
- (ii) whether any valuation was conducted; the value placed on the assets; the basis and the date of such valuation;
- (iii) the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies and assumptions used to determine amount of impairment; and
- (iv) the reasons for the impairment losses.

Company's Response

- (i) The impairment loss on development properties of \$22,985,000 related mainly to impairment on The Peak Hotel in Cambodia of \$20.3 million after taking into account the estimated selling price less the estimated costs necessary to make the sale and estimated total development costs.
- (ii) The estimated selling price of The Peak Hotel in Cambodia was determined by a valuation as at 30 June 2023 conducted by an independent qualified valuer, Keystone Property Consultants Co Ltd, a Cambodia associate of Savills. The valuation methodology used by the valuer comprises direct comparison and discounted cash flow.
- (iii) The Board confirms that it is satisfied with the reasonableness of the methodologies and assumptions used to determine the amount of impairment.
- (iv) The estimated net realisable value of The Peak Hotel in Cambodia is lower than the carrying value of the capitalised contract costs of the development property.

By Order of the Board

Ching Chiat Kwong
Executive Chairman and CEO

6 October 2023