



OKH GLOBAL LTD.

(formerly known as Sinobest Technology Holdings Ltd.)
(Incorporated in Bermuda on 17 June 2004)
(Company Registration Number: 35479)

Unaudited Financial Statements and Related Announcement for the Second Quarter and Half Year ended 31 December 2017

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6 February 2018



FIRST QUARTER AND THREE MONTHS FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS.

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	Group			Group		
	2QFY2018 3 months ended 31-Dec-17 S\$'000 Unaudited	2QFY2017 3 months ended 31-Dec-16 S\$'000 Unaudited	change	HY2018 6 months ended 31-Dec-17 S\$'000 Unaudited	HY2017 6 months ended 31-Dec-16 S\$'000 Unaudited	change
Revenue	6,280	2,892	117.2%	9,749	18,361	-46.9%
Cost of sales	(2,666)	(1,542)	72.9%	(4,186)	(12,867)	-67.5%
Gross profit	3,614	1,350	167.7%	5,563	5,494	1.3%
Other income	2,371	3,619	-34.5%	4,043	3,693	9.5%
General and administrative expenses	(1,844)	(2,764)	-33.3%	(3,924)	(5,794)	-32.3%
Finance costs	(2,083)	(1,741)	19.6%	(3,931)	(4,828)	-18.6%
Share of profits of associate	-	118	n.m.	-	644	n.m.
Profit (Loss) before tax	2,058	582	n.m.	1,751	(791)	n.m.
Income tax credit (expense)	954	277	n.m.	954	(239)	n.m.
Total profit (loss) for the period, net of tax	3,012	859	n.m.	2,705	(1,030)	n.m.
Profit (Loss) attributable to:						
Owners of the Company	3,012	859	n.m.	2,705	(1,030)	n.m.
Non-controlling interests	-	-	n.m.	-	-	n.m.
	3,012	859	n.m.	2,705	(1,030)	n.m.



1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income (Cont'd)

	Group			Group		
	2QFY2018 3 months ended 31-Dec-17 S\$'000 Unaudited	2QFY2017 3 months ended 31-Dec-16 S\$'000 Unaudited	change	HY2018 6 months ended 31-Dec-17 S\$'000 Unaudited	HY2017 6 months ended 31-Dec-16 S\$'000 Unaudited	change
Profit (Loss), net of tax	3,012	859	n.m.	2,705	(1,030)	n.m.
Other comprehensive (loss) profit:						
Currency translation differences arising from consolidation	-	(25)	n.m.	-	264	n.m.
Other comprehensive (loss) profit for the period, net of tax	-	(25)	n.m.	-	264	n.m.
Total comprehensive profit (loss) for the period	3,012	834	n.m.	2,705	(766)	n.m.
Total comprehensive profit (loss) attributable to:						
Owners of the Company	3,012	834	n.m.	2,705	(766)	n.m.
Non-controlling interests	-	-	n.m.	-	-	n.m.
	3,012	834	n.m.	2,705	(766)	n.m.



1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	Group			Group		
	2QFY2018 3 months ended 31-Dec-17 S\$'000 Unaudited	2QFY2017 3 months ended 31-Dec-16 S\$'000 Unaudited	change	HY2018 6 months ended 31-Dec-17 S\$'000 Unaudited	HY2017 6 months ended 31-Dec-16 S\$'000 Unaudited	change
Depreciation of property, plant and equipment	(128)	(192)	-33.3%	(273)	(426)	-35.9%
Gain on disposal of assets held for sale	-	-	n.m.	1,603	-	n.m.
Foreign exchange gain (loss), net	1	(1)	n.m.	1	11	n.m.
Interest expenses	(2,083)	(1,741)	19.6%	(3,931)	(4,828)	-18.6%
Gain on disposal of property, plant and equipment	5	399	-98.7%	5	399	-98.7%
Interest income	6	15	-60.0%	27	45	-40.0%
Liquidated damages income	1,617	-	n.m.	1,617	-	n.m.
Other income	743	3,205	-76.8%	791	3,249	-75.7%



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group		Company	
	31-Dec-17	30-Jun-17	31-Dec-17	30-Jun-17
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	8,870	20,258	43	21
Trade and other receivables	31,273	28,919	67,383	59,702
Loan due from non-controlling interests	330	330	-	-
Completed properties held for sale	45,354	67,900	-	-
Assets held for sale	49,000	56,197	-	-
Total current assets	134,827	173,604	67,426	59,723
Non-current assets				
Property, plant and equipment	12,997	13,265	-	-
Investment properties	150,963	129,580	-	-
Investments in subsidiaries	-	-	86,171	86,171
Investment in joint venture	-	-	-	-
Total non-current assets	163,960	142,845	86,171	86,171
Total assets	298,787	316,449	153,597	145,894
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	33,190	41,158	27,900	26,294
Finance leases	308	327	-	-
Loan due to associate	1,600	1,600	-	-
Loan from controlling interests	18,000	10,000	18,000	10,000
Loan from third party	27,000	20,000	27,000	20,000
Bank loans and overdrafts	57,232	89,036	-	-
Provisions	1,368	1,368	-	-
Income tax payable	135	1,338	-	-
Total current liabilities	138,833	164,827	72,900	56,294



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position (Cont'd)

	Group		Company	
	31-Dec-17	30-Jun-17	31-Dec-17	30-Jun-17
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Non-current liabilities				
Loan from controlling interests	2,000	10,000	2,000	10,000
Finance leases	507	657	-	-
Bank loans	67,046	53,269	-	-
Total non-current liabilities	69,553	63,926	2,000	10,000
Total liabilities	208,386	228,753	74,900	66,294
Capital, reserves and non-controlling interests				
Share capital	27,916	27,916	8,936	8,936
Share premium	69,304	69,304	72,155	72,155
Contributed Surplus	12,063	12,063	126,389	126,389
Translation reserves	(2,363)	(2,363)	(1,491)	(1,491)
Accumulated losses	(16,819)	(19,524)	(127,292)	(126,389)
Equity attributable to owners of the Company	90,101	87,396	78,697	79,600
Non-controlling interests	300	300	-	-
Total equity	90,401	87,696	78,697	79,600
Total liabilities and equity	298,787	316,449	153,597	145,894



1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 31 December 2017		As at 30 June 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
84,540	19,600	109,363	11,600

Amount repayable after one year

As at 31 December 2017		As at 30 June 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
67,553	2,000	53,926	10,000

Details of any collateral

The Group's borrowings are secured by the Group's properties, cash deposits and receivables and assets under fixed term lease financing.



1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Group		Group	
	3 months ended 31-Dec-17 S\$'000	3 months ended 31-Dec-16 S\$'000	6 months ended 31-Dec-17 S\$'000	6 months ended 31-Dec-16 S\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flows from operating activities				
Net profit (loss) after tax	3,012	859	2,705	(1,030)
Adjustments for:				
Income tax (credit) expenses	(954)	(277)	(954)	239
Depreciation of property, plant and equipment	128	192	273	426
Gain on disposal of property, plant and equipment	(5)	(399)	(5)	(399)
Gain on disposal of assets held for sale ¹	-	-	(1,603)	-
Interest expenses	2,083	1,741	3,931	4,828
Interest income	(6)	(15)	(27)	(45)
Share of profits of associate	-	(118)	-	(644)
Operating cash flows before changes in working capital	4,258	1,983	4,320	3,375
Properties under development	-	148	-	(1,186)
Completed properties held for sale	1,163	6,476	1,163	28,552
Trade and other receivables	(2,445)	3,967	(2,324)	3,549
Trade and other payables	(3,664)	(6,925)	(9,910)	(17,300)
Cash (used in)/generated from operations	(688)	5,649	(6,751)	16,990
Income tax refunded (paid)	955	(1)	(248)	(3,821)
Interest paid	(1,174)	(912)	(2,019)	(2,456)
Net cash (used in)/generated from operating activities	(907)	4,736	(9,018)	10,713



1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows (Cont'd)

	Group		Group	
	3 months ended 31-Dec-17	3 months ended 31-Dec-16	6 months ended 31-Dec-17	6 months ended 31-Dec-16
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flow from investing activities				
Purchase of property, plant and equipment	-	(345)	(12)	(4,856)
Additions to investment properties	-	(6,166)	-	(19,083)
Proceeds from disposal of property, plant and equipment	12	549	12	549
Proceeds from disposal of assets held for sale ¹	-	-	8,800	-
Interest received	6	15	27	45
Net cash from/(used in) investing activities	18	(5,947)	8,827	(23,345)
Cash flow from financing activities				
Proceeds from bank loans	-	5,293	33	58,997
Repayment of bank loans	(2,000)	(14,304)	(18,117)	(102,517)
Repayment of obligations under finance lease	(85)	(267)	(168)	(430)
Decrease in fixed deposits pledged	-	1,515	5,873	1,500
Repayment of loan to associate	-	(2,400)	-	(4,400)
Loan from controlling interests	-	2,000	-	10,000
Loan from third party	2,000	18,000	7,000	18,000
Repayment of loan to controlling interests	-	-	-	(10,000)
Issuance of share capital	-	-	-	50,000
Repayment of loan from non-controlling interests	-	-	-	1,100
Redemption of RCPS	-	-	-	(6,000)
Redemption of REPS	-	-	-	(15,000)
Net cash used in/(from) financing activities	(85)	9,837	(5,379)	1,250
Net decrease/(increase) in cash and cash equivalents	(974)	8,626	(5,570)	(11,382)
Cash and cash equivalents at beginning of period	6,186	16,020	10,782	36,028
Cash and cash equivalents at end of period	5,212	24,646	5,212	24,646
			31-Dec-17	31-Dec-16
			S\$'000	S\$'000
Cash and bank balances			8,870	28,702
Less: Bank overdrafts			(2,831)	(3,056)
Fixed deposits pledged			(827)	(1,000)
Cash and cash equivalents			5,212	24,646

¹ This pertains to the sale of the 5 units at LHK Building which were classified as assets held for sale as at 30 June 2017.



Cash and cash equivalents at end of the period

The cash and cash equivalents as at 31 December 2017 comprises bank balance of S\$4.83 million (31 December 2016: S\$12.05 million), which are restricted to approved expenditure incurred in relation to the property under development and completed properties held for sale and repayment of certain bank loans.



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

	← Attributable to owners of the Company →						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Contributed Surplus	Equity reserves	Translation reserves	Accumulated profits/(losses)			
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2017	27,916	69,304	12,063	-	(2,363)	(19,524)	87,396	300	87,696
Total comprehensive loss for the period	-	-	-	-	-	(307)	(307)	-	(307)
Balance at 30 September 2017	27,916	69,304	12,063	-	(2,363)	(19,831)	87,089	300	87,389
Total comprehensive profit for the period	-	-	-	-	-	3,012	3,012	-	3,012
Balance at 31 December 2017	27,916	69,304	12,063	-	(2,363)	(16,819)	90,101	300	90,401
Balance at 1 July 2016	33,278	26,005	-	3,974	(2,132)	46,846	107,971	300	108,271
Total comprehensive loss for the period	-	-	-	-	264	(1,889)	(1,625)	-	(1,625)
Issuance of share capital	6,701	43,299	-	-	-	-	50,000	-	50,000
Balance at 30 September 2016	39,979	69,304	-	3,974	(1,868)	44,957	156,346	300	156,646
Total comprehensive profit for the period	-	-	-	-	(25)	859	834	-	834
Balance at 31 December 2016	39,979	69,304	-	3,974	(1,893)	45,816	157,180	300	157,480



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity (Cont'd)

Company	Share capital	Share premium	Contributed Surplus	Translation reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2017	8,936	72,155	126,389	(1,491)	(126,389)	79,600
Total comprehensive loss for the period					(408)	(408)
Balance at 30 September 2017	8,936	72,155	126,389	(1,491)	(126,797)	79,192
Total comprehensive loss for the period	-	-	-	-	(495)	(495)
Balance at 31 December 2017	8,936	72,155	126,389	(1,491)	(127,292)	78,697
Balance at 1 July 2016	128,624	28,856	-	(1,491)	(44,531)	111,458
Total comprehensive loss for the period	-	-	-	-	(1,217)	(1,217)
Issuance of share capital	6,701	43,299	-	-	-	50,000
Balance at 30 September 2016	135,325	72,155	-	(1,491)	(45,748)	160,241
Total comprehensive loss for the period	-	-	-	-	(1,093)	(1,093)
Balance at 31 December 2016	135,325	72,155	-	(1,491)	(46,841)	159,148



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

There was no changes in the Company's share capital for the period ended 31 December 2017.

	Number of ordinary shares	Share Capital S\$'000
As at 31 December 2017:	<u>1,128,657,445</u>	<u>8,936</u>

1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares and subsidiary holdings as at 31 December 2017 and 30 June 2017 were 1,128,657,445.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied



Except as disclosed in paragraph 5, the Group has applied consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 30 June 2017.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current financial period, the Group has adopted all the new and revised IASs, IFRSs and amendments to IFRS issued by the International Accounting Standards Board and the Interpretations thereof that are effective from annual periods beginning on or after 1 July 2017 and are relevant to its operations.

The adoption of these new or revised IASs, IFRSs and amendments to IFRSs has no material effect on the amounts reported for the current or prior periods.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	3 months ended 31-Dec-17	3 months ended 31-Dec-16	Change %	6 months ended 31-Dec-17	6 months ended 31-Dec-16	Change %
Basic earnings (loss) per share (cents)						
Earnings per ordinary share based on the weighted average number of ordinary shares on issue (cents)	0.27	0.08	n.m.	0.24	(0.10)	n.m.
Weighted average number of ordinary shares on issue	<u>1,128,657,445</u>	<u>1,128,657,445</u>		<u>1,128,657,445</u>	<u>1,037,790,464</u>	
Diluted earnings (loss) per share (cents)						
Earnings per ordinary share based on a fully diluted basis (cents)	0.27	0.08	n.m.	0.24	(0.10)	n.m.
Adjusted weighted average number of ordinary shares	<u>1,128,657,445</u>	<u>1,128,657,445</u>		<u>1,128,657,445</u>	<u>1,037,790,464</u>	



7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		
	31-Dec-17	30-Jun-17	Change %
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents) (excluding non-controlling interests)	7.98	7.74	3.1
Total number of issued ordinary shares	1,128,657,445	1,128,657,445	

	Company		
	31-Dec-17	30-Jun-17	Change %
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents) (excluding non-controlling interests)	6.97	7.05	-1.1
Total number of issued ordinary shares	1,128,657,445	1,128,657,445	



8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

2QFY2018 vs 2QFY2017

	Revenue			COGS			Gross Profit			Gross Profit Margin		
	2QFY2018 S\$'000	2QFY2017 S\$'000	change %	2QFY2018 S\$'000	2QFY2017 S\$'000	change %	2QFY2018 S\$'000	2QFY2017 S\$'000	change %	2QFY2018 %	2QFY2017 %	change %points
Construction Services	-	20	n.m.	-	19	n.m.	-	1	n.m.	-	5.0	n.m.
Property Development	2,593	-	n.m.	1,163	-	n.m.	1,430	-	n.m.	55.1	-	n.m.
Property Investment	3,687	2,872	28.4	1,503	1,523	-1.3	2,184	1,349	61.9	59.2	47.0	12.2
Total	6,280	2,892	117.2	2,666	1,542	72.9	3,614	1,350	167.7	57.5	46.7	10.8

HY2018 vs HY2017

	Revenue			COGS			Gross Profit			Gross Profit Margin		
	HY2018 S\$'000	HY2017 S\$'000	change %	HY2018 S\$'000	HY2017 S\$'000	change %	HY2018 S\$'000	HY2017 S\$'000	change %	HY2018 %	HY2017 %	change %points
Construction Services	-	155	n.m.	-	19	n.m.	-	136	n.m.	-	87.7	n.m.
Property Development	2,593	12,599	-79.4	1,163	9,816	-88.2	1,430	2,783	-48.6	55.1	22.1	33.0
Property Investment	7,156	5,607	27.6	3,023	3,032	-0.3	4,133	2,575	60.5	57.8	45.9	11.9
Total	9,749	18,361	-46.9	4,186	12,867	-67.5	5,563	5,494	1.3	57.1	29.9	27.2

Revenue

2QFY2018 vs 2QFY2017 / HY2018 vs HY2017

The Group posted revenue of approximately S\$6.28 million in 2QFY2018 as compared to S\$2.89 million in the previous corresponding period in 2QFY2017. The difference in the reported revenue in the said quarter was attributed largely to a higher income from sale of units from completed projects.

In 2QFY2018, revenue from Property Development was approximately S\$2.59 million which was attributed to units sold in our completed development project as compared to no revenue in the corresponding period 2QFY2017 as there were no additional sales from completed projects during the quarter. Revenue from Property Investment for 2QFY2018 was S\$3.69 million, 28.4% higher as compared to S\$2.87 million in 2QFY2017. The increment was attributed mainly to rental income received from additional leased units in Loyang Enterprise, Tai Seng Link and ACE@Buroh.

For HY2018, the Group posted revenue of approximately S\$9.75 million as compared to S\$18.36 million in HY2017. The decrease was largely attributed to revenue from Property Development, amounting so S\$12.60 million in HY2017 as compared to S\$2.6 million in HY2018 due to the higher number of sales of completed development projects in HY2017. There is no new third parties construction contracts in HY2018 as such no revenue reported for Construction Services. Revenue recognised from Property Investment increased from S\$5.61 million in HY2017 to S\$7.16 million in HY2018, the increment was attributed primarily to rental income received from additional leased units in Loyang Enterprise, Tai Seng Link and ACE@Buroh.

Gross Profit ("GP") / Gross Profit Margin ("GPM")

2QFY2018 vs 2QFY2017 / HY2018 vs HY2017

The Group recorded a gross profit of approximately S\$3.61 million in 2QFY2018, as compared to S\$1.35 million in 2QFY2017. The higher gross profit in 2QFY2018 was due to higher occupancy in the Group's



investment properties. The higher gross profit was also due to sale of units from our completed development projects.

For HY2018, gross profit recorded was S\$5.56 million as compared to S\$5.49 million. The reason for the higher gross profit achieved in HY2018 was due to the increased revenue from the Property Investment segments however it was offset by the decreased in revenue from the Property Development segment.

Other Income

2QFY2018 vs 2QFY2017 / HY2018 vs HY2017

Other income for 2QFY2018 was lower at approximately S\$2.37 million as compared to S\$3.62 million in 2QFY2017. The decrease in other income was largely attributed to one-off income derived from discounts and goodwill received for our previously completed projects in 2QFY2017.

For HY2018, other income recorded was S\$4.04 million as compared to S\$3.69 million in HY2017. The higher other income was largely attributed to one-off income derived from the sale of assets held for sale and liquidated damages levied due to non-completion of a divestment by the purchaser.

General and Administrative Expenses

2QFY2018 vs 2QFY2017 / HY2018 vs HY2017

General and administrative expenses for the period was down by 33.3% from approximately S\$2.76 million in 2QFY2018 to S\$1.84 million in 2QFY2018. The factors contributing to the reduction were largely due to lower bank charges, depreciation of fixed assets, repair and maintenance cost, sales commission and staff and related costs. For HY2018, general and administrative expenses decreased by 32.3% to S\$3.93 million as compared to S\$5.79 million in HY2017. Lower lower bank charges, depreciation of fixed assets, repair and maintenance cost and staff and related costs contributed to the decrease in HY2018.

Finance Costs

2QFY2018 vs 2QFY2017 / HY2018 vs HY2017

Finance costs increased by 19.6% from approximately S\$1.74 million in 2QFY2017 to S\$2.08 million in 2QFY2018. The increase was mainly due to interest from third party loans. For HY2018, finance cost was lower by 18.6% at approximately S\$3.93 million compared to S\$4.83 million in HY2017. The lower finance cost in HY2018 was due mainly to lower outstanding bank loans.

Share of Profits of Associate

2QFY2018 vs 2QFY2017 / HY2018 vs HY2017

There was no share of profits of associate for 2QFY2018 and HY2018 as the investments in associate has been classified as assets held for sale and the Group no longer equity account for the said investment.

Income Tax Credit (Expense)

2QFY2018 vs 2QFY2017 / HY2018 vs HY2017

Income tax for 2QFY2018 was a credit at approximately S\$0.95 million as compared to a credit of S\$0.28 million in 2QFY2017. The credit in the quarter was due to adjustments made to prior year taxation based on the Estimated Chargeable Income statement received from the tax authorities which resulted in a tax refund.

For HY2018, income tax was a credit as explained above. HY2017 recorded an income tax of S\$0.24 million due to the sale of a couple of units in our completed development project.



Profit (Loss) for the period, net of tax

2QFY2018 vs 2QFY2017 / HY2018 vs HY2017

As a result of the foregoing, the Group registered a net profit of approximately S\$3.01 million in 2QFY2018 as compared to that of S\$0.86 million in 2QFY2017 and a net profit of S\$2.71 million in HY2018 as compared to a net loss of S\$1.03 million in HY2017.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017, total current assets stood at approximately S\$134.83 million as compared to S\$173.60 million as at 30 June 2017. The reduction in total current assets was attributed largely to the sales and the leasing of completed properties held for sale, cash and cash equivalents and assets held for sale.

Total non-current assets increased to approximately S\$163.96 million as at 31 December 2017 as compared to approximately S\$142.85 million as at 30 June 2017. The increment was attributed solely to an increase in investment properties from approximately S\$129.58 million to approximately S\$150.696 million due to additional units of completed projects being leased out.

As at 31 December 2017, total current liabilities reduced to approximately S\$138.83 million as compared to approximately S\$164.83 million as at 30 June 2017. This was a result of repayment in bank loans and a reduction in total trade and other payables and income tax payables. In addition, the reduction in current liabilities was also due to a re-classification of a bank loan from current liabilities to non-current liabilities. The overall reduction in current liabilities was partially offset by the additional loan from third party taken up during the period under review and a re-classification of loan from controlling interests from non-current liabilities to current liabilities.

Total non-current liabilities increased to approximately S\$69.55 million as at 31 December 2017 as compared to approximately S\$63.93 million as at 30 June 2017. The increase was mainly due to a re-classification of a bank loan from current liabilities to non-current liabilities which was partially offset by a re-classification of loan from controlling interests from non-current liabilities to current liabilities.

STATEMENT OF CASH FLOWS

Net cash outflow/inflow from operating activities

For the financial period 3 months ended 31 December 2017, the Group generated net cash outflow from operating activities of approximately S\$0.91 million as compared to a net cash inflow of approximately S\$4.74 million in 2QFY2017. The net cash outflow was primarily due to repayment in trade and other payables and income interest paid which was partially offset by a tax refund received.

For HY2018, the Group generated net cash outflow from operating activities of approximately S\$9.02 million mainly due to repayment of trade and other payables and income tax paid.

Net cash inflow/outflow in investing activities

The Group recorded net cash inflow of approximately S\$0.02 million for 2QFY2018 from investing activities as compared to net cash outflow of approximately S\$5.95 million in the corresponding period last year. The net cash inflow in 2QFY2018 was mainly attributed to the proceeds received from the disposal of property, plant and equipment and interest received.

For HY2018, the Group recorded a net cash inflow from investing activities of approximately S\$8.83 million as compared to a net cash outflow of S\$23.35 million in HY2017. The net cash inflow was largely attributed to the proceeds received from the disposal of assets held for sale.

Net cash outflow from financing activities

The Group recorded net cash outflow of approximately S\$0.09 million from financing activities in 2QFY2018 as compared to a net cash inflow of S\$9.84 million in the corresponding period last year. The net cash outflow was largely due to the repayment of bank loans and finance leases which was largely offset by additional loan received from third party.



For HY2018, the Group recorded a net cash outflow of S\$5.38 million from financing activities as compared to a net cash inflow of S\$1.25 million in the corresponding period. The net cash outflow was mainly attributed to repayment of bank loans which was partially offset by additional loan from third party.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents of approximately S\$0.97 million in 2QFY2018.

Cash and cash equivalents as at 31 December 2017 stood at approximately S\$5.21 million (including bank overdraft and fixed deposits pledged that totalled approximately S\$3.66 million).

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no variance with what was previously disclosed by the Company.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Notwithstanding the current state of the industrial real estate market in Singapore, the Group has started looking for attractive industrial land for development opportunities. Given its success in Addition & Alteration ("A&A") works and rental income from its Kim Yam Road, Herencia property, the Group will continue to look out for opportunities to undertake A&A to similar buildings to generate a recurrent income stream. The Group is pursuing overseas businesses in the region and has recently signed a Strategic Cooperation Agreement with Ping An Industrial and Logistics Co., Ltd to develop and manage warehouses in various cities in China.

The Group owns a diverse portfolio of development and investment properties as well as fixed assets. As part of its continuous review, the Group is assessing the relevance of the properties and fixed assets against its overall strategies. The Group may monetise some of these assets through sales so as to further strengthen the financial strength of the Group as it explores new business opportunities.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period report on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

12 If no Dividends has been declared (recommended), a statement to that effect

No dividends have been declared or recommended.



13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for IPTs. The Group did not obtain a mandate under Rule 920(1)(a)(ii). The value of interested person transactions entered into during the period under review were as follows:-

Name of interested party	Aggregate value of all interested person transaction during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 S\$'000
<u>Haiyi Holdings Pte Ltd</u> Interest on loan	894	-
<u>Singhaiyi Capital Pte Ltd</u> ⁽¹⁾ Sale of 5 units of properties located at LHK Building ⁽²⁾	8,800	-

⁽¹⁾ Singhaiyi Capital Pte Ltd is a wholly-owned subsidiary of Singhaiyi Group Ltd, which is 56.17% held by Haiyi Holdings Pte Ltd, the controlling shareholder of the Company.

⁽²⁾ As the transaction fall within the exception set out in Rule 916(4), Rule 906 is not applicable.

14 Negative assurance

The Board of Directors of the Company hereby confirms to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the three months financial period ended 31 December 2017 to be false or misleading in any material aspects.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

LOCK WAI HAN
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER
6 February 2018