



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 2016

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SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2016

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		
	2QFY2017	2QFY2016	change	HY2017	HY2016	change
	3 months ended 31-Dec-16	3 months ended 31-Dec-15		6 months ended 31-Dec-16	6 months ended 31-Dec-15	
	S\$'000	S\$'000		S\$'000	S\$'000	
	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	2,892	3,331	-13.2%	18,361	5,880	n.m.
Cost of sales	(1,542)	(2,380)	-35.2%	(12,867)	(3,960)	n.m.
Gross profit	1,350	951	42.0%	5,494	1,920	n.m.
Other income	3,619	256	n.m.	3,693	285	n.m.
General and administrative expenses	(2,764)	(1,702)	62.4%	(5,794)	(6,465)	-10.4%
Finance costs	(1,741)	(1,955)	-10.9%	(4,828)	(3,763)	28.3%
Share of losses of joint venture	-	-	-	-	-	-
Share of profits of associate	118	335	-64.8%	644	300	n.m.
Profits/(losses) before tax	582	(2,115)	n.m.	(791)	(7,723)	-89.8%
Income tax credits/(expenses)	277	(30)	n.m.	(239)	(59)	n.m.
Total profits/(losses) for the year, net of tax	859	(2,145)	n.m.	(1,030)	(7,782)	-86.8%
Profits/(losses) attributable to:						
Owners of the Company	859	(2,145)	n.m.	(1,030)	(7,782)	-86.8%
Non-controlling interests	-	-	n.m.	-	-	n.m.
	859	(2,145)	n.m.	(1,030)	(7,782)	-86.8%



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		
	2QFY2017 3 months ended 31-Dec-16 S\$'000 Unaudited	2QFY2016 3 months ended 31-Dec-15 S\$'000 Unaudited	change	HY2017 6 months ended 31-Dec-16 S\$'000 Unaudited	HY2016 6 months ended 31-Dec-15 S\$'000 Unaudited	change
Profits/(losses), net of tax	859	(2,145)	n.m.	(1,030)	(7,782)	-86.8%
Other comprehensive (losses)/profits:						
Currency translation differences arising from consolidation	(25)	89	n.m.	239	(282)	n.m.
Other comprehensive (losses)/profits for the year, net of tax	(25)	89	n.m.	239	(282)	n.m.
Total comprehensive profits/(losses) for the year	834	(2,056)	n.m.	(791)	(8,064)	-90.2%
Total comprehensive profits/(losses) attributable to:						
Owners of the Company	834	(2,056)	n.m.	(791)	(8,064)	-90.2%
Non-controlling interests	-	-	n.m.	-	-	n.m.
	834	(2,056)	n.m.	(791)	(8,064)	-90.2%



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		
	2QFY2017 3 months ended 31-Dec-16 S\$'000 Unaudited	2QFY2016 3 months ended 31-Dec-15 S\$'000 Unaudited	change	HY2017 6 months ended 31-Dec-16 S\$'000 Unaudited	HY2016 6 months ended 31-Dec-15 S\$'000 Unaudited	change
Depreciation of property, plant and equipment	(192)	(265)	-27.5%	(426)	(535)	-20.4%
Foreign exchange (loss)/gain, net	(1)	(2)	-50.0%	11	(13)	n.m.
Interest expenses	(1,741)	(1,955)	-10.9%	(4,828)	(3,763)	28.3%
Gain on disposal of property, plant and equipment	399	-	n.m.	399	-	n.m.
Interest income	15	9	66.7%	45	13	n.m.
Other income	3,205	247	n.m.	3,249	272	n.m.



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

Statements of Financial Position

	Group		Company	
	31-Dec-16	30-Jun-16	31-Dec-16	30-Jun-16
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	28,702	44,948	6,245	712
Trade and other receivables	34,418	37,830	80,317	34,272
Loan due from non-controlling interests	330	1,430	-	-
Completed properties held for sale	46,774	75,327	-	-
Properties under development	142,728	140,032	-	-
Derivative financial instruments	1,268	1,268	-	-
Total current assets	254,220	300,835	86,562	34,984
Non-current assets				
Property, plant and equipment	33,120	31,118	-	-
Investment properties	147,053	127,480	-	-
Investments in subsidiaries	-	-	137,418	126,180
Investment in joint venture	-	-	-	-
Investment in associate	39,583	38,699	-	-
Available-for-sale investment	16,257	16,257	-	-
Total non-current assets	236,013	213,554	137,418	126,180
Total assets	490,233	514,389	223,980	161,164
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	101,656	127,107	25,836	29,706
Finance leases	358	515	-	-
Loan due to associate	1,600	6,000	-	-
Loan from controlling interests	20,000	20,000	38,000	20,000
Loan from third party	18,000	-	-	-
Redeemable convertible preferences shares ("RCPS")	-	6,000	-	-
Redeemable exchangeable preference shares ("REPS")	-	13,970	-	-
Bank loans and overdrafts	160,082	207,664	-	-
Provisions	1,368	1,368	-	-
Income tax payable	377	3,958	-	-
Total current liabilities	303,441	386,582	63,836	49,706



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

Statements of Financial Position (Cont'd)

	Group		Company	
	31-Dec-16	30-Jun-16	31-Dec-16	30-Jun-16
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Non-current liabilities				
Finance leases	857	1,085	-	-
Bank loans	28,455	18,451	-	-
Total non-current liabilities	29,312	19,536	-	-
Total liabilities	332,753	406,118	63,836	49,706
Capital, reserves and non-controlling interests				
Share capital	39,979	33,278	135,325	128,624
Share premium	69,304	26,005	72,155	28,856
Equity reserves	3,974	3,974	-	-
Translation reserves	(1,893)	(2,132)	(1,491)	(1,491)
Accumulated profits/(losses)	45,816	46,846	(45,845)	(44,531)
Equity attributable to owners of the Company	157,180	107,971	160,144	111,458
Non-controlling interests	300	300	-	-
Total equity	157,480	108,271	160,144	111,458
Total liabilities and equity	490,233	514,389	223,980	161,164



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

Amount repayable in one year or less, or on demand

As at 31 December 2016		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
178,440	21,600	208,179	45,970

Amount repayable after one year

As at 31 December 2016		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
29,312	0	19,536	0

Details of any collateral

The Group's borrowings are secured by the Group's properties, cash deposits and receivables, cash deposits of and personal guarantee from an ex-Director, 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-16 S\$'000	3 months ended 31-Dec-15 S\$'000	6 months ended 31-Dec-16 S\$'000	6 months ended 31-Dec-15 S\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flows from operating activities				
Net profits/(losses) after tax	859	(2,145)	(1,030)	(7,782)
Adjustments for:				
Income tax expenses	(277)	30	239	59
Depreciation of property, plant and equipment	192	265	426	535
Gain on disposal of property, plant and equipment	(399)	-	(399)	-
Interest expenses	1,741	1,955	4,828	3,763
Interest income	(15)	(9)	(45)	(13)
Share of profits of associate	(118)	(335)	(644)	(300)
Operating cash flows before changes in working capital	1,983	(239)	3,375	(3,738)
Properties under development	148	(29,148)	(1,186)	(39,040)
Completed properties held for sale	6,476	-	28,552	-
Trade and other receivables	3,967	(525)	3,549	(1,590)
Trade and other payables	(6,925)	43,816	(17,300)	55,215
Cash generated from operations	5,649	13,904	16,990	10,847
Income tax paid	(1)	(4,501)	(3,821)	(4,501)
Interest paid	(912)	(1,265)	(2,456)	(2,497)
Net cash generated from operating activities	4,736	8,138	10,713	3,849



- 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-16	3 months ended 31-Dec-15	6 months ended 31-Dec-16	6 months ended 31-Dec-15
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flow from investing activities				
Purchase of property, plant and equipment	(345)	(6,763)	(4,856)	(10,294)
Additions to investment properties	(6,166)	(3,202)	(19,083)	(3,404)
Proceeds from disposal of property, plant and equipment	549	-	549	-
Interest received	15	9	45	13
Net cash used in investing activities	(5,947)	(9,956)	(23,345)	(13,685)
Cash flow from financing activities				
Proceeds from bank loans	5,293	57,413	58,997	84,189
Repayment of bank loans	(14,304)	(45,467)	(102,517)	(59,596)
Repayment of obligations under finance lease	(267)	(81)	(430)	(229)
Decrease/(increase) in fixed deposits pledged	1,515	-	1,500	(1,000)
Loan from third party	18,000	-	18,000	-
Repayment of loan to associate	(2,400)	-	(4,400)	-
Loan from controlling interests	2,000	-	10,000	-
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 from financing activities	9,837	11,865	1,250	23,364
Net increase/(decrease) in cash and cash equivalents	8,626	10,047	(11,382)	13,528
Cash and cash equivalents at beginning of period	16,020	17,640	36,028	14,159
Cash and cash equivalents at end of period	24,646	27,687	24,646	27,687
			31-Dec-16	31-Dec-15
			S\$'000	S\$'000
Cash and bank balances			28,702	37,852
Less: Bank overdrafts			(3,056)	(7,665)
Fixed deposits pledged			(1,000)	(2,500)
Cash and cash equivalents			24,646	27,687

Cash and cash equivalents at end of the period

The cash and cash equivalents as at 31 December 2016 comprises bank balance of S\$12.05 million (31 December 2015: S\$33.05 million), which are restricted to payments for expenditure incurred on the properties under development.



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

Statements of Changes in Equity

	← Attributable to owners of the Company →					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Equity reserves	Translation reserves	Accumulated profits/(losses)			
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2016	33,278	26,005	3,974	(2,132)	46,846	107,971	300	108,271
Total comprehensive profits/(losses) for the year	-	-	-	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 (losses)/profits for the year	-	-	-	(25)	859	834	-	834
Balance at 31 December 2016	39,979	69,304	3,974	(1,893)	45,816	157,180	300	157,480
Balance at 1 July 2015	33,278	26,005	3,974	(1,809)	64,128	125,576	13,509	139,085
Total comprehensive losses for the year	-	-	-	(371)	(5,637)	(6,008)	-	(6,008)
Balance at 30 September 2015	33,278	26,005	3,974	(2,180)	58,491	119,568	13,509	133,077
Total comprehensive profits/(losses) for the year	-	-	-	89	(2,145)	(2,056)	-	(2,056)
Balance at 31 December 2015	33,278	26,005	3,974	(2,091)	56,346	117,512	13,509	131,021



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	Translation reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2016	128,624	28,856	(1,491)	(44,531)	111,458
Issuance of share capital	6,701	43,299	-	-	50,000
Total comprehensive losses for the year	-	-	-	(1,217)	(1,217)
Balance at 30 September 2016	135,325	72,155	(1,491)	(45,748)	160,241
Total comprehensive losses for the year	-	-	-	(1,093)	(1,093)
Balance at 31 December 2016	135,325	72,155	(1,491)	(46,841)	159,148
Balance at 1 July 2015	128,624	28,856	(1,491)	(8,775)	147,214
Total comprehensive losses for the year	-	-	-	(2,227)	(2,227)
Balance at 30 September 2015	128,624	28,856	(1,491)	(11,002)	144,987
Total comprehensive profits for the year	-	-	-	394	394
Balance at 31 December 2015	128,624	28,856	(1,491)	(10,608)	145,381



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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

There was no changes in the Company's share capital for the period ended 31 December 2016.

	Number of ordinary shares	Share Capital S\$'000
As at 31 December 2016:	<u>1,128,657,445</u>	<u>135,325</u>

There were no treasury shares as at 31 December 2016 and 31 December 2015.

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

The total number of issued shares excluding treasury shares as at 31 December 2016 and 30 June 2016 were 1,128,657,445 and 628,657,445 respectively.

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

There were no treasury shares as at 31 December 2016.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5, the Group has applied consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 30 June 2016.



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

In the current financial period, the Group has adopted all the new and revised IASs, IFRSs and amendments to IFRS issued by the International Accounting Standards Board and the Interpretations thereof that are effective from annual periods beginning on or after 1 July 2016 and are relevant to its operations.

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

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

	3 months ended 31-Dec-16	3 months ended 31-Dec-15	Change %	6 months ended 31-Dec-16	6 months ended 31-Dec-15	Change %
Basic loss per share (cents)						
Earnings per ordinary share based on the weighted average number of ordinary shares on issue (cents)	0.34	(5.97)	n.m.	(0.10)	(1.24)	-92.0%
Weighted average number of ordinary shares on issue	<u>1,128,657,445</u>	<u>628,657,445</u>		<u>1,037,790,464</u>	<u>628,657,445</u>	
Diluted loss per share (cents)						
Earnings per ordinary share based on a fully diluted basis (cents)	0.34	(5.97)	n.m.	(0.10)	(1.24)	-91.9%
Adjusted weighted average number of ordinary shares	<u>1,128,657,445</u>	<u>662,054,100</u>		<u>1,037,790,464</u>	<u>662,054,100</u>	



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

	Group		
	31-Dec-16	30-Jun-16	Change %
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents) (excluding non-controlling interests)	13.93	17.30	-19.5
Total number of issued ordinary shares	1,128,657,445	628,657,445	
	Company		
	31-Dec-16	30-Jun-16	Change %
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents) (excluding non-controlling interests)	14.19	17.73	-20.0
Total number of issued ordinary shares	1,128,657,445	628,657,445	



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

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

2QFY2017 vs 2QFY2016

	Revenue			COGS			Gross Profit			Gross Profit Margin		
	2QFY2017 S\$'000	2QFY2016 S\$'000	change %	2QFY2017 S\$'000	2QFY2016 S\$'000	change %	2QFY2017 S\$'000	2QFY2016 S\$'000	change %	2QFY2017 %	2QFY2016 %	change % points
Construction Services	20	831	n.m.	19	806	n.m.	1	25	n.m.	5.0	3.0	n.m.
Property Development	-	-	n.m.	-	-	n.m.	-	-	n.m.	-	-	n.m.
Property Investment	2,872	2,500	14.9	1,523	1,574	-3.2	1,349	926	45.7	47.0	37.0	10.0
Total	2,892	3,331	-13.2	1,542	2,380	-35.2	1,350	951	42.0	46.7	28.5	18.2

HY2017 vs HY2016

	Revenue			COGS			Gross Profit			Gross Profit Margin		
	HY2017 S\$'000	HY2016 S\$'000	change %	HY2017 S\$'000	HY2016 S\$'000	change %	HY2017 S\$'000	HY2016 S\$'000	change %	HY2017 %	HY2016 %	change % points
Construction Services	155	831	n.m.	19	806	n.m.	136	25	n.m.	87.7	3.0	n.m.
Property Development	12,599	-	n.m.	9,816	-	n.m.	2,783	-	n.m.	22.1	-	n.m.
Property Investment	5,607	5,049	11.1	3,032	3,154	-3.9	2,575	1,895	35.9	45.9	37.5	8.4
Total	18,361	5,880	212.3	12,867	3,960	224.9	5,494	1,920	186.1	29.9	32.7	(2.8)

Revenue

2QFY2017 vs 2QFY2016/ HY2017 vs HY2016

The Group posted revenue of approximately S\$2.89 million in 2QFY2017 as compared to S\$3.33 million in the previous corresponding period in 2QFY2016. The difference in the reported revenue in the said current quarter was attributed largely to a lower income from third party construction contracts.

In 2QFY2017, revenue from Construction Services was approximately S\$0.02 million as compared to S\$0.83 million in 2QFY2016. This was due to the completion of most of the third party construction contracts in the earlier quarters. There was no revenue from Property Development in 2QFY2017 as none of the Group's development projects achieved any temporary occupancy permit ("TOP") during the quarter and no additional sales from the completed projects during the quarter. Revenue from Property Investment for 2QFY2017 was S\$2.87 million, 14.9% higher as compared to S\$2.50 million in 2QFY2016. The increment was attributed mainly to rental income received from the leased units in Loyang Enterprise.

For HY2017, the Group posted revenue of approximately S\$18.36 million as compared to S\$5.88 million in HY2016. The increase in revenue was essentially attributed to revenue from Property Development, amounting to approximately S\$12.60 million as compared to no revenue being recognised in the corresponding period. The revenue contribution from Property Development arose from the sale of a couple of units in our completed development project. The Group has completed all its third parties construction contracts in HY2017 as compared to multiple on-going third party construction contracts in HY2016 hence the lower revenue recognised in HY2017. Revenue recognised from Property Investment increased marginally from approximately S\$5.05 million in HY2016 to approximately S\$5.61 million in HY2017. The increment was attributed mainly to rental income received from the leased units in Loyang Enterprise.



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

2QFY2017 vs 2QFY2016/ HY2017 vs HY2016

The Group recorded a gross profit of approximately S\$1.35 million in 2QFY2017, as compared to S\$0.95 million in 2QFY2016. The reason for the higher gross profit achieved in 2QFY2017 was due to lower cost incurred to generate income for our investment properties.

For HY2017, gross profit recorded was at S\$5.49 million as compared to S\$1.92 million in HY2016. The reason for the higher gross profit achieved in HY2017 was due to the increase in revenue from both the Property Development and Property Investment segments.

Other income

2QFY2017 vs 2QFY2016/ HY2017 vs HY2016

Other income for 2QFY2017 was higher at approximately S\$3.62 million as compared to S\$0.26 million in 2QFY2016. For HY2017, other income was also higher at approximately S\$3.69 million as compared to S\$0.29 million in HY2016. The increase was largely attributed to one-off income derived from discounts and goodwill received for our previously completed projects.

General and Administrative Expenses

2QFY2017 vs 2QFY2016/ HY2017 vs HY2016

General and administrative expenses increased by 62.4% to approximately S\$2.76 million in 2QFY2017 as compared to approximately S\$1.70 million in 2QFY2016. The higher general and administrative expenses for 2QFY2016 was due to an absence of a reversal of professional fees which took place in the quarter 2QFY2016. For HY2017, general and administrative expenses was lower by 10.4% to approximately S\$5.79 million as compared to S\$6.47 million in HY2016. The factors contributing to the drop were mainly due to, amongst others, lower other staff and related costs.

Finance Costs

2QFY2017 vs 2QFY2016/ HY2017 vs HY2016

Finance costs decreased by 10.9% from approximately S\$1.96 million in 2QFY2016 to S\$1.74 million in 2QFY2017. The decrease is due to the absence of interest from REPS that was redeemed in 1QFY2017 and lower outstanding bank loans. The decrease was partially offset by a lower interest capitalisation rate due to the lesser on-going projects as compared to 2QFY2016.

For HY2017, finance costs increased by 28.3% from approximately S\$3.76 million in HY2016 to S\$4.83 million in HY2017. The increments were mainly due to interest from third party loans and lower project capitalisation rate as most of the Group's projects had obtained TOP. The increase was partially offset by reduction in interest from bank loans due to the lower outstanding bank loans.

Share of profits of associate

2QFY2017 vs 2QFY2016/ HY2017 vs HY2016

The share of profits of associate for 2QFY2017 was approximately S\$0.12 million as compared to S\$0.34 million in 2QFY2016. The decrease was due to certain reservation cost incurred by the subsidiary of the associate in Malaysia to secure land space for their on-going project. For HY2017, the share of profits of associate was approximately S\$0.64 million, increased from S\$0.30 million in HY2016 due to increase in rental income from the subsidiaries of the associate.



Income Tax

2QFY2017 vs 2QFY2016/ HY2017 vs HY2016

Income tax for the quarter was a credit at approximately S\$0.28 million as compared to S\$0.03 million as an expense in 2QFY2016. The decrease was due to adjustments made to prior year taxation based on the Estimated Chargeable Income statement received from the tax authorities.

For HY2017, income tax expense was approximately S\$0.24 million as compared to S\$0.06 million in HY2016. The higher tax expense was due to the sale of a couple of units in our completed development project, Loyang Enterprise, in 1QFY2017.

Profit for the period, net of tax

2QFY2017 vs 2QFY2016/ HY2017 vs HY2016

As a result of the foregoing, the Group registered a net profit of approximately S\$0.86 million in 2QFY2017 as compared to a net loss of S\$2.15 million in 2QFY2016 and a net loss of S\$1.03 million in HY2017 as compared to a net loss of S\$7.78 million in HY2016.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016, total current assets stood at approximately S\$254.22 million as compared to S\$300.84 million as at 30 June 2016. The reduction in total current assets was attributed to lower cash and cash equivalents from approximately S\$44.95 million to approximately S\$28.70 million and lower carrying value of completed properties held for sale from approximately S\$75.33 million to S\$46.77 million. The reduction in the latter was due to additional units of Loyang Enterprise being sold and leased.

Total non-current assets increased to approximately S\$236.01 million as at 31 December 2016 as compared to approximately S\$213.55 million as at 30 June 2016. The increment was attributed largely to an increase in investment property from approximately S\$127.48 million to approximately S\$147.05 million.

As at 31 December 2016, total current liabilities reduced significantly to approximately S\$303.44 million as compared to approximately S\$386.58 million as at 30 June 2016. This was a result of repayment in bank loans and loan due to associate during the period, redemption of the RCPS and REPS and a reduction in total trade and other payables. In addition, approximately S\$17.24 million was re-classified as non-current liabilities instead of current liabilities as at 31 December 2016. The reduction was partially offset by the additional loan from third party taken up during the period under review.

Total non-current liabilities increased to approximately S\$29.31 million as at 31 December 2016 as compared to approximately S\$19.54 million as at 30 June 2016. The increase was mainly due to a reclassification of a bank loan from current liabilities to non-current liabilities.

STATEMENT OF CASH FLOWS

Net cash inflow from operating activities

For the financial period 3 months ended 31 December 2016, the Group generated positive net cash inflow from operating activities of approximately S\$4.74 million as compared to approximately S\$8.14 million in 2QFY2016.

The net cash inflow was primarily due to proceeds from properties held for sale amounting to approximately S\$6.48 million and inflow from trade and other receivables amounting to approximately S\$3.97 million but was partially offset by an outflow from trade and other payables amounting to approximately S\$6.93 million.

Net cash outflow in investing activities

The Group recorded net cash outflow of approximately S\$5.95 million for 2QFY2017 from investing activities as compared to net cash outflow of approximately S\$9.96 million in the corresponding period last year. The net cash outflow in 2QFY2017 related mainly to the additions to investment properties.



Net cash inflow from financing activities

The Group recorded net cash inflow of approximately S\$9.84 million from financing activities in 2QFY2017 as compared to a net cash inflow of S\$11.87 million in the corresponding period last year. The net cash inflow was largely due to increase in loan from third party and was partially offset by the net repayment of bank loans.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of approximately S\$8.63 million in 2QFY2017.

Cash and cash equivalents as at 31 December 2016 stood at (including bank overdraft and fixed deposits pledged that totalled approximately S\$4.06 million) approximately S\$24.65 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.

The Group remaining property development project, namely Ace@Buroh is near construction completion. Barring unforeseen circumstances, Ace@Buroh should receive TOP in the 3rd quarter of FY2017.

The industrial property segment continue to be challenging with both leasing and selling activities being subdued. Nevertheless, the Group will continue to focus its effort to market the remaining units of both Loyang Enterprise and Ace@Buroh.

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	437	-

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 2016 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
13 February 2017