



**Securities Investors Association (Singapore)**

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UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Oxley Holdings Limited

**Security:** Oxley Holdings Limited

**Meeting details:**

Date: 31 October 2018

Time: 10.00 a.m.

Venue: Polaris Ballroom, Level 1, Novotel & Mercure Singapore on Stevens, 28 Stevens Road, Singapore 257878

**Company Description**

Oxley Holdings Limited, an investment holding company, engages in property investment and development, and project management activities in Singapore, the United Kingdom, Ireland, Cambodia, Malaysia, Indonesia, China, Japan, Myanmar, Australia, and Cyprus. Its property development portfolio includes residential, commercial, industrial, and hospitality projects. The company also sells and markets homes; and provides property construction and homes letting services, as well as consultancy services. Oxley Holdings Limited was incorporated in 2010 and is headquartered in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5UX](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5UX))

1. FY2018 was an exciting and rewarding year for the group as it made good headway in the development segment. Buoyed by a strong local market before July, the group acquired 11 residential sites, along with the acquisition of Chevron House in March 2018 to expand into the commercial (office) sector.

Internationally, the group also made waves in FY2018, with the appointment as a partner for the redevelopment of the core city centre in Dublin - Connolly Station site and chosen as the preferred bidder for Yangon Central Railway Station Area Comprehensive Development Project in Myanmar.

Profit attributable to owners of the company increased from \$218.1 million to \$285.0 million in 2018. Total equity has also increased to \$1.477 billion, from \$1.089 billion, partially boosted by the issuance of new shares which raised \$78.1 million.

While the group generated net cash flow from operating activities of \$115 million in FY2018, net decrease in cash and cash equivalents was \$(160.6) million after accounting for cash flow used in investing activities, and the cash flow generated from financing activities. Cash and cash equivalents at the end of the financial year were \$255.0 million.

As shown in Note 34E (page 130 – Liquidity risk), the group currently has \$3.8 billion in gross borrowing - \$355 million of the gross borrowings will mature within 12 months, with \$3.4 billion maturing in 2-5 years.

- (i) Can management help shareholders understand the capital required in FY2019 to carry out all its development projects? Given its commitments, and the cash flow projections, would the group be able to fund all its development projects without further injection of equity?**
- (ii) Has the board/management evaluated how external shocks such as delays in project launches, fluctuation in foreign exchange rates, increase in settlement defaults, capital controls etc would impact the group's cash flow?**
- (iii) Has the board evaluated the need of an internal gearing ratio?** The current debt-to-adjusted capital ratio stands at 217% (as at 30 June 2018), up from 188% a year ago.
- (iv) How much financing headroom does the group currently have?**

2. The company has provided regular updates to shareholders and the market on its developments in its “Corporate presentation” slides that could be found on SGXNet. The latest update was published on 22 October 2018. Would the board/management provide shareholders with better clarity on the following?

- (i) Margin from local development projects:** The company has shown that its local development projects have margins of between 12% to 25%. **Would the company be giving away competitive information to other developers?**

- (ii) **Overseas projects:** Based on the sales agreement, the company estimated that total revenue attained from sold units in the projects already launched is S\$866 million. These projects are in Phnom Penh, Dublin, Kuala Lumpur and London. **Are there major differences to the rights of buyers in the different jurisdiction especially for “off-plan” purchases?**
- (iii) **Cyprus:** Management is projecting revenue of S\$736 million to be derived from the project in Cyprus. **Can management provide more details of the project? What value-add can the group bring to the Cyprus project?**
- (iv) **Chevron House:** Following the asset enhancement initiative (AEI) for Chevron House, the net lettable area is projected to increase by least 40%. The group recognised a gain in fair value of S\$106.7 million in FY2018. Compared to the acquisition price of \$660 million (and a further \$100 million in AEI) the value of the proposed building is estimated at \$1.1 billion. **Would management let shareholders know if this would push the boundaries in the physical use of space and in the valuation of the asset? How long would the AEI take?**

3. Would the company help reconcile the shareholdings of the substantial shareholders, namely Mr. Ching Chiat Kwong (executive chairman and CEO), and Mr. Low See Ching Eric (deputy CEO and executive director)?

The shareholdings of the substantial shareholders are shown in the table below (page 158):

**SUBSTANTIAL SHAREHOLDERS**

(As recorded in the Register of Substantial Shareholders as at 21 September 2018)

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(3)</sup>
Ching Chiat Kwong <sup>(1)(2)</sup>	1,663,584,045	41.19	10,560,000	0.26
Low See Ching (Liu Shijin) <sup>(1)</sup>	1,119,019,792	27.70	–	–
Tee Wee Sien (Zheng Weixian)	470,796,172	11.66	–	–

**Notes:**

- (1) Ching Chiat Kwong and Low See Ching (Liu Shijin) are deemed to be parties acting in concert with each other with respect to the Company pursuant to a concert parties agreement dated 18 November 2011.
- (2) Gold Crescent Holdings Limited, which holds 10,560,000 shares, is wholly-owned by Ching Chiat Kwong. Ching Chiat Kwong is thus deemed to have an interest in 10,560,000 shares held by Gold Crescent Holdings Limited by virtue of Section 7 of the Companies Act (Chapter 50).
- (3) The percentages of issued share capital are calculated based on 4,039,150,338 issued shares (excluding treasury shares) in the capital of the Company as at 21 September 2018.

Mr Ching Chiat Kwong has “direct” shareholdings of 1,663,584,05 shares.

In the section titled Statistics of shareholdings (page 159), the table of the twenty largest shareholders is shown as follows:

**TWENTY LARGEST SHAREHOLDERS**

NO.	NAME	NO. OF SHARES	%
1	LOW SEE CHING (LIU SHIJIN)	718,489,092	17.79
2	DBS NOMINEES (PRIVATE) LIMITED	563,441,652	13.95
3	CITIBANK NOMINEES SINGAPORE PTE LTD	513,395,886	12.71
4	DB NOMINEES (SINGAPORE) PTE LTD	507,364,540	12.56
5	RAFFLES NOMINEES (PTE) LIMITED	316,335,231	7.83
6	DBSN SERVICES PTE. LTD.	303,495,788	7.51
7	HONG LEONG FINANCE NOMINEES PTE LTD	186,313,100	4.61
8	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	175,348,800	4.34
9	OCBC SECURITIES PRIVATE LIMITED	98,655,098	2.44
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	97,132,066	2.40
11	TEE WEE SIEN (ZHENG WEIXIAN)	79,557,492	1.97
12	TAN YONG HOA	41,540,101	1.03
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	41,428,050	1.03
14	UOB KAY HIAN PRIVATE LIMITED	34,932,728	0.86
15	CHING CHIAT KWONG	26,304,239	0.65
16	LIAN BEE METAL PTE LTD	20,029,916	0.50
17	HSBC (SINGAPORE) NOMINEES PTE LTD	18,876,860	0.47
18	PHILLIP SECURITIES PTE LTD	12,762,106	0.32
19	YAP BOH SIM	8,000,000	0.20
20	GOH KEE CHOO (WU QIZHU)	6,125,147	0.15
	<b>TOTAL</b>	<b>3,769,527,892</b>	<b>93.32</b>

- (i) **Would the company help shareholders reconcile Mr Ching’s “direct” holdings of 1,663,584,045 shares (as declared by Mr Ching as a substantial shareholder) and the 26,304,239 shares held directly in his own name in the top twenty shareholders list (as above)?**
- (ii) **Please help shareholders understand how the “deemed” and “direct” interests are defined.**
- (iii) **Similarly, Mr Low has “direct” interests of 1,119,019,792 shares but is shown to be holding 718,489,092 shares “directly” under his personal name. Please help shareholders reconcile the difference.**

**[Additional comments:** On pages 34 to 36, the company presented its Corporate Social Responsibility efforts over the course of the year. Under the SGX guidelines for sustainability reporting that was introduced in 2016, companies have up to 12 months from the end of the financial year to publish their first report, starting with any financial year ending on or after 31 December 2017. **Can the board/management clarify if it will be publishing a full Sustainability Report, including the key material issues affecting the group, in accordance with Rule 711B? The company should also show how the**



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**material issues affect its business model and how the business model delivers long term value for its stakeholders.]**

A copy of the questions for the Annual Report for the financial year ended 30 June 2017 and 30 June 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Oxley%20Holdings%20Ltd>

The company's response could be found here: -----