

ACE@Buroh  
(actual picture)



# 2018

ANNUAL REPORT

Loyang Enterprise  
(actual picture)

12 Tai Seng Link  
(actual picture)

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Woodlands Horizon

## INTEGRATED PROPERTY DEVELOPER IN ASIA

Established in 1998 and headquartered in Singapore, OKH Global Ltd. ("OKH Global" or "the Company") and its subsidiaries (collectively, the "Group") is an integrated property developer with a strategic focus on logistics and industrial properties.

Interlinking strategic investments with our capabilities in property development, the Group aims to further strengthen our business presence in Asia and beyond.



## OUR VALUES

### TEAMWORK

Every employee plays an essential role in our company. We achieve success by promoting a collaborative work environment in which everyone is committed to achieve our corporate goals based on open and honest communications while showing care and support for each other.

### PROFESSIONALISM

Our professionalism is the foundation of our corporate performance. We apply both our extensive industry knowledge and technical competence to competitive advantage and conduct ourselves at all times in a manner which we strive for excellence in our work and add value to what we do.

### INTEGRITY

We remain accountable at all times to all our stakeholders, both internal and external. Through unquestionable honesty, openness and fairness, we take pride in conducting ourselves morally, legally and ethically while delivering excellence to our customers.

### INNOVATION

In every aspect of our business, we embrace innovation and creativity by challenging conventional practices and inspiring continuous improvement to stay at the forefront of sustainable solutions.

### EFFICIENCY

We incorporate effective use of technology, develop performance measures, communicate outcomes and results and implement necessary changes to provide fast and high quality services at low transactional costs.

### RESPECT

We take pride in the diversity of our workplace and address our disparities professionally. We view differences of opinion as opportunities that can be used to improve our businesses and acknowledge the contributions of each individual regardless of their background and treat people as we would like to be treated ourselves.

## JOINT MESSAGE BY NON-EXECUTIVE CHAIRMAN AND EXECUTIVE DIRECTOR & CEO



**MRS. CELINE TANG**  
Non-Executive Chairman



**MR. LOCK WAI HAN**  
Executive Director &  
Chief Executive Officer

### DEAR SHAREHOLDERS,

On behalf of the Board of OKH Global Ltd ("OKH" or the "Company" and together with its subsidiaries, the "Group"), it is our pleasure to present to you OKH's Annual Report for the financial year ended 30 June 2018 ("FY2018").

The past one year has been pivotal for the Group as the Group returned to profitability in FY2018 attributed largely to the Group recurring rental income from investment properties.

Amid soft market conditions in the industrial property segment and operating challenges, the turnaround has not come easy since we started the restructuring and rationalising our business model, which comprises property development, property investment and construction services, with the injection of new capital and loans from shareholders in April 2016.

Our progress has taken shape and we are raising our sights to advance forward with new strategic initiatives.

### BUSINESS REVIEW IN FY2018

With the temporary occupancy permit ("TOP") attained by our industrial property project, Ace@Buroh, in March 2017, majority of the revenue contribution from this project was recognised in FY2017.

The Group adheres to the accounting requirement known as the completion of contract ("COC") method used for commercial and industrial properties, hence revenue recognised from the property development segment is expected to be volatile from year to year.

As a result, revenue recognised from property development declined significantly by 92.2% in FY2018 to approximately S\$9.63 million as compared to approximately S\$122.82 million in FY2017.

Notably, revenue recognised from property investment increased to approximately S\$15.31 million in FY2018 as we successfully leased out more units in Loyang Enterprise and Ace@Buroh under our investment property portfolio.

Overall, the Group posted revenue of approximately S\$25.27 million in FY2018.

Corresponding to lower revenue registered in FY2018, the Group recorded lower gross profit of approximately S\$8.25 million in FY2018. However, the Group's gross profit margin increased from 9.7% to 32.6% in FY2018 with higher rental contribution from our investment properties.

Other income for FY2018 was higher at approximately S\$12.25 million as compared to S\$6.36 million in FY2017. Amongst others, the increment was largely attributed to one-off income derived from gain on disposal of non-current assets held for sale and investment properties, gain on revaluation of investment properties and liquidated damages income.

In conjunction with our streamlined business activities, the Group embarked on cost-cutting measures, amongst which our staff and related costs declined significantly from approximately S\$2.77 million in FY2017 to S\$1.71 million in FY2018.

With Singapore's industrial property market segment beginning to stabilise, the Group recorded less impairments in FY2018, hence resulting in the significant drop in other expenses to approximately S\$0.96 million as compared to S\$66.27 million in FY2017.

To reduce the Group's gearing, we have progressively pared down our borrowings, which resulted in finance costs decreasing by 21.0% to S\$7.45 million in FY2018.

As a result, the Group registered a total profit of approximately S\$4.60 million in FY2018 as compared to a loss of S\$70.34 million (of which \$66.27 million was due to impairment and revaluation losses) in FY2017.

We recognise that growing the Group's business requires a strong balance sheet, providing us with the financial stability and flexibility to pursue growth opportunities. Hence, since we took over the management of the Company, we remained disciplined and focused in strengthening the Group's balance sheet and liquidity position.

During FY2018, we further reduced our total bank loans by approximately S\$32.13 million to S\$110.18 million as at 30 June 2018. In addition, trade and other payables reduced significantly from S\$41.16 million to S\$19.83 million as at end June 2018.

As at 30 June 2018, the Group's total assets stood at approximately S\$276.42 million while equity attributable to owners of the Company increased to approximately S\$92.29 million.

### OUR FUTURE ROADMAP

In Singapore, we believe that there are still opportunities in certain segments of the real estate market and we will be on the lookout for suitable industrial land and properties for development and investment opportunities.

While Singapore remains our primary market for the Group's core industrial property business, we are also proactively exploring new market opportunities related to logistic properties where the global shift towards e-commerce is leading to fundamental changes in supply chains and increased demand for logistics properties.

Particularly, we are working towards our strategy to become a key player in China's growing logistics property market.

On this front, the Group announced in February 2018 that it has entered into a Strategic Cooperation Agreement with Ping An Industrial and Logistics Co., Ltd ("Ping An Industrial and Logistics") to develop and manage a network of high quality logistics and warehousing facilities in China.

Ping An Industrial and Logistics is a key channel for Ping An Group's insurance fund investments and carries out effective investments in the field of logistics and warehousing.

With strong opportunities for both parties to combine our respective resource advantages and business characteristics, we look forward to establish a close, collaborative long-term strategic partnership that offers more value propositions to the end-users of the logistics and warehousing facilities in China in the near future.

Looking forward, we will continue to build up our recurring income base from our investment properties and to be disciplined in pursuing new growth initiatives for long-term sustainable growth.

### COLLECTIVE TEAM EFFORT

The challenges over the past two years have bonded us much closer and fostered a progressive corporate culture within OKH. Our turnaround in FY2018 would not have been possible without the collaborative and dedicated team effort of our people.

We and the entire Board of Directors would like to express our appreciation to the management team and staff for their efforts during this period.

We would like to take the opportunity to thank our fellow directors for their guidance, wisdom and counsel.

We would also like to thank our shareholders for their strong support and loyalty.

In closing, we are confident that through our collective commitment, we will continue to build on the momentum and focus on our key growth drivers to create long-term growth and value creation for our stakeholders.

### MRS. CELINE TANG

Non-Executive Chairman

### MR. LOCK WAI HAN

Executive Director &  
Chief Executive Officer

## BOARD OF DIRECTORS



**MRS. CELINE TANG**  
NON-EXECUTIVE CHAIRMAN

Mrs. Tang was appointed as the Executive Chairman and Chief Executive Officer of the Company on 2 August 2016 and ceased to be the Chief Executive Officer of the Company upon appointment of Mr. Lock Wai Han as the Chief Executive Officer of the Company with effect from 5 October 2016.

Mrs. Tang is currently the Group Managing Director of SGX-listed company, SingHaiyi Group Ltd. Mrs. Tang served as the Managing Director of Haiyi Holdings Pte Ltd since 2003 and oversees its daily operations and decision-making. From 1990 to 1994, Mrs. Tang was the Assistant Judicial Officer of Shantou Longhu District Court, China and was also the General Manager of Centaur International LLC, US from 2001 to 2003. She is a keen supporter of youth education and has been a member of the Advisory Committee of West Spring Secondary School since 2003, providing donor support and advice to the school's activities.

Mrs. Tang graduated with a Bachelor's Degree in Literature from China People's University for Police Officers (now known as People's Public Security University of China).



**MR. LOCK WAI HAN**  
EXECUTIVE DIRECTOR &  
CHIEF EXECUTIVE OFFICER

Mr. Lock was appointed as the Executive Director and Chief Executive Officer of the Company on 5 October 2016.

Mr. Lock is responsible for the strategic development of the Group's business activities, where he oversees all key aspects of the Group's business functions and is responsible for the business development and investment opportunities of the Group.

Mr. Lock brings with him extensive knowledge and experience in international investment, design, development, leasing, marketing, operation and financing of integrated real estate, international government relations and the management, development, expansion, branding and governance of talents and organisations.

Prior to joining the Company, Mr. Lock was the Executive Director and Group CEO of Rowsley Ltd between 1 November 2013 and 31 December 2015. Between June 2011 and August 2013, he was based in Beijing as the China CEO of CapitaMalls Asia ("CMA"), where he had oversight of a retail mall portfolio that included Raffles City projects and CMA mixed developments. Up until he joined CMA in March 2010, he had served in the Singapore public sector for

more than 20 years during which he held various leadership roles including Commissioner of the Immigration & Checkpoints Authority; Director of the Criminal Investigations Department and Deputy Secretary of the Ministry of Information, Communications & the Arts, as well as directorships in various statutory boards.

Mr. Lock holds a Bachelor and Master of Arts (Engineering) from the University of Cambridge, UK, and a Master of Science (Management) from Leland Stanford Junior University, USA.



**MS. NG KHENG CHOO**  
INDEPENDENT DIRECTOR  
• CHAIRMAN OF NOMINATING  
COMMITTEE  
• MEMBER OF AUDIT COMMITTEE  
• MEMBER OF REMUNERATION  
COMMITTEE

Ms. Ng was appointed to the Board on 2 August 2016 as the Non-Executive Director of the Company and was re-designated as an Independent Director of the Company on 3 October 2018. Ms. Ng has deep-rooted expertise and track record on mergers and acquisitions, investments, portfolio management, financing and accounting matters. She was the chief financial officer of SingHaiyi Group Ltd ("SHG") since July 2013 and became the group chief operating officer of SHG overseeing the overall business operations and strategic development for the period from July 2014 to September 2016.

Previously, Ms. Ng was the general manager of investment (Singapore) for Sichuan Chuan Wei Group Co., Ltd (“Chuan Wei”) a company with related businesses in real estate development, mining of mineral resources, cement, manufacturing of vanadium and steel products and logistics. She was also in charge of investor relations for Hong Kong listed China Vanadium Titanomagnetite Mining Company Limited, a related corporation of Chuan Wei from 2012 to March 2013. Prior to this, Ms. Ng was the chief financial officer of SGX-ST Mainboard listed company, Sapphire Corporation Limited since 2007 and a financial controller with Unigold International Pte Ltd from 2004 to 2006. She started her career with Deloitte & Touche LLP and held the position of audit manager when she left in 2003. Ms. Ng holds a Bachelor of Accountancy from Nanyang Technology University and is a member of the Institute of Singapore Chartered Accountants. Ms. Ng is currently also an Independent Director of Catalist listed company, ISOteam Ltd.



**MR. ONG SOON TEIK**  
**LEAD INDEPENDENT DIRECTOR**  
• CHAIRMAN OF AUDIT COMMITTEE  
• MEMBER OF NOMINATING COMMITTEE  
• MEMBER OF REMUNERATION COMMITTEE

Mr. Ong was appointed as an Independent Director of the Company on 29 March 2010. He was an

Executive Director of a mining and resource company from 2011 to 2013 and was responsible for the financial and administration matters of the company. Prior to this position, he was Chief Operating Officer of Chinese Global Investors Group Ltd and prior to that, the Senior Vice President of Corporate Finance of Hong Leong Finance from 2005 to 2008. He was the Director of Corporate Finance of Deloitte & Touche LLP from 2000 to 2005. He has worked with BMB Consultants NV as a merchant banking specialist attached to the Bangladesh Minister of State of Privatisation under an Asian Development sponsored programme in 1999. Prior to that, Mr. Ong had worked in Corporate Finance and banking positions in DBS Bank, Standard Chartered Merchant Bank, Nomura International (Hong Kong) and Peregrine Capital/Banco Santander Securities from 1984 to 1999. Mr. Ong graduated with degrees in Bachelor of Social Science (2nd Class Upper Honours) from the National University of Singapore, Master of Applied Finance from Macquarie University, Master of Accounting from Curtin University and LLB (Hons.) Law from University of London.

Mr. Ong is a Chartered Accountant in Singapore and CPA of Australia and also qualified as a Chartered Financial Analyst.



**MR. LIM ENG HOE**  
**INDEPENDENT DIRECTOR**  
• CHAIRMAN OF REMUNERATION COMMITTEE  
• MEMBER OF AUDIT COMMITTEE  
• MEMBER OF NOMINATING COMMITTEE

Mr. Lim was appointed as an Independent Director of the Company on 31 October 2013. He is currently the Chief Financial Officer of Far East Mining Pte Ltd, a Singapore based company principally involved in mineral and mining activities in Indonesia. Previously, Mr. Lim was a professional corporate adviser with strong background and good knowledge in capital and financial markets, and well-versed in corporate affairs management in South Asia and Australia.

Mr. Lim has been involved in a number of corporate exercises of both public and private companies in the region. Previously, Mr. Lim was a Group Finance Director of a public listed company in Singapore and also served on the board of listed companies in Australia, Malaysia and Singapore. Mr. Lim holds a Bachelor of Science in Economics (Honours) from University of London.

## SENIOR MANAGEMENT

### MR. NG KHAY WEE FINANCIAL CONTROLLER

Mr. Ng was appointed as the Financial Controller of the Group in October 2016 and he is responsible for the overall finance function of the Group, including matters relating to accounting, financial reporting, taxation and compliance with listing rules.

Previously, between May 2014 and September 2016, Mr. Ng was the business development manager for Singapore-listed SingHaiyi Group Ltd., where he was involved in various functions such as finance, investment and property development matters relating to SingHaiyi Group Ltd.'s property business portfolio in Singapore and the United States.

Mr. Ng started his career in Deloitte & Touche in 2010, where he rose to the position of audit senior, specialising in planning and managing the financial audit of companies in the construction, real estate, trading, shipping and government sectors.

Mr. Ng graduated from Nanyang Technological University with a Bachelor's degree in Accountancy in 2010 and he is also a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA).

### MR. TAN GEOK CHYE HEAD OF CONSTRUCTION SERVICES

With more than 40 years of experience in the construction industry, Mr. Tan is the Head of Construction Services division of the Group and he oversees the construction of the property and construction projects undertaken by the Group. Mr. Tan is responsible for manpower planning, compliance with workplace and on-site safety rules and regulations as well as ensuring timely completion of projects.

Mr. Tan has been instrumental in the completion of the Group's property projects – Ace@Buroh, Loyang Enterprise, Primz BizHub, Woodlands Horizon and The Herencia and he is spearheading the construction for the rest of the Group's property and construction projects. Working in various property development and construction companies, he started his career as a Site Foreman before progressing to Senior Foreman, Assistant Manager and Project Manager. Mr. Tan holds a Certificate in Construction Supervision issued by BCA and is a qualified Resident Technical Officer.

12 Tai Seng Link  
(actual picture)





## FINANCIAL AND OPERATIONS REVIEW



12 Tai Seng Link  
(actual picture)

The Group adheres to the accounting requirement known as the completion of contract ("COC") method used for commercial and industrial properties, hence revenue recognised from the property development segment is expected to be volatile from year to year.

### OUR FINANCIAL PERFORMANCE

The Group has 3 core business segments which comprises property development, property investment and construction services.

In FY2018, the Group posted revenue of approximately S\$25.27 million as compared to S\$134.54 million in FY2017. The variance in revenue recorded in FY2018 was mainly due to the Group's property development segment as a result of its development project, Ace@Buroh which has obtained its temporary occupancy permit ("TOP") in FY2017.

Revenue from this property project was mainly recognised in FY2017 which accounted for 83.2% of available units while revenue recorded in FY2018 was made up of sales of several units of Ace@Buroh and Loyang Enterprise.

With a focus to boost our recurring income, we have made continued efforts to market the Group's investment properties for leasing. As such, we have seen encouraging progress as revenue recognised from property investment increased by 32.3% to approximately S\$15.31 million in FY2018 as compared to approximately S\$11.57 million in FY2017. The increment was mainly due to rental income received from higher number of leased units in Loyang Enterprise and Ace@Buroh.

For the Group's construction services business segment, revenue increased by approximately 112.2% to approximately S\$0.33 million in FY2018 as compared to approximately S\$0.16 million in FY2017. The increase in revenue was due the finalisation of accounts for a past project in FY2018.

With lower revenue recorded in FY2018, the Group's gross profit dipped to approximately S\$8.25 million in FY2018 as compared to approximately S\$13.11 million in FY2017. However, the Group's gross profit margin increased by 22.9 percentage points to 32.6% in FY2018

as compared to 9.7% in FY2017. The improvement in the Group's gross profit margin was attributed to the higher rental contribution from the Group's investment properties.

The Group's other income was higher at approximately S\$12.25 million in FY2018 as compared to S\$6.36 million in FY2017. Amongst others, the increment was mainly due to one-off income derived from gain on disposal of non-current assets held for sale and investment properties, gain on revaluation of investment properties and liquidated damages income.

Streamlining our business operations over the past two years, the Group's general and administrative expenses decreased 54.7% to S\$8.27 million in FY2018 from approximately S\$18.27 million in FY2017.

The decline in the Group's general and administrative expenses in FY2018 was largely due to sales and rental commissions which decreased by approximately S\$6.80 million from FY2017 to S\$0.69 million in FY2018. This was a result of the recognition of sales commission arising from the sale of units of the development project,

## FINANCIAL AND OPERATIONS REVIEW

Ace@Buroh, when this industrial property project obtained TOP in FY2017.

In addition, the Group embarked on cost-cutting measures that resulted in its staff and related costs to reduced from approximately S\$2.77 million in FY2017 to S\$1.71 million in FY2018. The decrease in professional fees, depreciation due to the sales of property plant and equipment further attributed to the decrease in general and administrative expenses.

The Group's other expenses for FY2018 decreased to approximately S\$0.96 million as compared to S\$66.27 million back in FY2017. In FY2017, the Group undertook a property valuation exercise on all its property assets through an independent property valuation company. The results of the valuation exercise reflected the downturn in the industrial property market segment. With the industrial property market segment beginning to stabilise, there were lower impairments required in FY2018, resulting in the significant drop in other expenses.

With lower outstanding bank loans and lower interest rate of loan from controlling interests during FY2018, the Group's finance costs decreased by 21.0% to S\$7.45 million in FY2018 from approximately S\$9.43 million in FY2017.

There was no share of profits of associate for FY2018 as the investments in associate has been classified as non-current assets held for sale and the Group no longer equity account for the said investment.

For FY2018, the Group registered an income tax credit of S\$0.78 million as compared to a tax expense of S\$1.22 million for FY2017. The tax credit for FY2018 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.

Overall, the Group's financial performance made a turnaround with a total profit of approximately S\$4.60 million in FY2018 as compared to a loss of S\$70.34 million (of which \$66.27

million was due to impairment and revaluation losses) in FY2017.

### OUR FINANCIAL POSITION

As at 30 June 2018, the Group's total current assets stood at approximately S\$112.69 million as compared to S\$173.60 million as at 30 June 2017. The reduction in total current assets was attributed largely to completed properties held for sale, where units from the projects Ace@Buroh and Loyang Enterprise were sold during the year and recognised as revenue in FY2018.

The Group's cash and cash equivalents as at 30 June 2018 stood at (excluding bank overdraft and fixed deposits pledged that totalled approximately S\$3.72 million) approximately S\$2.70 million.

Unsold units leased out from these projects were also classified as investment properties. The sale of non-current assets held for sale during the year further attributed to the decrease in total current assets.

Total non-current assets of the Group stood at approximately S\$163.74 million as at 30 June 2018 as compared to approximately S\$142.85 million as at 30 June 2017. The increase was a result of the transfer of the Group's completed properties held for sale to investment properties.

As at 30 June 2018, the Group total current liabilities reduced significantly to approximately S\$123.77 million as compared to approximately S\$164.83 million as at 30 June 2017. This was largely attributed to a reduction in the outstanding trade and other payables, a reduction in total bank loans and overdrafts and a reduction in loan from third party. The overall reduction in current liabilities was partially offset by the classification of loan from controlling interest from non-current liabilities to current liabilities.

Total non-current liabilities decreased to approximately S\$60.36 million as at 30 June 2018 as compared to approximately S\$63.93 million as at 30 June 2017. The decrease was largely due to the bank loan which

was classified to current liabilities as at 30 June 2018, the decrease was largely offset by the increase in loan from controlling interests.

### OUR CASHFLOW HIGHLIGHTS

#### *Net cash outflow from operating activities*

For the financial period ended 30 June 2018, the Group recorded a net cash outflow from operating activities of approximately S\$6.21 million as compared to a net cash inflow of approximately S\$26.86 million generated in FY2017. The net cash outflow during FY2018 was primarily due to the payment of trade and other payables and finance cost, which was partially offset by the proceeds from trade and other receivables and completed properties held for sale.

#### *Net cash inflow from investing activities*

The Group generate a net cash inflow of approximately S\$13.47 million for FY2018 from investing activities as compared to a net cash outflow of approximately S\$0.30 million in the corresponding period last year. The net cash inflow in FY2018 was mainly due to proceeds from the disposal of investment properties, non-current assets held for sale and property, plant and equipment.

#### *Net cash outflow from financing activities*

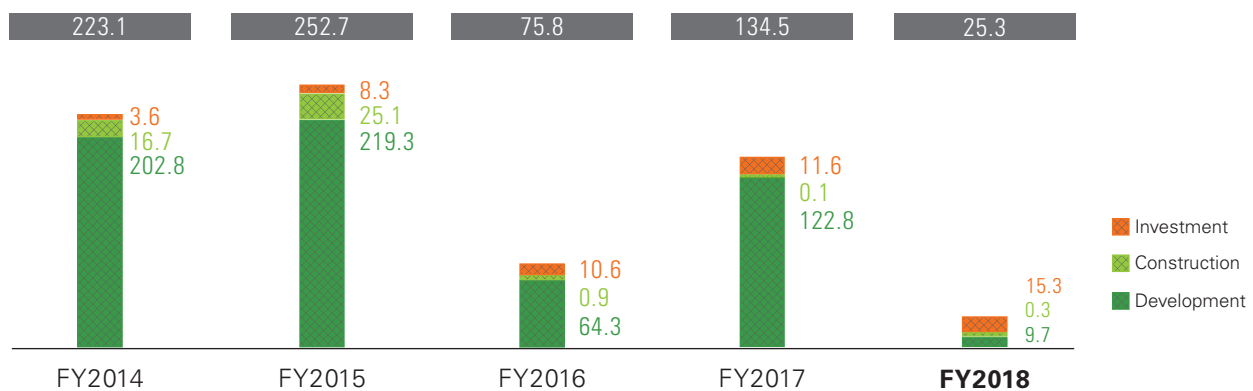
The Group recorded a net cash outflow of approximately S\$15.34 million from financing activities in FY2018 as compared to a net cash outflow of S\$51.80 million in the corresponding period last year. The net cash outflow was largely due to the repayment in bank loans, loan from third parties and profit sharing paid to non-controlling interests. The cash outflow was partially offset by additional loan from third party and controlling interests and the decrease in fixed deposits pledged during the year.

Further details of the Group's financial statements in FY2018 can be found in the next few sections of this annual report.

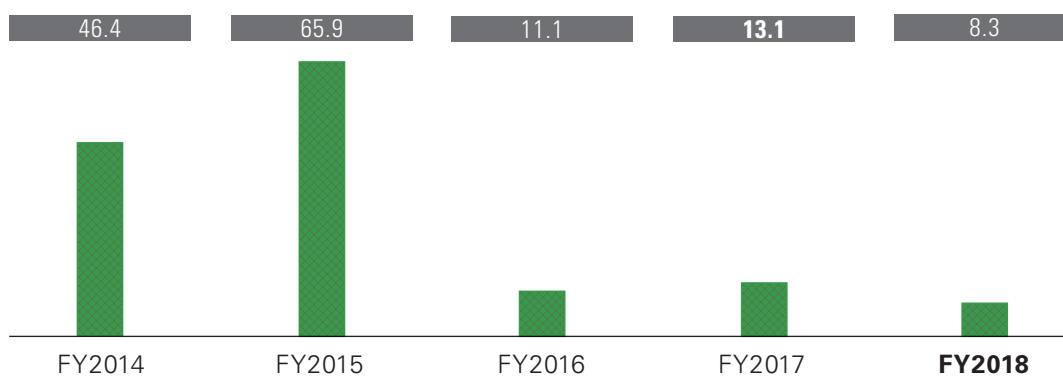
## FINANCIAL HIGHLIGHTS

With OKH Global's core business model in property development, the Group is required to adhere to the accounting requirement known as the completion of contract method. As a result, the financial performance of the Group in each reporting period may be significantly different depending on the timing of sales and completions of our industrial property development projects in Singapore.

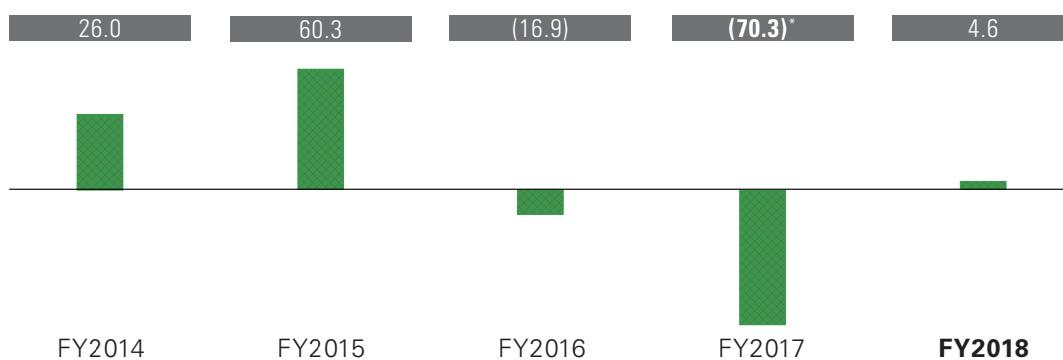
### REVENUE (S\$'MILLION)



### GROSS PROFIT (S\$'MILLION)



### NET PROFIT/(LOSS) (S\$'MILLION)



\* S\$66.3 million was due to impairment and revaluation losses in FY2017

# PROPERTY PORTFOLIO

## DEVELOPMENT AND INVESTMENT PROPERTIES

	COMPLETED				
<b>NAME OF PROPERTY</b>	Ace @ Buroh	Loyang Enterprise	12 Tai Seng Link	The Herencia	Seatown Industrial Centre
<b>LOCATION</b>	2 Buroh Crescent, Singapore 627546	56 Loyang Way, Singapore 508775	12 Tai Seng Link, Singapore 534233	46 & 58 Kim Yam Road, Singapore 239351	69H, Tuas South Avenue 1, Singapore 637509
<b>DESCRIPTION</b>	A 9-storey B2 ramp-up industrial building for strata sale/lease	A 6-storey B2 ramp-up industrial building for strata sale/lease	A 10-storey B2 industrial building for lease	A two-part commercial building for offices and education institution for lease	A 3-storey ancillary dormitory, within the industrial estate of 23 units of terrace factories and one canteen, for lease
<b>TENURE</b>	30 years leasehold from 2013	30 years leasehold from 2013	30 years leasehold from 2012	3+3+3 years leasehold from 2013	60 years leasehold from 2000
<b>ESTIMATED GROSS FLOOR AREA (SQ.FT.)</b>	475,780	555,000	116,681	220,186	274,352
<b>OWNERSHIP</b>	13 units with strata area of 166,368 sq ft	45 units with strata area of 223,408 sq ft	100% equity interest	100% equity interest	100% equity interest

## FIXED ASSETS

	UNDER CONSTRUCTION
<b>NAME OF PROPERTY</b>	5 Pioneer
<b>LOCATION</b>	5 Pioneer Sector Lane Singapore 628323
<b>DESCRIPTION</b>	4-storey single user ramp-up factory for own use
<b>TENURE</b>	30 years leasehold from 2008
<b>ESTIMATED GROSS FLOOR AREA (SQ.FT.)</b>	137,542
<b>OWNERSHIP</b>	100% equity interest

## FEATURED PROJECTS

### PROJECTS FOR SALE/LEASE

#### LOYANG ENTERPRISE

Just minutes away from the Changi Business Park and Tampines Regional Centre, Loyang Enterprise is the first and only new B2 ramp-up strata-title development in the Loyang district in the past 10 years.

Completed in 2016, this industrial property comprises various new-generation design features and just 102 units of varying sizes to suit various B2 industrial activities.

A key differentiating factor from the surrounding industrial developments is that all units come with a dual-key mechanism and vehicular ramp-up facilities to the doorstep of every unit, creating more versatility and functionality for business owners.

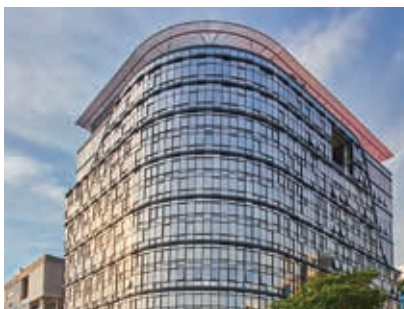
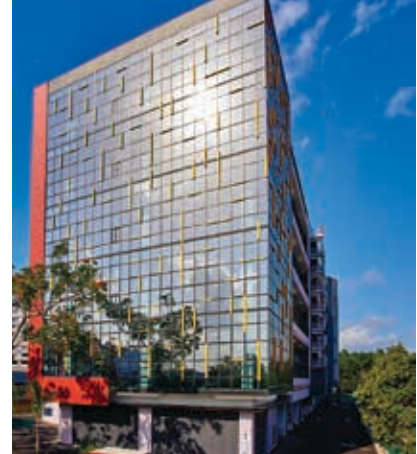
Designed with forward-thinking technical specifications combining functionality with aesthetics, Loyang Enterprise is available for sale and/or lease to let business owners and tenants harness the full potential of their business endeavours.

#### ACE @ BUROH

An architecture statement that is sleek and contemporary, Ace@Buroh was completed in 2016 and is strategically located within the 6-seaport mega shipping belt in Tuas, and in close proximity to the Hub of business and residential activities in Jurong Gateway.

Combined with integrated amenities, this B2 ramp-up industrial property comprises 100 factory units with direct vehicular access into each unit, offering functional business space of varying sizes.

Positioned as a premier business space in the west region of Singapore, Ace@Buroh is available for sale and/or lease.



### PROJECTS FOR LEASE

#### 12 TAI SENG LINK

Located within the bustling and vibrant Paya Lebar ipark, this industrial space distinguishes itself from other nearby developments with its quintessential and cutting-edge design.

Newly completed in 2016, this 10-storey B2 industrial property is specially crafted to be tenanted to discerning business owners.



#### THE HERENCIA

Located at 46 & 58 Kim Yam Road, The Herencia is situated in the vicinity of the popular Mohammad Sultan and Robertson Quay enclave. Preserving the rich history and heritage of the site, while fronting itself as a sleek and modern building befitting contemporary comfort, The Herencia is ideal for rental as an office space or education institution.

## CORPORATE SOCIAL RESPONSIBILITY



*Volunteering at National Library Board  
Charity Book Donation Project*

### MAKING A POSITIVE DIFFERENCE IN THE COMMUNITY

OKH Global embraces the philosophy of giving back to the community by encouraging proactive involvement in the Group's various corporate social responsibility (CSR) initiatives and environmental conservation programs.

Contributing time and resources, OKH Global is committed to aid the development and improvement of the society in which we live and work.

Over the past year, OKH Global employees volunteered at various community projects that include organising an outdoor activity to SEA Aquarium for senior citizens from Ren Ci Hospital, Bukit Batok Senior Care Centre and Novena SPICE as well as participating in National Library Board Charity Book Donation Project.

The rewarding experiences from our CSR activities provide us with greater cohesiveness and a sense of personal fulfilment for helping the community at large.



*Outdoor activity to SEA Aquarium with  
senior citizens from Ren Ci Hospital,  
Bukit Batok Senior Care Centre and  
Novena SPICE*

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mrs. Celine Tang  
Mr. Lock Wai Han  
Mr. Ong Soon Teik  
Mr. Lim Eng Hoe  
Ms. Ng Kheng Choo

## AUDIT COMMITTEE

Mr. Ong Soon Teik (Chairman)  
Mr. Lim Eng Hoe  
Ms. Ng Kheng Choo

## NOMINATING COMMITTEE

Ms. Ng Kheng Choo (Chairman)  
Mr. Ong Soon Teik  
Mr. Lim Eng Hoe

## REMUNERATION COMMITTEE

Mr. Lim Eng Hoe (Chairman)  
Mr. Ong Soon Teik  
Ms. Ng Kheng Choo

## COMPANY SECRETARY

Mr. Chew Kok Liang

## AUDITORS

Deloitte & Touche LLP  
Public Accountants and Chartered Accountants  
6 Shenton Way, OUE Downtown 2 #33-00, Singapore 068809  
Partner-in-charge: Ms. Lim Bee Hui  
a member of the Institute of Singapore Chartered Accountants  
Date of appointment: 30 October 2017

## SINGAPORE SHARE TRANSFER AGENT

RHT Corporate Advisory Pte. Ltd.  
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Oversea-Chinese Banking Corporation Limited  
Malayan Banking Berhad

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# STATEMENT ON CORPORATE GOVERNANCE

## INTRODUCTION

The Directors and Management of OKH Global Ltd. (“the Company”) and its subsidiaries (collectively “the Group”) are committed to uphold good corporate governance. This commitment and continuous support of the Code of Corporate Governance 2012 (“the Code”) can be seen from the Directors’ and Management’s effort to observe high standards of transparency, accountability and integrity in managing the Group’s business in order to create value for its stakeholders and safeguard the Group’s assets.

The Company has generally complied with the principles and recommendations of the Code and the Board is pleased to report compliance of the Company with the Code except where otherwise stated.

## 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 long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.***

The Company is headed by an effective Board, comprising individuals with diversified backgrounds and who collectively brings with them a wide range of experience, to lead and control the Group. The Board is responsible for the overall management and success of the Group to protect shareholders’ interests and enhance long-term shareholders’ value.

Apart from its statutory responsibilities, the principal functions of the Board are, *inter alia*, to:–

- (i) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- (ii) establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- (iii) review performance of management;
- (v) identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- (vi) set the Group’s values and standards (including ethical standards), and ensure that obligations to the shareholders and other stakeholders are understood and met; and
- (vii) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

To assist in the execution of its responsibilities, the Board has established Board Committees, namely Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”). These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed by the Board on a regular basis to enhance the effectiveness of these Board Committees. The roles and responsibilities of these Board Committees are provided for in the latter sections of this Statement on Corporate Governance.

## STATEMENT ON CORPORATE GOVERNANCE

The Board meets on a regular basis as and when necessary, to address any specific significant matters that may arise.

The Company will conduct comprehensive and tailored induction orientation programme for incoming Directors on joining the Board to familiarise them with the Group's business and governance practices. The Company will also arrange for any new Director with no prior experience of serving as a director in a listed company to attend appropriate courses, conferences or seminars, including programmes or courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge.

The Directors are provided with information relating to corporate conduct and governance including continuing disclosure requirements as required by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), disclosure of interests in securities, restrictions on disclosure of confidential or price sensitive information, etc. The Board has received updates on changes in listing rules, regulatory requirements, corporate governance guidelines and best practices on a regular basis.

All Directors are also encouraged to receive regular training such as professional development on new laws, regulations and changing commercial risks from time to time which are relevant to the Group, so as to enable them to contribute effectively to the Board or Board Committees. The training courses related to the aforesaid will be arranged and funded by the Company.

Pursuant to Bye-Law 125 of the Company's Bye-Laws, the Directors of the Company may participate in any meeting of the Board or any Board Committees, which may be held by means of telephonic, electronic or other communication facilities, allowing all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

The number of Board and Board Committees meetings held during the financial year ended 30 June 2018 ("FY2018") and the attendance of each Director where relevant is as follows:-

Type of meetings	Board	Audit Committee	Nominating Committee	Remuneration Committee
<b>No. of meetings</b>	4	4	1	1
<b>Attendance</b>				
Mrs Celine Tang	4/4	N/A	N/A	N/A
Mr Lock Wai Han	4/4	N/A	N/A	N/A
Ms Ng Kheng Choo	4/4	4/4	1/1	1/1
Mr Ong Soon Teik	4/4	4/4	1/1	1/1
Mr Lim Eng Hoe	4/4	4/4	1/1	1/1

The Board has identified the following areas for which the Board has direct responsibility for decision making within the Group:-

- Approval of the Group's major investments/divestment and funding decisions;
- Approval of the Group's interim and full-year financial result announcements for release to the SGX-ST;
- Approval of any agreement which is not in the ordinary course of business;
- Approval of any major borrowings or corporate guarantees in relation to borrowings;

- Entering into any profit-sharing arrangement;
- Entering into any foreign exchange hedging transactions;
- Appointment or removal of any key executive and legal representative;
- Incorporation or dissolution of any subsidiary;
- Issuance of shares or declaration of dividends;
- Approval of the annual report and audited financial statements;
- Convening of general meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets; and
- Approval of announcements or press releases concerning the Group for release to the SGX-ST.

A newly appointed director, if any, will be furnished with a formal letter of appointment and upon his/her appointment be given opportunities to receive appropriate briefing or material to ensure that he/she is aware of the roles and responsibilities of a director of a public listed company in Singapore and training to familiarise with the Group's business and governance practices.

### **Board Composition and Guidance**

***Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

The current Board consists of five (5) members comprising the Non-Executive Chairman, one (1) Executive Director, who is also the Chief Executive Officer ("CEO") of the Company, and three (3) Non-Executive and Independent Directors:–

#### Non-Executive Chairman

Mrs Celine Tang

#### Executive Director and CEO

Mr Lock Wai Han

#### Non-Executive and Independent Directors

Mr Ong Soon Teik

Mr Lim Eng Hoe

Ms Ng Kheng Choo<sup>1</sup>

#### **Note:**

<sup>1</sup> Ms Ng Kheng Choo was re-designated from Non-Executive and Non-Independent Director to Non-Executive and Independent Director with effect from 3 October 2018.

## STATEMENT ON CORPORATE GOVERNANCE

The Board considers an “Independent Director” as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement with a view to the best interests of the Company.

On an annual basis, each Director is required to complete a ‘Confirmation of Independence’ form to confirm his/her independence. The said form, which was drawn up based on the definitions and guidelines set forth in Guideline 2.3 of the Code and the Guidebook for Audit Committees in Singapore issued by Audit Committee Guidance Committee (“Guidebook”), requires each Director to assess whether he/she considers himself/herself independent despite not having any of the relationships identified in the Code. The Directors are required to disclose to the Board any such relationship as and when it arises and the Board will state the reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to the Board’s determination.

The Nominating Committee has reviewed the independence of Ms Ng Kheng Choo, and also considered Guideline 2.3 of the Code of Corporate Governance 2012, and reviewed the forms completed by each Director and is satisfied that all the Independent Directors of the Company are independent and none of the relationships or circumstances identified in Guideline 2.3 of the Code exists. In this respect, the Company complies with Guideline 2.2 of the Code where there is a strong and independent element on the Board with independent directors making up at least half of the Board where the Chairman of the Board is not an Independent Director.

Currently, there is no Independent Director who has served on the Board beyond 9 years from the date of his first appointment. In addition, with the changes in the composition of the Board which took place in the beginning of the financial year ended 30 June 2017, the Board believes that the need for progressive refreshing of the Board was not immediately required.

The Board regularly examines its size and after taking into account the scope and nature of the Group’s operations, the diversified background and experience of the Directors that provide core competencies in areas such as finance or accounting, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. The Board is satisfied that it is of an appropriate size to facilitate effective decision-making.

The Nominating Committee notes the recommendation of the Code and considers all aspects of diversity, including of skills, experience, gender, knowledge and other relevant factors. The Board is satisfied that there is gender diversity with Mrs Celine Tang and Ms Ng Kheng Choo joining the Board on 2 August 2016. The Nominating Committee is of the view that the Board currently comprises Directors who have the appropriate balance and diversity of skills, expertise and experience, knowledge of the industry the Group operates in and collectively possess the necessary core competencies for effective functioning and informed decision-making. The profile of each Director including their academic and professional qualifications and other appointments is presented on pages 4 to 5 of this Annual Report.

Although all the Directors have an equal responsibility for the Group's operations, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, taking into account the long-term interests of shareholders. The Independent Directors participate actively during Board meetings and would constructively challenge and help to develop proposals on short term and long term business strategies and review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Independent Directors had met at least once a year, without the presence of Management so as to facilitate a more effective check on Management.

### **Chairman and Chief Executive Officer**

***Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.***

The Non-Executive Chairman of the Company is Mrs Celine Tang and the CEO of the Company is Mr Lock Wai Han.

Mrs Tang has extensive experience in the property development industry and plays an instrumental role in shaping the strategic direction of the Group. As the Non-Executive Chairman of the Company, Mrs Tang ensures that Board meetings are held in each quarter of financial year and as and when necessary, sets Board meeting agenda, promotes a culture of openness and debate at the Board and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. The Non-Executive Chairman of the Company ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognizant of the affairs of the Group as well as effective communication with shareholders. She encourages constructive relations and effective contribution within the Board and between the Board and the Management. She also takes a leading role in ensuring that the Company strives to achieve and maintain high standards of corporate governance.

The roles of the Non-Executive Chairman and the CEO are separate and distinct, each having their own areas of responsibilities. As the highest ranking executive officer, Mr Lock Wai Han, the CEO would be responsible for the effective management and supervision of daily business operations of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board. The major decisions are made in consultation with the Board, at least half of which comprises Independent Directors. The Board is of the opinion that the process of decision-making by the Board has been independent and has been based on collective decision without any individual or small group of individuals dominating the Board's decision-making.

Mr Ong Soon Teik is appointed as the Lead Independent Director. In order to promote high standards of corporate governance and effective communication between the shareholders and the Company, Mr Ong Soon Teik is available to shareholders who may have concerns with regards to the Group and for which contacts through the normal channels of the Non-Executive Chairman, Executive Director and CEO, or Financial Controller has failed to resolve issues or for which such contact is inappropriate. Such concerns may be sent to his e-mail address at [ongst100@gmail.com](mailto:ongst100@gmail.com).

The Independent Directors are encouraged to meet periodically without the presence of the other Directors and led by the Lead Independent Director. The Lead Independent Director will provide feedback to the Chairman after such meetings.

# STATEMENT ON CORPORATE GOVERNANCE

## Board Membership

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

The Company has established a NC to make recommendations to the Board on all board appointments and re-appointments. The NC comprises the following three (3) Directors, all of whom are Non-Executive and Independent Directors:–

Ms Ng Kheng Choo (Chairman) (appointed as Chairman with effect from 3 October 2018)  
Mr Ong Soon Teik (Member)  
Mr Lim Eng Hoe (Member)

The Company is in compliance with Guideline 4.2 of the Code, where Mr Ong Soon Teik, the Lead Independent Director of the Company, is a member of the NC.

The NC is governed by the NC's Terms of Reference which describes the duties and functions of the NC.

The duties and functions of the NC are as follows:–

- (a) to make recommendations to the Board on all board appointments, including re-election and re-appointment by taking into account the composition and progressive renewal of the Board and each Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient points);
- (b) to determine annually whether a Director is independent;
- (c) to review the Board succession plans for directors, in particular, for the Chairman and the CEO;
- (d) to review the training and professional development programmes for the Board;
- (e) where a Director has multiple board representations and other principal commitments, to decide whether the Director is able to and has adequately carried out his/her duties as Director, taking into account the competing time commitments that he/she faces when serving on multiple boards and other principal commitments, and to decide the maximum number of listed company board representations which any director may hold; and
- (f) to decide on the process for evaluation of the performance of the Board, the Board Committees and Directors.

The Company's Bye-Laws further provides that at each AGM, one-third of the Directors for the time being, or if their number is not three or multiple of three, then the number nearest to one-third but not less than one-third shall retire by rotation and that all Directors shall retire at least once every three years and such retiring Director shall be eligible for re-election. Each member of the NC shall abstain from voting on any resolutions in respect to his/her re-nomination as a Director.

The details of Mr Lock Wai Han and Ms Ng Kheng Choo who will retire by rotation at the forthcoming AGM to be held on 26 October 2018 are disclosed in the Directors' Profile on pages 4 to 5 of this Annual Report.

The NC has recommended and the Board has approved to table for shareholders' approval the re-election of Mr Lock Wai Han and Ms Ng Kheng Choo, who are retiring at the forthcoming AGM as Directors of the Company. Mr Lock Wai Han and Ms Ng Kheng Choo has abstained from voting on any resolution related to their re-election.

Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company by attending the Board and Board Committees and to attend to the decision-making within the Group as and when necessary. In this respect, the Board is of the view that it is not necessary to adopt internal guidelines to address the competing time commitments that are faced when Directors serve on multiple boards or to determine the maximum number of listed company board representations which any Director may hold.

The Board and the NC do not encourage the appointment of alternate directors. Currently, no alternate director is appointed on the Board.

In the search and nomination process for new directors, the NC identifies the key attributes that an incoming director should have, which is based on a matrix of the attributes of the existing Board and the requirements of the Group. After the Board endorsed the key attributes, the NC taps on the resources of the Directors' personal contacts and recommendations of potential candidates, and proceed with the shortlisting process. The NC will consider each candidate based on the key attributes determined after taking into consideration the qualification and experience of such candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives. The NC will recommend the suitable candidate to the Board for approval. If the candidates identified from this process are not suitable, executive recruitment agencies may be appointed to assist in the search process.

Key information regarding the Directors is set out below:

<b>Name of Director</b>	<b>Date of First Appointment</b>	<b>Date of Last Re-election</b>	<b>Present Directorships or Chairmanships in Other Listed Companies and Major Appointments</b>	<b>Past Directorships or Chairmanships in Other Listed Companies and Major Appointments over the preceding three years</b>
Celine Tang	2 August 2016	30 October 2017	<ul style="list-style-type: none"> <li>Singhaiyi Group Ltd.</li> </ul>	–
Lock Wai Han	5 October 2016	21 December 2016 (retiring and seeking re-election at the forthcoming AGM)	<ul style="list-style-type: none"> <li>Media Literacy Council</li> <li>Singapore Sports School Ltd</li> <li>ARA Trust Management (Suntec) Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Rowsley Ltd.</li> <li>Secura Group Ltd</li> </ul>
Ng Kheng Choo	2 August 2016	21 December 2016 (retiring and seeking re-election at the forthcoming AGM)	<ul style="list-style-type: none"> <li>ISOTeam Ltd</li> </ul>	–
Lim Eng Hoe	31 October 2013	30 October 2017	–	–
Ong Soon Teik	29 March 2010	21 December 2016	–	<ul style="list-style-type: none"> <li>Adventus Holdings Limited</li> </ul>

# STATEMENT ON CORPORATE GOVERNANCE

## Board Performance

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

For the year under review, the NC evaluated the performance of the Board as a whole, its Board Committees and each Director taking into consideration the attendance record and participation at the meetings of the Board and Board Committees and the contribution of the Board.

Each Director is requested to complete an evaluation form to assess the effectiveness of the Board as a whole and his/her own contribution to the effectiveness of the Board, while each Board Committee member is requested to complete an evaluation form to assess the effectiveness of the respective Board Committees. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, the Board processes and accountability, Board performance in relation to discharging its principal responsibilities, communication with key management personnel and the Directors' standards of conduct. Assessment of the Board Committees focused on size and composition of the Board and Board Committees' processes.

The findings of the above were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board and Board Committees. The Chairman of the Board will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought. No external facilitator was used in FY2018. However, if need arises, the NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process at the Company's expense.

## Access to Information

**Principle 6: *In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

The Board has separate and independent access to the key management personnel of the Group at all times. Request for information is dealt promptly by the Management. In addition, the Board is kept informed of all material events and transactions as and when they occur to enable the Board to function effectively and to fulfil its responsibilities. The information made available to the Directors include interim and full-year financial results, progress reports of the Group's operations, budgets and forecasts, corporate development, regulatory updates, business developments and audit reports. The Management also consults Board members regularly whenever necessary and appropriate. The Board is issued with Board papers in a timely manner prior to Board meetings to enable Directors to consider the issues and to obtain additional information or explanation from the Management, if necessary.

The calendar of Board and Board Committees meetings are planned a year in advance. Draft agendas for meetings of the Board and Board Committees are also circulated in advance to the respective Chairman of the Board and Board Committees, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agendas.



The Directors also have separate and independent access to the Company Secretary. The role of the Company Secretary and/or his representatives is to administer, attend and prepare minutes of Board and Board Committees' meetings, assist the Chairman in ensuring that Board procedures are followed and that the Company's Bye-Laws, the Listing Manual of the SGX-ST and other relevant rules and regulations applicable to the Company are complied with. The Company Secretary and/or his representatives attend all Board and Board Committees' meetings. The decision in appointment and removal of the Company Secretary is decided by the Board as a whole.

The Board in fulfilling its responsibilities could as a group or as individuals, when deemed fit, direct the Company to appoint independent professional advisers or seek professional advice and the costs 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 three (3) Directors, all of whom including the Chairman of the RC, are Non-Executive and Independent Directors:-

Mr Lim Eng Hoe (Chairman)  
Mr Ong Soon Teik (Member)  
Ms Ng Kheng Choo (Member)

The RC is governed by the RC's Terms of Reference which describes the duties and powers of the RC.

The RC is responsible:

- (a) to recommend to the Board a general framework of remuneration for Directors and key management personnel (including the CEO and other persons having authority and responsibility for planning, directing and controlling activities of the Company and Group), and to determine specific remuneration packages for each Executive Director as well as key management personnel. The RC's recommendations cover all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;
- (b) in the case of service contracts of Executive Directors and key management personnel, to review and to recommend to the Board, the terms of renewal of service contracts and to ensure the service contracts contain fair and reasonable termination clauses which are not overly generous in the event of termination. The RC aims to be fair and avoid rewarding poor performance;
- (c) to administer OKH Performance Share Plan; and
- (d) to appoint such professional consultancy firm deemed necessary to enable the RC to discharge its duties satisfactorily.

## STATEMENT ON CORPORATE GOVERNANCE

The RC's recommendations are made in consultation with the Chairman of the Board and submitted to the entire Board for endorsement.

The respective Directors of the Company will not be involved in the discussion in deciding their own remuneration.

The RC has full authority to engage any external independent professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. No external remuneration consultant was engaged in FY2018.

### Level and Mix of Remuneration

**Principle 8: *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

The RC noted that there should be appropriate and meaningful measures for the purpose of assessing the performance of Executive Director and key management personnel. In setting remuneration packages for Executive Director and key management personnel, the performance related elements of remuneration form a portion of the total remuneration package to link rewards to corporate and individual performance. This is to align the Executive Director's interests with those of shareholders of the Company and to promote the long-term success of the Group and the Company. The RC will also take into consideration the risk policies of the Company, as well as the pay and employment conditions within the industry and in comparable companies.

The Non-Executive Directors including Independent Directors are paid Directors' fees taking into account factors including but not limited to contribution, effort and time spent, and the responsibilities of the Non-Executive and Independent Directors. Non-Executive Directors are not over-compensated to the extent that their independence may be compromised. The Directors' fees payable to the Non-Executive Directors of the Company each year are subject to the approval of the Company's shareholders at the AGM.

The Executive Director does not receive Directors' fees. The remuneration packages of the Executive Director and the key management personnel comprise primarily a basic salary component and a variable component which is the bonuses and other benefits.

The service agreement entered into with the Executive Director and CEO, Mr Lock Wai Han, is for an initial period of three years. This service agreement is subject to review by the RC and provide for termination by either party giving to the other not less than 6 months' prior written notice.

The RC may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

## Disclosure of Remuneration

**Principle 9: Every 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 management personnel, and performance.**

The remuneration of the Directors and the key management personnel of the Group, who are not Directors of the Company, for the financial year ended 30 June 2018, are disclosed below.

The breakdown of each Directors' and key management personnel's remuneration of the Group for the financial year ended 30 June 2018 is as follows:

<b>Board of Directors</b>	<b>Salary</b>	<b>Bonus/ Commissions</b>	<b>Benefits in Kind</b>	<b>Directors' Fees</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Celine Tang	–	–	–	–	–
Lock Wai Han	399,996	–	83,538	–	483,534
Ong Soon Teik	–	–	–	67,000	67,000
Lim Eng Hoe	–	–	–	52,000	52,000
Ng Kheng Choo	–	–	–	67,000	67,000

<b>Key Management Personnel</b>	<b>Salary</b>	<b>Bonus/ Commissions</b>	<b>Benefits in Kind</b>	<b>Total</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Below S\$250,000</b>				
Tan Geok Chye	79	6	15	100
Francis Lee Fook Wah <sup>1</sup>	80	12	8	100
Ng Khay Wee	72	6	22	100

**Note:**

<sup>1</sup> Mr Francis Lee Fook Wah resigned on 31 December 2017.

The Company has only 3 key management personnel (who are not Directors or the CEO) for the financial year ended 30 June 2018 and aggregate total remuneration paid to the top three key management personnel for the financial year ended 30 June 2018 is approximately S\$421,270. Due to the highly competitive market, the Company believes it is unwise to disclose the breakdown of the remuneration of the key management personnel.

None of the Directors (including the CEO) and the top three key management personnel (who are not Directors or the CEO) had received any termination, retirement and post-employment benefits for the financial year ended 30 June 2018.

There is no employee who is an immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeds S\$50,000 for the financial year ended 30 June 2018.

The RC has reviewed and approved the remuneration packages of the Directors and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Directors and key management personnel are adequate but not excessively remunerated. The RC will consider and deliberate on the performance conditions to which Directors' and key management personnel's entitlement to short term and long term incentive schemes are subject and make the necessary disclosures, if any.

## STATEMENT ON CORPORATE GOVERNANCE

The shareholders of the Company had during the Special General Meeting held on 23 January 2013 approved and adopted the employee share scheme known as the OKH Performance Share Plan. The principal terms of the OKH Performance Share Plan are set out in the Circular to Shareholders dated 31 December 2012 on pages F-1 to F-18. As at the date of the annual report, the Company had not granted share awards to any employees and Directors under the OKH Performance Share Plan. The Executive Director and Non-Executive Directors are eligible to participate in the OKH Performance Share Plan. The RC will consider the grant of share awards and use of vesting schedules, whereby only a portion of the benefits can be exercised each year, as and when the Company grant share awards to any employees and Directors under the OKH Performance Share Plan.

### 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 is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, to the public, the regulators and the shareholders of the Company.

The Board is accountable to the shareholders of the Company and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with the statutory requirements and the Listing Manual of the SGX-ST. For interim financial statements, the Board provides a negative assurance confirmation to shareholders, in line with Rule 705(5) of the Listing Manual of SGX-ST. For the financial year under review, the Executive Director and the Financial Controller have provided assurance to the Board on the integrity of the Group's financial statements.

Any price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced and issued within the statutory prescribed periods.

The Management would provide all members of the Board with management accounts and such explanation and information in a balanced and informed assessment of the Company's performance, position and prospects on a quarterly basis.

The Board receives legislative and regulatory updates such as changes to the listing rules, accounting standard and etc from Management and/or professional advisors to ensure that the Company is in compliance with the legislative and regulatory requirements relevant to the Company.

### Risk Management and Internal Controls

***Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as determine the Company's levels of risk tolerance and risk policies as well as overseeing the Management in the design, implementation and monitoring of the risk management and internal control systems to control, manage

and mitigate these risks. The Management reviews the risk management and internal control systems and highlights all significant matters to the AC and Board from time to time.

The Board acknowledges that it is responsible to ensure that the Company maintains an adequate system of risk management and internal controls to safeguard the assets of the Group. In addition, it is essential to maintain adequate accounting records, develop and maintain an effective control environment within the Group. The Board recognises that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. Nevertheless, the Board strives to identify key risk areas in every aspect of the Group and improve internal controls to mitigate such risks in order to achieve the overall business objective of the Group and enhance long term shareholders' value.

The Board and the AC have made reference to the internal audit reports submitted by the internal auditors for the financial year ended 30 June 2018 and management confirmations to assess the effectiveness of the Group's internal control systems.

The Company has appointed KPMG Services Pte. Ltd as the Group's internal auditors for the Group's operations in Singapore, to review the effectiveness of the Group's internal controls in light of the key business and financial risks affecting its business.

The AC and the Board also reviews the effectiveness of the actions taken by the Management on the recommendations made by the external auditors in this respect. The AC, with the participation of the Board, has reviewed the adequacy and effectiveness of the Group's internal controls that address financial, operational, compliance and information technology risks and risk management systems for the type and volume of business that the Group currently operates.

The Board would ensure that there is an on-going process for identifying, evaluating and managing significant risks covering financial aspects, compliance risks and other operational areas of the Group.

For FY2018, the Board has received assurances from the Executive Director, who is also the Chief Executive Officer, and the Financial Controller of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are sufficiently effective.

The AC have reviewed the report issued by the external auditors and their recommendations, the various management controls put in place, and reports from the internal auditors, the Board, with concurrence from the AC, are satisfied with the Group's internal controls and are of the opinion that the internal controls maintained by the Group in addressing critical and significant risks relating to financial, operational, compliance and information technology risks and risk management systems are adequate and effective as at 30 June 2018. The Board will also continue to enhance and improve the existing internal controls framework to identify and mitigate these risks. The AC will also commission an annual internal audit to satisfy itself that the Group's internal controls are robust and effective to address any significant internal control weaknesses that may arise.

The Board will consider the necessity of establishing a separate Board risk committee when the need arises.

# STATEMENT ON CORPORATE GOVERNANCE

## Audit Committee

***Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.***

The AC comprises the following three (3) Directors, all of whom are Non-Executive and Independent Directors:-

Mr Ong Soon Teik (Chairman)  
Mr Lim Eng Hoe (Member)  
Ms Ng Kheng Choo (Member)

None of the AC members is a former partner or director of the Company's existing auditing firm within a period of 12 months commencing on the date of his/her ceasing to be a partner of the auditing firm nor has any financial interest in the auditing firm.

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities. The Chairman of the AC, Mr Ong Soon Teik and members of the AC, Mr Lim Eng Hoe and Ms Ng Kheng Choo possess the requisite accounting and financial management expertise and experience.

The AC is governed by its Terms of Reference which highlights its duties and functions as follows:

- (a) to review with the external and internal auditors, the audit plan, their audit report, management letter and the Management's response;
- (b) to review the scope and results of audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the external auditors also provide a substantial volume of non-audit services to the Group, to review the nature and extent of such services to maintain the balance of objectivity and value for money;
- (c) to review the interim and full-year financial results of the Company and the consolidated financial statements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;
- (d) to review annually the risk profile of the Company and the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls and risk management systems;
- (e) to review the scope and results of the internal audit procedures as well as risk management policy covering risk frameworks, models and limits to the Board for approval;
- (f) to consider and make recommendations to the Board on the appointment, re-appointment and removal of external auditors and internal auditors, their remuneration and terms of engagement;
- (g) to review the adequacy of the internal audit function annually and ensure that a clear reporting structure is in place between the AC and the internal auditors;

- (h) to meet with the external and internal auditors without the presence of the Management annually to review the assistance given by the Management to the external and internal auditors and any matters which the external and internal auditors would like to draw to the AC's attention;
- (i) to review interested persons transactions ("IPTs") to comply with the rules of the Listing Manual of the SGX-ST and other relevant statutory requirements and any potential conflicts of interest; and
- (j) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law within or outside the jurisdiction of Singapore, rules or regulations which has or is likely to have a material impact on the operating results and financial position of the Group.

The AC has the power to conduct and authorise investigations into matters within the AC's scope of responsibility. The AC also has full access to and co-operation of the Company's Management and has full discretion to invite any Director or executive officer to attend the AC meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC has direct access to the internal and external auditors and has met with them without the presence of the Management annually.

In July 2010, the Singapore Exchange Limited and Accounting and Corporate Regulatory Authority launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the Guidance such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

The AC has reviewed the key audit matters disclosed in the independent auditors' report and is of the view that there is no material inconsistency between the audit procedures adopted by the independent auditors and Management's assessment and is satisfied that the key audit matters have been appropriately dealt with.

The Company has paid the following aggregate amount of fees to Deloitte & Touche LLP, the external auditors, for services rendered in for the financial year ended 30 June 2018:-

<b>Services</b>	<b>Amount (SGD)</b>
Audit service	204,000
Non-audit service – Tax Compliance	38,000
Total	<u>242,000</u>

The AC had reviewed all audit and non-audit fees paid to Deloitte & Touche LLP, the scope of services, the qualification, the independence and the objectivity of the external auditors in the meeting held in 2018. Deloitte & Touche LLP has confirmed that they are public accounting firm registered with the Accounting and Corporate Regulatory Authority and provided a confirmation on their independence to the AC.

## STATEMENT ON CORPORATE GOVERNANCE

The AC is satisfied that Deloitte & Touche LLP is able to meet the audit requirements and statutory obligation of the Company. In view of their requisite qualification and independence status, the AC is satisfied that Rule 712 of the Listing Manual of the SGX-ST is complied with. Accordingly, Deloitte & Touche LLP is recommended for re-appointment at the forthcoming AGM.

The Company has complied with Rule 715 of the Listing Manual of the SGX-ST as Deloitte & Touche LLP was engaged as the external auditors for the Company and its subsidiaries in Singapore.

The Group has in place a Whistle Blowing Policy to enable persons employed by the Group to report any suspicion or possible improprieties in matters of financial reporting, non-compliance with regulations, policies and fraud, etc, to the members of AC in writing for resolution, without any prejudicial implications for these employees. The AC will, depending on the nature of the concern, initiate inquiries to determine whether an investigation is appropriate and the form that it should take. The Whistle Blowing Policy also serves to ensure that any issues or complaints raised will be dealt with swiftly and effectively. The AC has been vested with the power and authority to receive, investigate and enforce appropriate action whenever any such non-compliance matter is brought to the AC's attention.

As of to-date, there were no reports received through the whistle blowing mechanism.

The AC has reviewed all IPTs during FY2018 and is of the opinion that Chapter 9 of the Listing Manual of SGX-ST has been complied with.

In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from participating in the proceedings in relation to that particular transaction and will not vote on that particular resolution.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the AC meetings quarterly.

### INTERNAL AUDIT

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

The Group outsources its internal audit function to KPMG Services Pte. Ltd. ("Internal Auditors"). The AC reviews the scope of work and deliverables by the Internal Auditors who in turn ensures adequate staffing to fulfil the scope of internal audit work agreed upon. KPMG Services Pte. Ltd. has adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC is further satisfied that the Internal Auditors has unfettered access to all the Company's documents, records, properties and personnel, including the access to the AC. The Internal Auditors will report directly to the AC on audit findings and the Management of the Group on administrative matters.

The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Group, are adequate and observed in the manner acceptable by the Group.

The AC reviews the adequacy and effectiveness of the internal audit function annually and ensures that the internal audit function is adequately resourced by examining the scope of internal audit work and its independence, the qualification and experiences of internal audit team assigned to conduct the internal audit works and has appropriate standing within the Company.



## SHAREHOLDER RIGHTS AND RESPONSIBILITIES – SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS

***Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.***

***Principle 15: Companies should actively engage their shareholders and put in place an investor relation policy to promote regular, effective and fair communication with shareholders.***

***Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.***

In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of SGX-ST, the Company is committed to engage in regular and effective communication with its shareholders and ensures that all shareholders should be equally informed of all major developments of the Group which would likely materially affect the price or value of the Company's shares to facilitate the shareholders to exercise their ownership rights.

The Company does not practice selective disclosure as all material and price-sensitive information is released through SGXNET.

The information is disseminated to shareholders of the Company on a timely basis through:

- announcements and/or press release released through SGXNET;
- annual reports and circulars prepared and issued to all shareholders of the Company; and
- the official website of the Company (<http://www.okh.com.sg>).

To keep shareholders and investors of the Company updated on the latest announcements, press releases and stock details of the Company, the shareholders and potential investors have 24-hour access to the Company's website. In addition, the shareholders and potential investors may subscribe for automated email alerts services from the Company's website to receive email alerts on the latest announcements and press releases disclosed over SGXNET. Enquiries may also be posed to the Company's investor relations by email.

When the opportunities arise, the Company will consider holding analyst briefings or investor roadshows to meet institutional and retail investors as well as to solicit and understand the view of shareholders.

All shareholders of the Company are given the opportunity to participate, voice their views or opinions and ask Directors or the Management questions regarding the Company and the Group in every AGM and Special General Meeting of the Company. The Board of Directors of the Company, including the Chairpersons of AC, RC and NC will be present at general meetings to address any questions or concerns of shareholders at general meetings. The external auditors will also be present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request.

## STATEMENT ON CORPORATE GOVERNANCE

There are separate resolutions at the general meetings to address each distinct issue. Each item of special business included in the notice of the general meetings will be accompanied by full explanation of the effects of a proposed resolution. The Company's Bye-Laws allow a shareholder or a depositor to appoint not more than two (2) proxies to attend and vote in absentia at general meetings. Where the member is a Central Depository (Pte) Ltd (or its nominee as notified in writing to the Company), it can appoint more than 2 proxies. Proxies need not be a shareholder of the Company.

The Board will put all resolutions to vote by poll and make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages. Shareholders will be briefed on the rules, including poll voting procedures, that govern general meetings of shareholders.

The Company does not have a policy on payment of dividends. The issue of payment of dividend is deliberated by the Board annually having regard to various factors, including but not limited to the Group's actual and projected financial performance; projected levels of capital expenditure and other investment plans; working capital requirements and general financial conditions; and the level of the Group's cash and retained earnings. Taking into account the above factors, the Board has not recommended dividends to be paid in respect of FY2018.

### MATERIAL CONTRACTS

Save as disclosed under Material Contracts in the Company's Circular dated 31 December 2012, Company's Circular dated 4 July 2016 and announcements released over SGXNET, there were no material contracts including loans subsisting at the end of FY2018, involving the interests of any Director, the CEO or the controlling shareholders of the Group.

### INTERESTED PERSON TRANSACTIONS

There were no interested person transactions equal to or exceeding S\$100,000 in aggregate between the Company or its subsidiaries with any of its interested persons (as defined in Chapter 9 of the Listing Manual of the SGX-ST) other than the following interested person transaction entered into during FY2018:-

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 transaction conducted under shareholders' mandate pursuant to Rule 920 S\$'000
<b>Haiyi Holdings Pte Ltd</b> Interest on loan	1,012	-
<b>Singhaiyi Capital Pte Ltd<sup>1</sup></b> Sale of 5 units of properties located at LHK Building <sup>2</sup>	8,800	-

#### Notes:

- 1 Singhaiyi Capital Pte Ltd is a wholly-owned subsidiary of Singhai Group Ltd, which is 62.1% 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) relating to the award of a contract by way of public tender to an interested person, Rule 906 is not applicable.

**DEALING IN SECURITIES**

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST in relation to the best practices on dealings in the securities:-

- (a) The Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealings by the Company and its officers in its securities;
- (b) Officers of the Company did not deal in the Company's securities on short-term considerations; and
- (c) The Company and its officers did not deal in the Company's shares (i) during the periods commencing one month before the announcement of the Company's financial results for each of the first three quarters of its financial year and the announcement of the Company's full year financial statements, ending on the date of the announcement of the relevant results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, the Directors and Management are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

# DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of OKH Global Ltd. (the "Company") and its subsidiaries (collectively the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended June 30, 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 44 to 104 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at June 30, 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

## 1 DIRECTORS

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

Celine Tang  
Lock Wai Han  
Ong Soon Teik  
Lim Eng Hoe  
Ng Kheng Choo

## 2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 4 of the directors' statement.

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

Name of director and company in which interests are held	Shareholdings registered in name of director			
	At beginning of year		At end of year	
	Direct interest	Indirect interest	Direct interest	Indirect interest
OKH Global Ltd. (Ordinary shares) Celine Tang	–	500,000,000	–	500,000,000

Mrs Celine Tang is entitled to exercise or control the exercise of not less than 20% of the votes attached to the shares held by her in Haiyi Holdings Pte. Ltd. She is therefore deemed to have interest in the 500,000,000 shares held by Haiyi Holdings Pte. Ltd.

The directors' interest in the shares of the Company at July 21, 2018 were the same at June 30, 2018.

#### 4 SHARE OPTIONS AND PERFORMANCE SHARES

The Company has a performance share plan, known as the OKH Performance Share Plan (the “Plan”), which was approved by the shareholders at a Special General Meeting held on January 23, 2013.

The Plan is administered by the Remuneration Committee whose members are:

Lim Eng Hoe (Chairman)  
Ong Soon Teik  
Ng Kheng Choo

The Plan shall continue to be in force, subject to a maximum period of ten years commencing on the date on which the Plan comes into effect, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company’s shareholders by an ordinary resolution in the general meeting and of any relevant authorities which may then be required.

For the financial years ended June 30, 2017 and 2018, no performance shares have been allotted and issued to any employees or directors of the Company.

##### (a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

##### (b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

##### (c) Unissued shares under options

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

#### 5 AUDIT COMMITTEE

The members of the Audit Committee (“AC”) at the end of the financial year were as follows:

Ong Soon Teik (Chairman)  
Lim Eng Hoe  
Ng Kheng Choo

All members of the AC are non-executive directors, two of them whom are independent.

The AC performs the function specified in the Listing Manual of SGX-ST and the Code of Corporate Governance.

## DIRECTORS' STATEMENT

The AC met four times in the financial year under review and carried out its functions as follows:

- \* to review with the external and internal auditors, the audit plan, their audit report, management letter and the management's response;
- \* to review the scope and results of audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the external auditors also provide a substantial volume of non-audit services to the Group, to review the nature and extent of such services to maintain the balance of objectivity and value for money;
- \* to review the interim and full-year financial results of the Company and the consolidated financial statements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;
- \* to review annually the risk profile of the Company and the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls and risk management systems;
- \* to review the scope and results of the internal audit procedures as well as risk management policy covering risk frameworks, models and limits to the Board for approval;
- \* to consider and make recommendations to the Board on the appointment, re-appointment and removal of external auditors and internal auditors, their remuneration and terms of engagement;
- \* to review the adequacy of the internal audit function annually and ensure that a clear reporting structure is in place between the AC and the internal auditors;
- \* to meet with the external and internal auditors without the presence of the management annually to review the assistance given by the management to the external and internal auditors and any matters which the external and internal auditors would like to draw to the AC's attention;
- \* to review interested persons transactions to comply with the rules of the Listing Manual of SGX-ST and other relevant statutory requirements and any potential conflicts of interest; and
- \* to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law within or outside the jurisdiction of Singapore, rules or regulations which has or is likely to have a material impact on the operating results and financial position of the Group.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

**6 AUDITORS**

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

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Lock Wai Han

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Ong Soon Teik

Date: October 3, 2018

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of OKH Global Ltd. (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 June 30, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 104.

In our opinion, the accompanying 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 International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at June 30, 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group within the meaning of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("the Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matters	How the matter was addressed in the audit
<p><u>Classification and valuation of non-current assets held for sale</u></p> <p>The Group announced in March 2017 its intention to dispose its investment in an associate and available-for-sale investment (collectively the “Investments”). The Group classified the Investments as held for sale as of June 30, 2017 subsequent to the shareholders’ resolution passed in May 2017 for such proposed disposal. The carrying amounts of the investments were written down to their net realisable value of S\$49 million (Note 10).</p> <p>The above proposed disposal did not take place subsequent to June 30, 2017 due to the purchasers’ default. Management is of the view that the delay in the sales process was caused by events and circumstances beyond the Group’s control and they remain committed to the plan to dispose the investments. The Group continued to classify the investments as held for sale as of June 30, 2018 as they are currently actively looking for a buyer.</p> <p>Management’s assessment of the basis for classification of the investments as non-current assets held for sale is judgemental, as the sale has to be considered highly probable and is expected to be completed within one year in accordance with IFRS 5 <i>Non-current Assets Held For Sale and Discontinued Operations</i>.</p> <p>At the same time, management is required to measure the Investments at the lower of carrying amount and fair value less costs to sell. Inaccurate management’s estimates made in the fair value less costs to sell could result in a significant impact on the value of the Investments recorded at the end of the reporting period and the impairment loss in the consolidated statement of profit or loss and other comprehensive income for the year ended June 30, 2018.</p>	<ul style="list-style-type: none"> <li>• We discussed with management the circumstances surrounding the non-completion of the previous share sale agreements;</li> <li>• We challenged management’s basis for the continued classification of the Investments as held for sale through understanding of the status of the sales process and obtained necessary documentary support, including the correspondences with prospective buyers; and</li> <li>• We reviewed management’s assessment of the valuation of the non-current assets held for sale and assessed the reasonableness of the value of the Investments recorded as at June 30, 2018.</li> <li>• We also assessed and validated the adequacy of the Group’s disclosures.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

Key audit matters	How the matter was addressed in the audit
<p><u>Recoverability of properties for sale</u></p> <p>Properties for sale (Note 9) represent a significant proportion of the assets in the Group's statement of financial position.</p> <p>The Group's properties for sale, which are located in Singapore, are stated at the lower of cost and net realisable value.</p> <p>The fair value of the properties for sale is based on the valuation performed by an independent professional valuer (the "Valuer").</p> <p>Management's assessment of net realisable value of properties for sale is a judgemental process and is highly dependent upon management's expectations of future selling prices of unsold units. The continued softness in the overall Singapore industrial market may force a downward pressure on market property prices, which give rise to potential risk that these properties are sold below their carrying amount.</p> <p>Inaccurate management's estimate made in the net realisable value could result in a significant impact on the carrying amount of the properties for sale at the end of reporting period and the diminution in value in the consolidated statement of profit or loss and other comprehensive income for the year ended June 30, 2018.</p>	<ul style="list-style-type: none"> <li>• We obtained an understanding, evaluated the design and tested the implementation of the Group's relevant controls of reviewing and updating selling price, and the allocation of property development costs;</li> <li>• We obtained an understanding of the Group's process of appointing the Valuer and reviewed the scope of work of the Valuer;</li> <li>• We discussed with management to understand their basis used in determining whether the Group's properties for sale are impaired and the amount of diminution in value or reversal of diminution in value to be recorded, if any;</li> <li>• In respect of the independent market valuation report obtained by management, we considered the competency, independence and objectivity of the Valuer. We also assessed the appropriateness of the valuation techniques and assumptions used in determining market value of the property units; and</li> <li>• We assessed the reasonableness of the estimated net realisable value by comparing the transacted prices of past sales of the properties involved or of comparable properties in similar locations; and/or actual prices achieved post year end of the properties involved where available. We compared these prices to either externally published benchmarks where appropriate, and also considered whether the expected selling prices are consistent with the current property market trends.</li> <li>• We also assessed and validated the adequacy of the Group's disclosures.</li> </ul>

Key audit matters	How the matter was addressed in the audit
<p><u>Valuation of investment properties</u></p> <p>Investment properties (Note 12) represent a significant proportion of the assets in the Group's statement of financial position.</p> <p>The Group's investment properties, which are located in Singapore, are measured at fair value.</p> <p>The fair value of the investment properties is based on the valuation performed by an independent professional valuer (the "Valuer").</p> <p>The valuation of the investment properties is a significant estimation area as it is underpinned by a number of key assumptions used in the valuation as well as the valuation methodologies applicable as disclosed in Note 12 and is highly dependent upon management's judgement.</p> <p>Inaccurate management's estimates made in the valuation assessment could result in a significant impact on the carrying amount of the investment properties at the end of reporting period and the fair value changes in the consolidated statement of profit or loss and other comprehensive income for the year ended June 30, 2018.</p>	<ul style="list-style-type: none"> <li>• We obtained an understanding of the Group's process of appointing the Valuer and reviewed the scope of work of the Valuer;</li> <li>• We discussed with management to understand their basis used in determining the fair value of the Group's investment properties;</li> <li>• In respect of the independent market valuation report obtained by management, we considered the competency, independence and objectivity of the Valuer. We also assessed the appropriateness of the valuation techniques and assumptions used in determining market value of the investment properties; and</li> <li>• We evaluated the appropriateness of the valuation techniques used by the Valuer for the respective investment properties, taking into account the nature of each investment property. We also benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data and comparable property transactions, where available, and we also considered whether these assumptions are consistent with the current market environment.</li> <li>• We also assessed and validated the adequacy of the Group's disclosures.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

## **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lim Bee Hui.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

Date: October 3, 2018

# STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018

	Note	Group		Company	
		2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	6	6,425	20,258	52	21
Trade and other receivables	7	21,597	28,919	51,464	59,702
Loan due from non-controlling interests	5	330	330	–	–
Properties for sale	9	35,335	67,900	–	–
		<b>63,687</b>	117,407	<b>51,516</b>	59,723
Non-current assets classified as held for sale	10	49,000	56,197	–	–
Total current assets		<b>112,687</b>	173,604	<b>51,516</b>	59,723
<b>Non-current assets</b>					
Property, plant and equipment	11	12,194	13,265	–	–
Investment properties	12	151,543	129,580	–	–
Investments in subsidiaries	13	–	–	27,000	86,171
Investment in a joint venture	14	–	–	–	–
Investment in an associate	15	–	–	–	–
Available-for-sale investment	16	–	–	–	–
Total non-current assets		<b>163,737</b>	142,845	<b>27,000</b>	86,171
<b>Total assets</b>		<b>276,424</b>	316,449	<b>78,516</b>	145,894
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank loans and overdrafts	17	82,856	89,036	–	–
Trade and other payables	18	19,831	41,158	22,292	26,294
Obligations under finance leases	19	182	327	–	–
Loan due to shareholder	5	20,000	10,000	20,000	10,000
Loan due to a third party	20	–	20,000	–	20,000
Loan due to an associate	5	–	1,600	–	–
Provisions	21	900	1,368	–	–
Income tax payable		–	1,338	–	–
Total current liabilities		<b>123,769</b>	164,827	<b>42,292</b>	56,294
<b>Non-current liabilities</b>					
Bank loans	17	27,319	53,269	–	–
Obligations under finance leases	19	259	657	–	–
Loan due to shareholder	5	32,778	10,000	32,778	10,000
Total non-current liabilities		<b>60,356</b>	63,926	<b>32,778</b>	10,000
<b>Capital, reserves and non-controlling interests</b>					
Share capital	22	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 reserve		(2,363)	(2,363)	(1,491)	(1,491)
Accumulated losses		(14,921)	(19,524)	(202,543)	(126,389)
Equity attributable to owners of the Company		<b>91,999</b>	87,396	<b>3,446</b>	79,600
Non-controlling interests		300	300	–	–
Net equity		<b>92,299</b>	87,696	<b>3,446</b>	79,600
<b>Total liabilities and equity</b>		<b>276,424</b>	316,449	<b>78,516</b>	145,894

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED JUNE 30, 2018

	Note	Group	
		2018 S\$'000	2017 S\$'000
Revenue	23	<b>25,269</b>	134,544
Cost of sales		<b>(17,019)</b>	(121,432)
Gross profit		<b>8,250</b>	13,112
Other income	24	<b>12,254</b>	6,357
Other expenses	25	<b>(956)</b>	(66,272)
General and administrative expenses		<b>(8,269)</b>	(18,266)
Finance costs	26	<b>(7,451)</b>	(9,430)
Share of profit of an associate		–	5,378
Profit (Loss) before income tax	27	<b>3,828</b>	(69,121)
Income tax credit (expense)	28	<b>775</b>	(1,223)
<b>Profit (Loss) for the year</b>		<b>4,603</b>	(70,344)
<b>Other comprehensive loss</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation		–	(231)
<b>Other comprehensive loss for the year, net of tax</b>		–	(231)
<b>Total comprehensive income (loss) for the year</b>		<b>4,603</b>	(70,575)
<b>Earnings (Loss) per share in Singapore cents</b>			
– Basic and diluted	29	<b>0.41</b>	(6.50)

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2018

	Share capital (Note 22) S\$'000	Share premium (Note i) S\$'000	Contributed surplus (Note iv) S\$'000	Equity reserve (Note ii) S\$'000	Translation reserve (Note iii) S\$'000	Accumulated profits (losses) S\$'000	Equity attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total S\$'000
<u>Group</u>									
<b>Balance as at</b>									
<b>July 1, 2016</b>	33,278	26,005	-	3,974	(2,132)	46,846	107,971	300	108,271
<b>Total comprehensive</b>									
<b>loss for the year</b>									
Loss for the year	-	-	-	-	-	(70,344)	(70,344)	-	(70,344)
Other comprehensive loss for the year	-	-	-	-	(231)	-	(231)	-	(231)
Total	-	-	-	-	(231)	(70,344)	(70,575)	-	(70,575)
<b>Transactions with</b>									
<b>owners, recognised</b>									
<b>directly in equity</b>									
Capital reorganisation (Note 22)	(12,063)	-	12,063	-	-	-	-	-	-
Issue of share capital (Note 22)	6,701	43,299	-	-	-	-	50,000	-	50,000
Transfer on redemption of redeemable convertible preference shares ("RCPS") and redeemable exchangeable preference shares ("REPS")	-	-	-	(3,974)	-	3,974	-	-	-
Total	(5,362)	43,299	12,063	(3,974)	-	3,974	50,000	-	50,000
<b>Balance as at</b>									
<b>June 30, 2017</b>	27,916	69,304	12,063	-	(2,363)	(19,524)	87,396	300	87,696
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	4,603	4,603	-	4,603
<b>Balance as at</b>									
<b>June 30, 2018</b>	27,916	69,304	12,063	-	(2,363)	(14,921)	91,999	300	92,299



	Share capital (Note 22) S\$'000	Share premium (Note i) S\$'000	Contributed surplus (Note iv) S\$'000	Translation reserve (Note iii) S\$'000	Accumulated losses S\$'000	Total S\$'000
<u>Company</u>						
<b>Balance as at July 1, 2016</b>	128,624	28,856	–	(1,491)	(44,531)	111,458
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	(81,858)	(81,858)
<b>Transactions with owners, recognised directly in equity</b>						
Capital reorganisation (Note 22)	(126,389)	–	126,389	–	–	–
Issue of share capital (Note 22)	6,701	43,299	–	–	–	50,000
Total	(119,688)	43,299	126,389	–	–	50,000
<b>Balance as at June 30, 2017</b>	8,936	72,155	126,389	(1,491)	(126,389)	79,600
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	(76,154)	(76,154)
<b>Balance as at June 30, 2018</b>	<u>8,936</u>	<u>72,155</u>	<u>126,389</u>	<u>(1,491)</u>	<u>(202,543)</u>	<u>3,446</u>

## Notes:

- (i) The Bermuda Companies Act provides that where a company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called "the share premium account" and the provisions of The Bermuda Companies Act relating to a reduction of share capital shall, except as provided in Section 40 of The Bermuda Companies Act, apply as if the share premium account were paid up share capital for the Company. The share premium account may be applied by the Company in paying for issue of bonus shares, paying for expenses on issue of shares or debentures of the Company and paying premium on redemption of shares and debentures of the Company.
- (ii) Equity reserve represents equity components recognised for REPS and RCPS. As at June 30, 2017, the REPS and RCPS had been fully redeemed. Accordingly, the reserve was reclassified to accumulated losses in equity.
- (iii) Translation reserve represents exchange differences relating to the translation from the functional currency of the Group's foreign associate into S\$; and in 2013, the Company changed its functional currency and presentation currency from RMB to S\$. Accordingly, the exchange differences resulting from translation of assets, liabilities and equity at applicable rate are recognised under the translation reserve.
- (iv) Contributed surplus represents the credit arising from the capital reorganisation through a reduction of par value of each ordinary share in the capital of the Company from US\$0.16 to US\$0.01 pursuant to a special resolution passed by the shareholders at the special general meeting of the Company held on July 29, 2016.

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	Group	
	2018 S\$'000	2017 S\$'000
<b>Operating activities</b>		
Profit (Loss) for the year	4,603	(70,344)
Adjustments for:		
Income tax (credit) expense	(775)	1,223
Bad debt expense	200	259
Loss on change in fair value of derivative financial instrument	–	1,268
Gain on disposal of property, plant and equipment	(107)	(726)
Gain on sale of investment properties	(480)	–
Gain on sale of non-current assets classified as held for sale	(1,603)	–
Depreciation of property, plant and equipment	401	745
Share of profit of an associate	–	(5,378)
Interest expense	7,451	9,430
(Gain) Loss on change in fair value of investment properties	(2,860)	27,223
Impairment loss of property, plant and equipment	500	15,857
Impairment loss of non-current assets classified as held for sale	–	11,459
Diminution in value of properties for sale	456	10,465
Interest income	(70)	(87)
Operating cash flows before movement in working capital	7,716	1,394
Trade and other receivables (Note B)	1,229	3,299
Properties for sale	9,106	21,559
Property under development	–	84,069
Trade and other payables	(16,364)	(71,715)
Cash generated from operations	1,687	38,606
Interest paid	(7,332)	(7,905)
Income tax paid	(563)	(3,843)
Net cash (used in) from operating activities	(6,208)	26,858
<b>Investing activities</b>		
Purchase of property, plant and equipment (Note A)	(70)	(1,471)
Proceeds from disposal of property, plant and equipment	290	1,081
Proceeds from sale of investment properties	4,380	–
Proceeds from sale of non-current assets held for sale	8,800	–
Interest received	70	87
Net cash from (used in) investing activities	13,470	(303)

	Group	
	2018 S\$'000	2017 S\$'000
<b>Financing activities</b>		
Repayment of bank loans	(32,296)	(156,118)
Proceeds from bank loans	47	65,841
Repayment of obligations under finance leases	(543)	(616)
Decrease (Increase) in fixed deposits pledged	5,873	(4,200)
Repayment of a loan to an associate (Note B)	–	(4,400)
Loan from third party	10,000	20,000
Loan from shareholder	32,778	10,000
Repayment of loan from third party	(30,000)	–
Repayment of loan from shareholder	–	(10,000)
Repayment of loan by non-controlling interests	–	1,100
Profit sharing paid to non-controlling interests (Note B)	(1,200)	(2,407)
Redemption of redeemable convertible preference shares	–	(6,000)
Redemption of redeemable exchangeable preference shares	–	(15,000)
Issuance of shares	–	50,000
Net cash used in financing activities	<b>(15,341)</b>	(51,800)
Net decrease in cash and cash equivalents	<b>(8,079)</b>	(25,245)
Cash and cash equivalents at beginning of year	<b>10,783</b>	36,028
<b>Cash and cash equivalents at end of year (Note 6)</b>	<b>2,704</b>	10,783

**Note A:**

During the year, the Group purchased property, plant and equipment with aggregate cost of S\$13,000 (2017: S\$2,657,000), which were funded as follows:

	Group	
	2018 S\$'000	2017 S\$'000
Cash	13	1,471
Trade and other payables	–	1,186
	–	2,657

During the year, the Group also settled an amount due to suppliers of S\$57,000 for property, plant and equipment purchased in 2017.

**Note B:**

During the year, the Group settled a loan due to an associate and a payable to non-controlling interests by offsetting against trade and other receivables, amounting to S\$1,600,000 and S\$4,293,000 (2017: S\$ Nil and S\$ Nil) respectively.

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 1 GENERAL

The Company is incorporated in Bermuda with its principal place of business and registered office at 701 Sims Drive, #02-06, LHK Building, Singapore 387383 and Clarendon House, 2 Church Street, Hamilton HM11 Bermuda respectively. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore Dollars ("S\$").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries, joint venture and associate are disclosed in Notes 13, 14 and 15 to the financial statements respectively.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended June 30, 2018 were authorised for issue by the Board of Directors on October 2, 2018.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** – The financial statements have been prepared in accordance with the historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of International Financial Reporting Standards ("IFRSs").

The Group is in a net current liabilities position of S\$11.1 million (2017: net current assets position of S\$8.8 million) as at June 30, 2018 and generated profit of S\$4.6 million (2017: loss of S\$70.3 million) for the year then ended. The accompanying financial statements for the year ended June 30, 2018 have been prepared using the going concern assumption as the directors are confident that the Group is able to generate adequate cash flows and obtain sufficient funding so as to discharge liabilities in the normal course of business for the foreseeable future.

The appropriateness of the use of the going concern assumption is dependent on the continuous support from the suppliers, sub-contractors, creditors and financial institutions in relation to the credit/loan facilities made available to the Group and the additional funding and support from the Company's shareholder, Haiyi Holdings Pte. Ltd., to the Group and the Company.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**ADOPTION OF NEW AND REVISED STANDARDS** – On July 1, 2017, the Group adopted all the new and revised IFRSs, amendments to IFRSs issued by the International Accounting Standards Board and the Interpretations thereof issued by the IFRS Interpretations Committee (“IFRIC”) that are effective from that date and are relevant to its operations. The adoption of these new/revised IFRSs and amendments to IFRSs does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following IFRSs, amendments to IFRSs and IFRIC that are relevant to the Group and the Company were issued but not effective:

- IFRS 9 *Financial Instruments*<sup>1</sup>
- IFRS 15 *Revenue from Contracts with Customers*<sup>1</sup>
- IFRS 16 *Leases*<sup>2</sup>
- Amendments to IAS 40 *Transfers of Investment Property*<sup>1</sup>
- Annual Improvements to IFRSs: 2014-16 Cycle<sup>1</sup>
- Annual Improvements to IFRSs: 2015-17 Cycle<sup>2</sup>
- Amendments to References to the Conceptual Framework in IFRS Standards<sup>3</sup>
- IFRIC 23 *Uncertainty over Income Tax Treatments*<sup>2</sup>

1 Applies to annual periods beginning on or after January 1, 2018.

2 Applies to annual periods beginning on or after January 1, 2019, with early application permitted.

3 Applies to annual periods beginning on or after January 1, 2020, with early application permitted.

4 Application has been deferred indefinitely, however, early application is still permitted.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management anticipates that the adoption of the above IFRSs, amendments to IFRSs and IFRIC in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

### **IFRS 9 *Financial Instruments***

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 that may be relevant to the Group and the Company are described as below:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in fair value of the financial liability that is attributable to changes in credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

On initial application of IFRS 9, management anticipates that the Group will need to account for expected credit losses and expect to use historical experience, modified by any future change such as credit risk of the customers. Additional disclosures may be made with respect of loans and receivables, including any significant judgement and estimation made. Based on the assessment by the management, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at July 1, 2018 would be slightly increased as compared to the accumulated amount recognised under IAS 39 mainly attributable to expected credit losses provision on trade and other receivables. Such further impairment recognised under expected credit loss model would reduce the opening retained profits and increase the unrecorded deferred tax assets at July 1, 2018 but will not have a material impact on the Group's financial performance in the foreseeable future.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Management anticipates that the initial application of the new IFRS 15 will result in certain additional disclosures in the financial statements with respect of revenue recognition, including whether any significant judgement and estimation were involved. Management has identified the performance obligations with respect to the various revenue streams of the Group. Based on the performance obligations identified, management has assessed that the current recognition method for the material streams of revenue will continue to be appropriate under IFRS 15. Accordingly, the application of the new requirement may result in additional disclosures as indicated above but will not have a material impact on the Group’s financial performance in the foreseeable future.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

Management anticipates that the initial application of the new IFRS 16 will result in certain additional disclosures in the financial statements with respect of leases, including whether any significant judgement and estimation were involved. As at June 30, 2018, the Group has certain non-cancellable operating lease commitments. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of the new requirement may result in changes in measurement and presentation as indicated above but it is not practicable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application until management completes the assessment.

**BASIS OF CONSOLIDATION** – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### IFRS 16 *Leases* (Continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In the Company's financial information, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**BUSINESS COMBINATIONS** – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the IFRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held For Sale and Discontinued Operations* are measured in accordance with that standard.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **IFRS 16 Leases** (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

**NON-CURRENT ASSETS HELD FOR SALE** – Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**FINANCIAL INSTRUMENTS** – Financial assets and financial liabilities are recognised on the statement of financial position when a Group entity becomes a party to the contractual provisions of the instruments.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial assets

Financial assets are classified as “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and cash equivalents, trade and other receivables (exclude prepayments) and loan due from non-controlling interests) are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Financial assets** (Continued)

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownerships of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

### **Financial liabilities and equity instruments**

#### Classification as debt or equity

Debts and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, except for short-term payables where the recognition of interest would be immaterial.

Interest-bearing loans and overdrafts are initially measured at fair values, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

#### Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period.

The stage of completion is measured by the proportion of certified contract value of work performed to date relative to the estimated total contract value.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, depreciation and hire of equipment, interest expense, subcontract cost and estimated costs of rectification and guarantee work, including expected warranty costs.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

PROPERTIES FOR SALE – Properties for sale are stated at lower of cost and net realisable value. Cost is determined by apportionment of the total land cost, development costs and capitalised borrowing costs based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

#### The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

#### The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the period in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the relevant lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is charged so as to write off the cost of assets, other than property under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold properties	–	100 years
Leasehold land and building	–	Over the lease term
Computer equipment	–	3 to 5 years
Machinery	–	5 years
Motor vehicles	–	4 to 5 years
Office furniture and fittings	–	3 to 5 years
Renovation	–	3 to 5 years

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

#### The Group as lessee (Continued)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated assets are retained in the book of accounts until they are no longer in use.

INVESTMENT PROPERTIES – Investment properties, which are properties held to earn rentals and/or for capital appreciation, including properties under construction for such purposes, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfers are made to investment properties when and only when there is a change in use. For a transfer from properties for sale to investment property, the deemed costs of property for subsequent accounting is its fair value at the date of change in use.

INVESTMENT IN ASSOCIATE AND JOINT VENTURE – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

#### The Group as lessee (Continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

**IMPAIRMENT OF TANGIBLE ASSETS** – At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing 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 which the estimates of future cash flows have not been adjusted.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

#### The Group as lessee (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**PROVISIONS** – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**REVENUE RECOGNITION** – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for discount and sales related taxes.

- (i) Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see above).
- (ii) Revenue from property development for sales is recognised when the respective properties have been completed and the risks and rewards of ownership have been transferred to the purchaser either through the transfer of legal title or equitable interest in a property.
- (iii) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- (iv) Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

**BORROWING COSTS** – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

#### The Group as lessee (Continued)

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**RETIREMENT BENEFIT COSTS** – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**EMPLOYEE LEAVE ENTITLEMENT** – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**INCOME TAX** – Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax** – The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before income tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

**Deferred tax** – Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences associated with investments in subsidiaries, associate and joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

#### The Group as lessee (Continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. The Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

*Current and deferred tax for the year* – Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** – The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the respective entities operate (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are translated into Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the header of translation reserve.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Financial liabilities and equity instruments** (Continued)

#### The Group as lessee (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Goodwill and fair value adjustments assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange difference arising are recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Classification and valuation of non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying values will be recovered principally through a sale transaction rather than through continuing use. The determination if and when non-current assets and disposal groups should be classified as held for sale requires management's judgement considering all facts and circumstances relating to the potential transaction.

One of the conditions that must be satisfied for classification as held for sale is that the sale is highly probable within one year. To qualify as highly probable, the appropriate level of management must demonstrate that they are committed to a plan to sell the assets or disposal group in its present condition, and that such transaction will happen within 12 months on reclassification. Investment in associate and available-for-sale investment are classified as held for sale since June 30, 2017.

### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### **Critical judgements in applying the Group's accounting policies** (Continued)

##### Classification of non-current assets held for sale (Continued)

Whilst 12 months have lapsed, management remains committed to the plan to divest these investments and the delay in the sale was primarily caused by events and circumstances beyond the Group's control. Management has taken actions necessary to respond to the changes in circumstances and the investments are currently being actively marketed at reasonable prices. Management is of the view that these investments are available for immediate sale and whilst there is interest shown by some parties, the terms and conditions are still being negotiated. Disposals of these investments are therefore deemed highly probable within the next 12 months.

Non-current assets held for sale are measured at the lower of carrying value and estimated fair value less costs to sell. Management has performed an overall assessment based on current market conditions and discussions with the interested buyers, and is of the view that the net recoverable amount of the non-current assets held for sale is expected to be not lower than the carrying amount at the end of the reporting period. See Note 10 for more information.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### Carrying amounts of properties for sale

The aggregate carrying amount of properties for sale is approximately S\$35.3 million as at June 30, 2018 (2017: S\$67.9 million), and details of which are disclosed in Note 9. It is stated at the lower of cost and net realisable value, assessed on an individual project basis.

When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, i.e. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for each property is subject to management's judgement and the effect of assumptions in respect of development plans, timing of sale, selling prices for comparable development and the prevailing market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

##### Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The finance team, who reports to the Board of Directors of the Company, determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation on a yearly basis. The finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The finance team reports the findings to the Board of Directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 4 and 9.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

### (a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	<b>26,289</b>	48,281	<b>51,477</b>	59,661
<b>Financial liabilities</b>				
Payables, at amortised cost	<b>181,815</b>	224,940	<b>75,070</b>	66,294

### (b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

#### Group

#### 2018

#### Financial assets

Type of financial asset	(a) Gross amounts of recognised financial asset S\$'000	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position S\$'000	(c) = (a) – (b) Net amounts of financial assets presented in the statement of financial position S\$'000
Loan due from non- controlling interests	<b>9,250</b>	<b>(8,920)</b>	<b>330</b>

#### 2017

#### Financial assets

Type of financial asset	(a) Gross amounts of recognised financial asset S\$'000	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position S\$'000	(c) = (a) – (b) Net amounts of financial assets presented in the statement of financial position S\$'000
Loan due from non- controlling interests	<b>9,250</b>	<b>(8,920)</b>	<b>330</b>

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

##### (b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (Continued)

###### Company

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements in 2018 and 2017.

##### (c) Financial risk management policies and objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

###### (i) Foreign exchange risk management

The Group is exposed to minimal foreign exchange rate risk as the financial assets and financial liabilities are mainly denominated in respective functional currency of the Group entity. Any movement in foreign exchange rate is unlikely to have a significant impact in the results of the Group. Accordingly, no sensitivity analysis is prepared.

###### (ii) Interest rate risk management

The Group's exposure to interest rate risk relates primarily to fixed deposits and debt obligations. The interest rates for loan due to shareholder, fixed deposits, bank loans and overdrafts, obligations under finance leases, and loan due to a third party are indicated in Notes 5, 6, 17, 19, and 20 respectively. The Group manages interest cost by using a mixture of fixed and variable rate debts.

The borrowing costs related to property development projects are capitalised as cost of property development (Note 9). All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

### (c) Financial risk management policies and objectives (Continued)

#### (ii) Interest rate risk management (Continued)

##### *Interest rate sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and on the assumption that the change took place at the beginning of the reporting period and is held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions.

In 2017, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the amount of interest capitalised as part of the Group's development properties would have increased/decreased by S\$142,000. In 2018, there was no interest capitalised as part of the Group's development properties.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before income tax (2017: loss before income tax) for the year ended June 30, 2018 would have decreased/increased by S\$551,000 (2017: increased/decreased by S\$570,000).

#### (iii) Credit risk management

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties represents the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position of the Group.

The Group's exposure to credit risk on receivables arising from the sale of industrial property units is not significant as such payments are usually arranged through loans taken up by customers with reputable financial institutions.

The Group carries out construction work for both public and private sectors. Credit risks are taken into consideration in the decision to participate in tenders for construction contracts.

In addition, rental deposits are received as security from tenants of its investment properties.

The Group monitors its potential losses on credit extended. An allowance for impairment on the receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Trade receivables amounts presented in the statement of financial position are net of allowances for doubtful receivables.



#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

##### (c) Financial risk management policies and objectives (Continued)

###### (iii) Credit risk management (Continued)

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Note 7.

The Group also has concentration of credit risk by geographical location as all of the customers are located in Singapore.

The credit risk on bank balances and fixed deposits are limited because the counterparties are banks with good reputation and good credit rating.

###### (iv) Liquidity risk management

As at June 30, 2018, the Group's current liabilities exceeded its current assets by S\$11.1 million (2017: current assets exceeded its current liabilities by S\$8.8 million) and current liabilities due on demand or within one year from the end of the reporting period amounted to S\$123.8 million (2017: S\$164.8 million).

In managing the Group's liquidity risk, management has prepared a one-year cash flow forecast of the Group for the year ending June 30, 2019 based on the following significant input assumptions:

- (i) The cash collection from the expected sales as well as expected leasing arrangements of the Group's properties for sale (Note 9) and investment properties (Note 12) will generate additional cash flows to meet its obligations.
- (ii) The Group expects to obtain the strata title for certain properties for sale (Note 9) within the next financial year, upon which the Group may bill and collect the remaining 8% of the purchase price from its buyers.
- (iii) The plan to complete the disposal of the Group's associated companies, Pan Asia Logistics Investment Holdings Pte. Ltd. and its subsidiaries ("PALIH"), and available-for-sale investments, Pan Asia Logistics Holdings Singapore Pte. Ltd. ("PAL Holdings"), which are accounted as non-current assets classified as held for sale (Note 10), within the next twelve months after the reporting period, for sale proceeds of S\$49 million. Some of the proceeds will be used to partially settle the loan due to shareholder (Note 5).

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

### (c) Financial risk management policies and objectives (Continued)

#### (iv) Liquidity risk management (Continued)

- (iv) The deferment of loan repayment for the short-term shareholder's loan due to Haiyi Holdings Pte. Ltd. ("Haiyi") with an outstanding amount of S\$20 million as at June 30, 2018 to the financial year ending June 30, 2020. In addition, the Group has S\$8 million undrawn loan facility from Haiyi as at June 30, 2018.
- (v) The plan and discussions between management and financial institution on refinancing of the existing bank loans. Subsequent to year end, the Group successfully obtained refinancing arrangement on a loan of S\$29 million that was originally due within the financial year ending June 30, 2019. Management is confident of obtaining similar refinancing arrangement for bank loans amounting to S\$29.6 million.
- (vi) Management is confident that they can continue to obtain additional funding and support from Haiyi if required.

After reviewing the cash flow forecasts of the Group for the year ending June 30, 2019 prepared on the above basis, and taking account of reasonably possible changes in business performance, management is of the view that the Group will be able to have sufficient resources to meet its financial liabilities as they fall due.

The Group minimises liquidity risk by keeping committed credit lines available.

As at June 30, 2018, the Group has S\$256,000 (2017: S\$376,000) of available and undrawn committed bank credit facilities.

#### *Liquidity risk analysis*

#### Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the difference between the discounted cash flows and the carrying amount of the financial liability on the statements of financial position. The undiscounted cash flow for variable interest rate instruments are subject to change if changes in variable interest rates differs to those estimates of interest rates determined at the end of the reporting period.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

## (c) Financial risk management policies and objectives (Continued)

## (iv) Liquidity risk management (Continued)

*Liquidity risk analysis* (Continued)Non-derivative financial liabilities (Continued)

Group	Weighted average effective interest rate %	On demand or within 1 year S\$'000	Within 2 to 5 years S\$'000	After 5 years S\$'000	Adjustment S\$'000	Total S\$'000
<u>2018</u>						
Non-interest bearing	N/A	18,421	-	-	-	18,421
Bank overdrafts	5.6	3,056	-	-	(162)	2,894
Obligations under finance leases	4.4	212	319	-	(90)	441
Other fixed rate instruments	4.8	21,709	32,912	-	(1,843)	52,778
Other variable interest rate instruments	2.9	82,063	12,743	18,826	(6,351)	107,281
		<u>125,461</u>	<u>45,974</u>	<u>18,826</u>	<u>(8,446)</u>	<u>181,815</u>
<u>2017</u>						
Non-interest bearing	N/A	41,651	-	-	-	41,651
Bank overdrafts	5.8	2,933	-	-	(158)	2,775
Obligations under finance leases	2.3	376	754	25	(171)	984
Other fixed rate instruments	8.0 – 9.6	31,847	10,169	-	(2,016)	40,000
Other variable interest rate instruments	2.5	91,165	48,873	6,922	(7,430)	139,530
		<u>167,972</u>	<u>59,796</u>	<u>6,947</u>	<u>(9,775)</u>	<u>224,940</u>

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

### (c) Financial risk management policies and objectives (Continued)

#### (iv) Liquidity risk management (Continued)

*Liquidity risk analysis* (Continued)

Non-derivative financial liabilities (Continued)

Company	Weighted average effective interest rate %	On demand or within 1 year S\$'000	Within 2 to 5 years S\$'000	After 5 years S\$'000	Adjustment S\$'000	Total S\$'000
2018						
Non-interest bearing	N/A	22,292	-	-	-	22,292
Other fixed rate instruments	4.8	21,709	32,912	-	(1,843)	52,778
		<b>44,001</b>	<b>32,912</b>	<b>-</b>	<b>(1,843)</b>	<b>75,070</b>
2017						
Non-interest bearing	N/A	26,294	-	-	-	26,294
Other fixed rate instruments	8.0 – 9.6	31,847	10,169	-	(2,016)	40,000
		<b>58,141</b>	<b>10,169</b>	<b>-</b>	<b>(2,016)</b>	<b>66,294</b>

Non-derivative financial assets

All financial assets of the Group and the Company in 2018 and 2017 are non-interest bearing and repayable on demand or current except for fixed deposits as disclosed in Note 6.

#### (v) Fair value of financial assets and financial liabilities

The carrying amounts of the Group's and the Company's financial assets and financial liabilities recognised in the financial statements approximate their respective fair values in 2018 and 2017 due to their relatively short-term maturity, unless otherwise disclosed in the respective notes to financial statements.

### (d) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of bank borrowings and equity attributable to owners of the Group, comprising issued capital, reserves net of accumulated losses.

#### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

##### (d) Capital management policies and objectives (Continued)

In addition, the Group also specifically monitors the financial ratio of its debt covenants stated in the agreements with the financial institutions providing the facilities to the Group. The Group is in compliance with externally imposed capital requirements for the financial year ended June 30, 2018 for the facilities that has been utilised by the Group except for a financial covenant which was not met. The balance of loan is not reclassified to current liabilities as the banker has granted accommodation on the breach of the bank covenant before the end of the reporting period (Note 17).

The corresponding loan as at June 30, 2017 was classified as current liability as it did not meet a financial covenant as stipulated within the loan agreement. The Group, however, obtained a letter of waiver of the covenant subsequent to the year ended June 30, 2017.

The Group reviews the capital structure on an annual basis. The Group's overall strategy remains unchanged from 2017.

#### 5 RELATED COMPANIES AND OTHER RELATED PARTIES TRANSACTIONS

Related companies in these financial statements refer to members of the Company's group of companies. Related parties refer to associate, joint venture, directors, and companies which directors have a beneficial interest in.

Some of the Group's transactions and arrangements are with related parties and related companies and the effect of these on the basis determined between the parties is reflected in these financial statements.

Loan due from non-controlling interests is unsecured, interest-free and repayable on demand.

In 2017, loan due to an associate was unsecured, interest-free and repayable within 30 days from the date of request in writing by the associate. During the year, this loan was settled.

The Company has three (2017: two) loans due to shareholder, Haiyi, as follows:

- (i) An unsecured loan of S\$10 million (2017: S\$10 million) which bears interest of 4.8% per annum (2017: 0.8% per month). The loan was initially due in November 2017 and has been extended till July 2018. Subsequent to year end, the Company was granted deferment of loan repayment till July 2020.
- (ii) An unsecured loan of S\$10 million (2017: S\$10 million) which bears interest of 4.8% per annum (2017: 8% per annum). The loan was initially due in September 2018 and has been extended till November 2018. Subsequent to year end, the Company was granted deferment of loan repayment till July 2020.
- (iii) A secured loan of S\$32.8 million (2017: S\$Nil) which bears interest of 4.8% per annum. The loan is due in July 2019. The loan is secured on the Group's entire shareholding in PALIH and PAL Holdings (Notes 15 and 16).

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 5 RELATED COMPANIES AND OTHER RELATED PARTIES TRANSACTIONS (CONTINUED)

Management is of the view that the carrying amounts of the loans due to shareholder recognised in the financial statements approximate their respective fair values in 2018 and 2017 as they approximate market interest rate.

The interest arising from the loans due to shareholder is disclosed in Note 26.

Other receivables or payables with intercompany balances, including subsidiaries, joint venture and related parties are unsecured, interest-free and repayable on demand. Details of the balances are disclosed in Notes 7 and 18.

In addition to the related party transactions disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Group with related parties:

	Group	
	2018 S\$'000	2017 S\$'000
<u>Shareholder</u>		
Interest on loan from shareholder	<b>1,021</b>	1,932
<u>Director</u>		
Advisory services	–	51
<u>Joint venture</u>		
Management fee income	–	(290)
<u>Related parties – entities in which directors have interests in</u>		
Sale of property	<b>8,800</b>	–
Rental commission	<b>99</b>	–

### Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the years were as follows:

	Group	
	2018 S\$'000	2017 S\$'000
Short-term benefits	<b>1,045</b>	1,531
Post-employment benefit	<b>46</b>	71
	<b>1,091</b>	1,602

The remunerations of directors and other members of key management is determined by the remuneration committee having regard to the performance of the individuals and market trends.

**6 CASH AND CASH EQUIVALENTS**

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Cash at bank	<b>5,598</b>	13,558	<b>52</b>	21
Fixed deposits	<b>827</b>	6,700	–	–
Cash and bank balances	<b>6,425</b>	20,258	<b>52</b>	21
Less: Bank overdrafts (Note 17)	<b>(2,894)</b>	(2,775)	–	–
Less: Fixed deposits (pledged)	<b>(827)</b>	(6,700)	–	–
Cash and cash equivalents in the statement of cash flows	<b>2,704</b>	10,783	<b>52</b>	21

Cash and cash equivalents comprise cash at bank and short-term bank deposits with an original maturity of one year or less.

The fixed deposits are pledged for the bank loan facilities for working capital purposes (Note 17). They bear an effective interest rate of 1.35% (2017: 0.75% to 1%) per annum and for tenure of three months (2017: three months to one year).

Included in the cash at bank of the Group is an amount of approximately S\$2.4 million (2017: S\$9.9 million), withdrawals from which are restricted to i) payments for approved expenditure incurred in relation to properties for sale (Note 9) and, ii) repayment of certain bank loans.

**7 TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Trade receivables from outside parties	<b>17,500</b>	23,666	–	–
Due from customer for contract work (Note 8)	–	1,569	–	–
Other deposits	<b>230</b>	223	<b>3</b>	3
Advance payments to suppliers	<b>556</b>	825	<b>39</b>	62
Deferred expenses	<b>1,507</b>	401	–	–
Other receivables from:				
– Third parties	<b>845</b>	1,608	<b>20</b>	37
– Subsidiaries (Note 5)	–	–	<b>51,402</b>	59,600
– Joint venture (Note 5)	<b>959</b>	627	–	–
	<b>21,597</b>	28,919	<b>51,464</b>	59,702

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 7 TRADE AND OTHER RECEIVABLES (CONTINUED)

In determining the recoverability of other receivables due from third parties at the end of the reporting period, the Group considers any change in the credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period. Management has assessed the credit worthiness of the other receivables. Other receivables are not past due and not impaired.

Trade receivables arise from sales of properties, rental income derived from investment properties, and revenue from construction activities.

Considerations in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, certain portions are received on or before the date of delivery of the properties to customers which are recorded as advance payments from customers (Note 18).

The average credit period is approximately 14 to 60 days (2017: 14 to 60 days). No interest is charged on the outstanding trade receivables. Allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. There are no customers who represent more than 5% of the total balance of trade receivables. During the year ended June 30, 2018, the Group wrote off bad debts amounting to S\$200,000 (2017: S\$259,000) as management assessed that these receivables to be not recoverable.

Aging of trade receivables presented based on payment due date:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Not past due and not impaired <sup>(i)</sup>	<b>9,150</b>	17,442
Past due but not impaired <sup>(ii)</sup>	<b>8,350</b>	6,224
Total trade receivable, net	<b>17,500</b>	23,666

(i) There has not been a significant change in credit quality of these trade receivables that are not past due and not impaired.

(ii) Aging of receivables that are past due but not impaired:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<3 months	<b>4,227</b>	1,065
3 months to 6 months	<b>37</b>	640
6 months to 12 months	<b>22</b>	3,825
>12 months	<b>4,064</b>	694
	<b>8,350</b>	6,224

The Group has not provided impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience.



**8 CONSTRUCTION CONTRACTS**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Contract costs incurred plus recognised profit	–	17,651
Less: Progress billings	–	(16,096)
	<b>–</b>	<b>1,555</b>

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Analysis for reporting purposes as:		
Amounts due from customers for contract work included in trade and other receivables (Note 7)	–	1,569
Amounts due to customers for contract work included in trade and other payables (Note 18)	–	(14)

Retention monies held by customers for construction work amounted to S\$Nil (2017: S\$436,000) are included within the Group's "trade receivables" (Note 7) and are classified as current as they are expected to be received within the Group's normal operating cycle.

**9 PROPERTIES FOR SALE**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cost incurred for properties for sale	<b>40,783</b>	78,365
Less: Allowance for diminution in value	<b>(5,448)</b>	(10,465)
Net properties for sale	<b>35,335</b>	67,900

Movement in the allowance of diminution in value

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Balance at beginning of the year	<b>10,465</b>	–
Charge to profit or loss (Note 25)	<b>456</b>	10,465
Utilised during the year	<b>(5,473)</b>	–
Balance at end of the year	<b>5,448</b>	10,465

All of the Group's development properties are mortgaged to banks as security for credit facilities obtained by the Group (Note 17).

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 10 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The major classes of assets classified as held for sale are as follows:

	<b>S\$'000</b>
Non-current assets classified as held for sale as at July 1, 2016	–
Additions in 2017:	
Investment in associates, transferred (Note 15)	43,846
Impairment loss on assets held for sale	(3,846)
Net investment in associates (i)	40,000
Available-for-sale investment, transferred (Note 16)	16,257
Impairment loss on assets held for sale	(7,257)
Net available-for-sale investment (i)	9,000
Investment properties, transferred (Note 12)	4,000
Impairment loss on assets held for sale	(44)
Net investment properties (ii)	3,956
Property, plant and equipment, transferred (Note 11)	3,553
Impairment loss on assets held for sale	(312)
Net property, plant and equipment (ii)	3,241
Non-current assets classified as held for sale as at June 30, 2017	56,197
Less: Investment properties and property, plant and equipment sold	(7,197)
Non-current assets classified as held for sale as at June 30, 2018	49,000

### (i) Share Sale of Entire Minority Interests in Pan Asia Logistics Investments Holdings Pte. Ltd. ("PALIH") and Pan Asia Logistics Holdings Singapore Pte. Ltd. ("PAL Holdings")

On March 9, 2017, the Group entered into conditional share sale agreements below to dispose of its entire interests in the below investments:

- i. 40% shareholding interests in an associate, PALIH to PAL Holdings (Note 15); and
- ii. 15% shareholding interests in PAL Holdings, accounted for as available-for-sale investment ("AFS Investment"), to Bischoff Christian Paul ("BCP") (Note 16).

As at June 30 2017, the Group reclassified both investments as non-current assets held for sale and the carrying amounts of the investments in PALIH and PAL Holdings were written down to their realisable value of S\$40 million and S\$9 million respectively. Accordingly, the Group ceased to equity account its shares of associate's results pursuant to the reclassification.

During the year ended June 30, 2018, PAL Holdings and BCP (collectively as the "Purchasers") separately informed in writing that they were each not in the position to proceed with completion. Both parties are liable to pay the Group 3.3% of the purchase price as liquidated damages. The Group has recognised the liquidated damages of S\$1,617,000 as other income for the year ended June 30, 2018 (Note 24). The amount due from BCP of S\$297,000 remains uncollected as at the date of this report.

**10 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)****(i) Share Sale of Entire Minority Interests in Pan Asia Logistics Investments Holdings Pte. Ltd. ("PALIH") and Pan Asia Logistics Holdings Singapore Pte. Ltd. ("PAL Holdings") (Continued)**

The delay in FY2018 was caused by events and circumstances beyond the Group's control, i.e. default by the Purchasers and management remains committed to the plan to divest the investment in PALIH and PAL Holdings. Following the non-completion and default by the Purchasers, management has taken actions necessary to respond to the changes in circumstances and the investments are being actively marketed at reasonable prices. PALIH and PAL Holdings are available for immediate sale and whilst there are interests shown by some parties, the terms and conditions are still being negotiated. Disposals of these investments are therefore deemed highly probable within the next 12 months and pricing is expected to be not lower than the carrying amount based on discussions with the interested buyers.

Management has also assessed and is of the view that the sale of the 15% shareholding interests in PAL Holdings to BCP will occur when the deal to divest PALIH materialises. Such arrangement has been communicated with BCP and will be firmed up once the sale of PALIH has been finalised. Management has assessed that the fair value of PAL Holdings is consistent with prior year.

The disposal requires approval by a majority of the Group's shareholders through a formal vote which will take place after the reporting period. At the end of the reporting period, management believes that majority shareholders will vote in favour of the transaction on grounds that similar pricing is offered previously in FY2017 for which approval was granted. Management is also not aware of any circumstances which will cause a majority of the shareholders to vote against the disposal.

**(ii) Sale of Units at LHK Building**

On June 9, 2017, the Company's wholly-owned subsidiary, OKH Holdings Pte. Ltd. ("OKHH") launched a public tender for the proposed sale of the Group's properties (Notes 11 and 12).

On July 11, 2017, OKHH identified the successful bidder as Singhaiyi Capital Pte Ltd (the "Purchaser"), a wholly-owned subsidiary of Singhaiyi Group Ltd, itself a subsidiary of the Group's shareholder. A letter of acceptance in relation to the proposed sale of the Group's properties for a consideration of S\$8.8 million via the public tender was issued to the Purchaser on July 11, 2017.

As at June 30, 2017, the properties which were held as investment properties amounting to S\$4,000,000 and the properties which were held as property, plant and equipment amounting to S\$3,553,000 were reclassified as non-current assets classified as held for sale and the carrying amounts of the investment properties and property, plant and equipment were written down to their realisable value of S\$3,956,000 and S\$3,241,000 respectively.

The sale transaction was completed on August 15, 2017.

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## 11 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties S\$'000	Computer equipment S\$'000	Machinery S\$'000	Motor vehicles S\$'000	Office equipment and fittings S\$'000	Renovation S\$'000	Construction in progress S\$'000	Total S\$'000
Cost:								
At July 1, 2016	3,798	346	1,592	4,199	271	220	25,702	36,128
Additions	-	-	-	-	2	-	2,655	2,657
Disposals	-	(3)	(349)	(2,370)	-	-	-	(2,722)
Transfer (Note 10)	(3,798)	-	-	-	-	-	-	(3,798)
At June 30, 2017	-	343	1,243	1,829	273	220	28,357	32,265
Additions	-	13	-	-	-	-	-	13
Disposals	-	-	(232)	(632)	-	-	-	(864)
At June 30, 2018	-	<b>356</b>	<b>1,011</b>	<b>1,197</b>	<b>273</b>	<b>220</b>	<b>28,357</b>	<b>31,414</b>
Accumulated depreciation:								
At July 1, 2016	207	329	1,053	2,978	230	213	-	5,010
Depreciation for the year	38	13	200	463	24	7	-	745
Transfer (Note 10)	(245)	-	-	-	-	-	-	(245)
Disposals	-	(2)	(319)	(2,046)	-	-	-	(2,367)
At June 30, 2017	-	340	934	1,395	254	220	-	3,143
Depreciation for the year	-	7	127	256	11	-	-	401
Disposals	-	-	(134)	(547)	-	-	-	(681)
At June 30, 2018	-	<b>347</b>	<b>927</b>	<b>1,104</b>	<b>265</b>	<b>220</b>	-	<b>2,863</b>
Impairment:								
Impairment loss recognised in the year ended June 30, 2017 and balance at June 30, 2017	-	-	-	-	-	-	15,857	15,857
Impairment loss recognised in the year	-	-	-	-	-	-	500	500
At June 30, 2018	-	-	-	-	-	-	<b>16,357</b>	<b>16,357</b>
Carrying amount:								
At June 30, 2017	-	3	309	434	19	-	12,500	13,265
At June 30, 2018	-	<b>9</b>	<b>84</b>	<b>93</b>	<b>8</b>	-	<b>12,000</b>	<b>12,194</b>

The carrying amount of property, plant and equipment that are held under finance leases (Note 19) are as follows:

	Group	
	2018 S\$'000	2017 S\$'000
Motor vehicles	95	434
Machinery	57	250

The Group has pledged construction-in-progress to secure banking facilities (Note 17) granted to the Group.

**11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

The Group's leasehold land and building is located in Singapore with a lease term of 5.5 years commencing from February 2013. Subsequently, the Group obtained approval-in-principle to extend the lease term approximately for an additional 19 years, subject to fulfilling certain conditions, including capital investment over the land with an amount of at least approximately S\$22 million within 3 years from November 2013. In August 2016, the completion date was extended to June 2017. Accordingly, the Group classified this under construction-in-progress. In September 2016, management was granted time extension to defer the completion date from June 2017 to May 2018. In April 2018, management was granted a further time extension to defer the completion date to November 2019.

During the year ended June 30, 2018, an impairment loss of S\$500,000 (2017: S\$15,857,000) was recorded due to a diminution in value of the construction-in-progress based on valuation carried out by United Valuers Pte Ltd, independent qualified professional valuers not connected with the Group, who has the appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at on the basis of existing use, and was performed in accordance with International Valuation Standards.

**12 INVESTMENT PROPERTIES**

	Group	
	2018 S\$'000	2017 S\$'000
<b>At fair value</b>		
Balance at beginning of the year	<b>129,580</b>	127,480
Transfer from properties for sale	<b>23,003</b>	33,323
Sale of investment properties during the year	<b>(3,900)</b>	-
Transfer to assets classified as held for sale (Note 10)	-	(4,000)
Change in fair value included in profit or loss (Note 27)	<b>2,860</b>	(27,223)
Balance at end of the year	<b>151,543</b>	129,580

All of the Group's property interests held under operating leases to earn rentals are classified and accounted for as investment properties and are measured using the fair value model.

Investment properties are recognised as non-current assets classified as held for sale when the approval to divest some of the investment properties to Singhaiyi Capital Pte. Ltd. was obtained from the shareholders during the special general meeting held on May 12, 2017. Matters relating to the divestiture are fully described in Note 10 (ii).

As at June 30, 2018, the fair value of the Group's investment properties amounting to S\$151,543,000 (2017: S\$129,580,000) has been arrived at on the basis of a valuation carried out by United Valuers Pte. Ltd., independent qualified professional valuers not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

# NOTES TO FINANCIAL STATEMENTS

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## 12 INVESTMENT PROPERTIES (CONTINUED)

The valuations of completed investment properties are determined by:

- market comparable approach that reflects recent sales transaction prices for similar properties; and
- income capitalisation approach, which is arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

There has been no change in the valuation technique used in prior years. In estimating the fair value of the properties, highest and best use of the properties is their current use.

### Fair value measurement of the Group's investment properties

Details of the Group's investment properties and information about the fair value hierarchy as at June 30, 2018 and 2017 are as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value as at June 30, 2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Investment properties	–	–	<b>151,543</b>	<b>151,543</b>
				<b>Fair value as at June 30, 2017</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>S\$'000</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Investment properties	–	–	129,580	129,580

There were no transfers between the respective levels during the year.

**12 INVESTMENT PROPERTIES (CONTINUED)**

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

**2018**

<b>Location and name of properties</b>	<b>Type of properties</b>	<b>Valuation technique(s)</b>	<b>Significant unobservable input(s)</b>	<b>Range</b>
46 & 58 Kim Yam Road The Herencia Singapore 239351	Commercial leasehold office	Income capitalisation method	market rent per square foot per month <sup>(1)</sup>  capitalisation rate <sup>(2)</sup>	S\$4.20  8.5%
69H Tuas South Avenue 1 Seatown Industrial Centre Singapore 637509	Dormitory	Income capitalisation method	market rent per bed space per month <sup>(1)</sup>  capitalisation rate <sup>(2)</sup>	S\$100 – S\$200  5.5%
12 Tai Seng Link Singapore 534233	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$389 – S\$453
56 Loyang Way Singapore 508775 <sup>(a)</sup>	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$250 – S\$440
2 Buroh Crescent Singapore 627546 <sup>(b)</sup>	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$195 – S\$490

(a) The units are #01-03/04/05/09/10/11/12/13/14/15, #02-03/09/10/11/12/14/16/22/23/24, #03-04/14/19, #04-01/04/11/12/13/14, #05-03/04/05/06, and #06-01/03.

(b) The units are #01-18, #06-02/03/04, and #08-01.

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 12 INVESTMENT PROPERTIES (CONTINUED)

2017

<b>Location and name of properties</b>	<b>Type of properties</b>	<b>Valuation technique(s)</b>	<b>Significant unobservable input(s)</b>	<b>Range</b>
46 & 58 Kim Yam Road The Herencia Singapore 239351	Commercial leasehold office	Income capitalisation method	market rent per square foot per month <sup>(1)</sup>  capitalisation rate <sup>(2)</sup>	S\$4.24  8.5%
69H Tuas South Avenue 1 Seatown Industrial Centre Singapore 637509	Dormitory	Income capitalisation method	market rent per bed space per month <sup>(1)</sup>  capitalisation rate <sup>(2)</sup>	S\$90 – S\$200  5.5% – 7.25%
12 Tai Seng Link Singapore 534233	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$423 – S\$471
56 Loyang Way Singapore 508775 <sup>(a)</sup>	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$230 – S\$430
2 Buroh Crescent Singapore 627546 <sup>(b)</sup>	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$255

(a) The units are #01-03/04/05/09/10/11/12/13/14/15, #02-03/05/22/23/24, #03-04/14/19, #04-01/11/12/13/14, #05-03/05/06/07, and #06-01/03.

(b) The units are #06-03/04.

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

Certain of the Group's investment properties are mortgaged to banks as security for credit facilities obtained by the Group (Note 17).



**12 INVESTMENT PROPERTIES (CONTINUED)**

The carrying amounts of investment properties shown above comprise properties situated on land in Singapore:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Lease term more than 50 years	<b>23,000</b>	22,000
Lease term within 10 to 50 years	<b>127,143</b>	105,780
Lease term less than 10 years	<b>1,400</b>	1,800
	<b>151,543</b>	129,580

The gross rental income and direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Gross rental income (Note 23)	<b>15,305</b>	11,571
Direct operating expenses	<b>6,344</b>	6,222

**13 INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Unquoted equity shares, at cost	<b>143,918</b>	143,918
Less: Impairment loss	<b>(116,918)</b>	(57,747)
	<b>27,000</b>	86,171

**Movement in impairment loss**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Balance at beginning of the year	<b>57,747</b>	6,500
Impairment charged during the year	<b>59,171</b>	51,247
Balance at end of the year	<b>116,918</b>	57,747

# NOTES TO FINANCIAL STATEMENTS

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## 13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

In 2018, the Company carried out a review of the recoverable amount of its investments in subsidiaries. Arising from the review, an impairment loss of S\$59,171,000 (2017: S\$51,247,000) was recognised mainly attributable to the reduction in the carrying value of OKH Holdings Pte. Ltd. as a result of its uncertain future cash flow due to the decrease in number of external construction contracts.

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name	Country of incorporation and operations	Company's proportion of ownership interest and voting power held		Principal activities
		2018 %	2017 %	
OKH Holdings Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Construction activities
OKH Management Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Property development
OKH Development Pte. Ltd. <sup>(1)(2)</sup>	Singapore	85	85	Property development
Foxx Media Pte. Ltd. <sup>(3)</sup>	Singapore	–	100	Advertising and related activities
Green Synergy Pte. Ltd. <sup>(3)</sup>	Singapore	–	100	Building construction activities
OKH (Woodlands) Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Property development and investment properties
Galaxia Development Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Investment properties
OKH Loyang Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Property development
OKH Buroh Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Property development
OKH Transhub Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Investment holding
OKH Spaze Pte. Ltd. <sup>(3)</sup>	Singapore	–	100	Property development
Chronoz Investment Holding Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Investment holding
OKH Capital Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Treasury management
OKH China Pte. Ltd. <sup>(3)</sup>	Singapore	–	100	Investment holding

**13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)****Notes:**

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Pursuant to the shareholders' transfer agreement signed between OKH Holdings Pte. Ltd. ("OKHH") and a third party, ZACD (Woodlands) Pte. Ltd. ("ZACD") on April 5, 2013 (as superseded and varied by a further shareholders' agreement dated October 11, 2013), ZACD agreed to acquire a 15% equity interest in OKH Development Pte. Ltd. ("OKHD") at a total consideration of S\$300,000. Based on the terms of the agreement, ZACD would only limit its participation in OKHD only to the business relating to the development and sale of the units in a certain development project of OKHD (the "Business"). The agreement between OKHH and ZACD entitled each party to 70% and 30% of the assets and liabilities of the Business respectively. 30% of the profits arising from the Business amounting to S\$13.6 million was declared to ZACD in 2016, of which, the balance was fully settled as at year end (2017: S\$5.5 million outstanding as at year end).

(3) These subsidiaries were struck off during the year ended June 30, 2018.

The Group has no significant non-controlling interests as at June 30, 2018 and 2017. Accordingly, no details of non-controlling interests are presented.

**14 INVESTMENT IN A JOINT VENTURE**

	<b>Group</b>	
	<b>2018</b> <b>S\$'000</b>	<b>2017</b> <b>S\$'000</b>
Unquoted equity shares, at cost	<b>265</b>	265
Share of post-acquisition losses and other comprehensive expenses	<b>(265)</b>	(265)
	<b>-</b>	<b>-</b>

Details of the Group's joint venture at the end of the reporting period are as follows:

<b>Name</b>	<b>Country of incorporation and operations</b>	<b>Proportion of ownership interest and voting power held</b>		<b>Principal activities</b>
		<b>2018</b>	<b>2017</b>	
		<b>%</b>	<b>%</b>	
OKH DLRE JV Pte. Ltd. <sup>(1)</sup>	Singapore	<b>50</b>	50	Generation, transmission, distribution and sale of electricity

**Note:**

(1) Audited by Deloitte & Touche LLP, Singapore.

# NOTES TO FINANCIAL STATEMENTS

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## 14 INVESTMENT IN A JOINT VENTURE (CONTINUED)

The joint venture is accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with Financial Reporting Standards in Singapore, which does not differ significantly from IFRS.

### OKH DLRE JV Pte. Ltd.

	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Total assets	<b>362</b>	536
Total liabilities	<b>(1,047)</b>	(726)
Net liabilities	<b>(685)</b>	(190)
Revenue	<b>247</b>	237
(Loss) Profit for the year	<b>(495)</b>	708
Share of joint venture's (loss) profit for the year	–	–
Unrecognised share of (loss) profit for the year	<b>(248)</b>	354
Cumulative unrecognised share of loss of a joint venture	<b>(343)</b>	(95)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements is as follows:

	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Net liabilities of the joint venture	<b>(685)</b>	(190)
Proportion of the Group's ownership in the joint venture	<b>50%</b>	50%
Share of net liabilities	<b>(343)</b>	(95)
Cumulative unrecognised share of loss of a joint venture	<b>(343)</b>	(95)
Carrying amount of the Group's interest in the joint venture	–	–

## 15 INVESTMENT IN AN ASSOCIATE

	Group	
	2018 S\$'000	2017 S\$'000
Unquoted equity shares, at cost	-	-
Share of post-acquisition reserves and other comprehensive income	-	-
	<u>-</u>	<u>-</u>

Details of the Group's associates at the end of the reporting period are as follows:

Name	Country of incorporation and operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<u>Held by OKH Transhub Pte. Ltd.</u>						
Pan Asia Logistics Investments Holdings Pte. Ltd. ("PALIH")	Singapore	40	40	40	40	Investment holding
<u>Held by PALIH</u>						
Pan Asia Logistics Investments Pte. Ltd. ("PALI")	Singapore	40	40	40	40	Rental of property warehouse
Pali Senai Sdn. Bhd.	Malaysia	40	40	40	40	Rental of property warehouse
Pan Asia Logistics (Korea) Ltd. ("PAL Korea")	Korea	40	– <sup>(i)</sup>	40	40	Rental of property warehouse
<u>Held by PALI</u>						
Pan Asia Logistics PTP Malaysia Sdn. Bhd.	Malaysia	40	40	40	40	Rental of property warehouse

As detailed in Note 10, the investment in an associate has been reclassified to non-current assets classified as held for sale since the year ended June 30, 2017.

- (i) Pursuant to the sale and purchase agreement with a third party dated October 29, 2013, Pan Asia Logistics Singapore Pte. Ltd. ("PAL Singapore") was required to transfer the legal ownership of PAL Korea to PALI together with the economic and operating interest of the property division. Hence, based on the terms of agreement, PALI had effective control over the financial and operating policies of the property business of PAL Korea even though the legal ownership of the entity was not yet transferred to PALI as at June 30, 2017.

During the year ended June 30, 2018, PAL Singapore transferred the legal ownership of PAL Korea to PALIH together with the economic and operating interest of the property division. Accordingly, the Group, with significant influence in PALIH, regards this entity as an associate.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 15 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Reconciliation of the share of net assets prior to the reclassification to non-current assets classified as held for sale (Note 10) was as follows:

	<b>Group 2017 S\$'000</b>
Net assets of the associate prior to reclassification	99,645
Proportion of the Group's ownership in the associate	40%
Share of net assets prior to reclassification	39,858
Goodwill	3,988
Transfer to non-current assets classified as held for sale (Note 10)	(43,846)
Carrying amount of the Group's interest in the associate	<u>–</u>

## 16 AVAILABLE-FOR-SALE INVESTMENT

	<b>Group</b>	
	<b>2018 S\$'000</b>	<b>2017 S\$'000</b>
Unquoted equity shares, at fair value	<u>–</u>	<u>–</u>

In 2017, the investment in unquoted equity investment represented a 12% equity interest of Pan Asia Logistics Holdings Singapore Pte. Ltd. ("PAL Holdings") at an aggregate subscription price of S\$17.2 million under a Subscription and Shareholder's Agreement ("SSA") and a 3% equity interest of PAL Holdings at an aggregate purchase consideration of S\$4.3 million under a Sale and Purchase Agreement ("SPA").

On June 30, 2017, the available-for-sale investment was reclassified as non-current assets classified as held for sale following the divestiture as disclosed in Note 10.

Under the SPA, the Group was also granted a put option which may be exercised once and in full, anytime during the period of 36 months commencing from July 1, 2016, to require the vendor to acquire the 3% equity interest from the Group. The put option price shall be 1.12 times to 1.36 times depending on the date of exercise.

Following the approval of the divestiture of the available-for-sale investment which was expected to be completed on October 16, 2017, the put option granted to the Group was put on hold until such time the divestment falls through. Accordingly, the derivative financial instrument arising from the put option was reversed in 2017.

As disclosed in Note 10, the disposal of PAL Holdings did not materialise in 2018. The Group exercised its put option for S\$5,332,000, which has not been recorded as a recoverable from the shareholder of PAL Holdings as management is currently working together with PAL Holdings to divest both its interest in PAL Holdings and PALIH (Note 15).

**17 BANK LOANS AND OVERDRAFTS**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Bank overdrafts (Note 6)	<b>2,894</b>	2,775
Short-term bank loans	<b>25,864</b>	38,737
Current portion of long-term bank loans	<b>54,098</b>	47,524
Amount due for settlement within 12 months (shown under current liabilities)	<b>82,856</b>	89,036
Long-term bank loans repayable as follows:		
More than one year, but not exceeding two years	<b>19,003</b>	44,589
More than two years, but not more than five years	<b>8,316</b>	1,856
More than five years	-	6,824
Amount due for settlement after 12 months	<b>27,319</b>	53,269
Total	<b>110,175</b>	142,305

The Group has not met the loan covenants for balance of loan amounting to S\$18.4 million (2017: S\$17.1 million). In 2018, the loan is not reclassified to current liabilities as the banker has granted accommodation on the breach of the bank covenant at the end of the reporting period. In 2017, the balance of loan was reclassified to current liabilities as the waiver was obtained subsequent to the end of the reporting period.

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Secured</u>		
Current bank loans and overdrafts	<b>82,856</b>	89,036
Non-current bank loans	<b>27,319</b>	53,269
	<b>110,175</b>	142,305

The weighted average effective interest rates at the end of the reporting period are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
Bank overdrafts (floating rate)	<b>5.6%</b>	5.8%
Bank loans (floating rate)	<b>2.9%</b>	2.5%

The interest rates for the long-term bank loans are reset for periods ranging from 1 month to 6 months based on changes to swap offer rate or the bank's cost of funds.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 17 BANK LOANS AND OVERDRAFTS (CONTINUED)

The following assets are pledged for the above secured bank facilities:

	Group	
	2018 S\$'000	2017 S\$'000
Fixed deposits (Note 6)	827	6,700
Properties for sale (Note 9)	35,335	67,900
Non-current assets classified as held for sale (Note 10)	–	3,241
Investment properties (Note 12)	<b>150,143</b>	127,780

In addition, the bank facilities are supported by the following:

- (a) corporate guarantees issued by the Company;
- (b) assignment of rental proceeds; and
- (c) charge over the receivables and project proceeds in respect of certain projects.

No material adjustment was required in the separate financial statements of the Company to recognise financial guarantee liability.

## 18 TRADE AND OTHER PAYABLES

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Trade payables to third parties	1,463	4,167	4	107
Due to customer for contract work (Note 8)	–	14	–	–
Advance payments from customers (Note 7)	1,410	1,093	–	–
Other payables:				
– Third parties	5,680	11,196	29	165
– Subsidiaries (Notes 5 and 13)	–	–	19,423	23,295
– Non-controlling interests (Note 13)	–	5,493	–	–
Accrued project costs	2,771	7,773	–	–
Accrued operating expenses	8,507	11,422	2,836	2,727
	<b>19,831</b>	41,158	<b>22,292</b>	26,294

Trade payables to third parties comprise of amounts outstanding from trade purchases and sub-contractor costs. The average credit period granted by suppliers is 30 days (2017: 30 days). No interest is charged on the outstanding balance.



**19 OBLIGATIONS UNDER FINANCE LEASES**

	<b>Group</b>			
	<b>Minimum lease payments</b>		<b>Present values of minimum lease payments</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Amounts payable under finance leases:				
Not later than one year	212	376	182	327
Later than one year and not later than five years	319	754	259	637
Later than five years	–	25	–	20
	<u>531</u>	<u>1,155</u>	<u>441</u>	<u>984</u>
Less: Future finance charges	<u>(90)</u>	<u>(171)</u>	<u>–</u>	<u>–</u>
Present values of lease obligations	<u>441</u>	<u>984</u>	<u>441</u>	<u>984</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(182)</u>	<u>(327)</u>
Amount due for settlement after 12 months			<u>259</u>	<u>657</u>

The Group leased certain of its motor vehicles and machinery under finance leases and the lease terms range from 3 to 9 years (2017: 3 to 9 years) as at June 30, 2018.

Interest rates underlying all obligations under finance lease are fixed at respective contract dates at 1.7% to 3.3% (2017: 1.3% to 3.3%) as at June 30, 2018.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets disclosed in Note 11.

**20 LOAN DUE TO A THIRD PARTY**

On November 30, 2016, the Group obtained a S\$20 million loan from Jadewin Smooth Limited ("Jadewin"). The loan was secured on the Group's entire shareholding in PALIH and PAL Holdings (Notes 15 and 16). The loan carried fixed interest rate at 8% per annum and was repayable one year from the disbursement date.

On September 8, 2017, the Group obtained an additional S\$10 million loan from Jadewin. The loan was secured on the Group's entire shareholding in PALIH and PAL Holdings (Notes 15 and 16). The loan carried fixed interest rate at 8% per annum and was repayable one year from the disbursement date.

On June 29, 2018, the Group was completely discharged from all claims, demands and obligations arising from the above loans as the total principal of S\$30 million and accrued interest amounting to S\$2.8 million had been repaid.

The interest arising from the total loan of S\$30 million is disclosed in Note 26.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 21 PROVISIONS

The provision for liquidated damages represents the estimated costs of compensation required for not completing certain construction contracts in accordance with the stipulated schedule.

Movement in the provision for liquidated damages of the Group during the year are as follows:

	Group	
	2018 S\$'000	2017 S\$'000
At the beginning of the year	1,368	1,368
Reversal during the year	(468)	–
At the end of the year	900	1,368

Subsequent to the reporting period, the Group entered into a settlement agreement with the customer for total liquidated damages of S\$900,000. The excess provision was credited into the statement of profit or loss and other comprehensive income during the year.

These amounts have not been discounted as the effect is not expected to be material.

## 22 SHARE CAPITAL

	Company			
	2018 Number of ordinary shares '000	2017 Number of ordinary shares '000	2018 S\$'000	2017 S\$'000
Issued and fully paid up:				
At the beginning of the year	1,128,657	628,657	8,936	128,624
Capital reorganization <sup>(a)</sup>	–	–	–	(126,389)
Issuance of shares	–	500,000	–	6,701
At the end of the year <sup>(b)</sup>	1,128,657	1,128,657	8,936	8,936

(a) In 2017, the Company allotted and issued 500,000,000 new shares ("Subscription Shares") to Haiyi Holdings Pte. Ltd. (the "Subscriber") and completed a capital reorganisation exercise to reduce the par value of its shares from US\$0.16 to US\$0.01. Following the completion of the subscription and capital reorganisation exercise, the Subscriber is interested in approximately 44.3% of the share capital of the Company.

Fully paid ordinary shares, which have a par value of US\$0.01 (2017: US\$0.01), carry one vote per share and carry a right to dividend as and when declared by the Company.

(b) The cost of acquisition in the consolidated financial statements was initially determined using the fair value of issued equity before reverse takeover in 2013, while the cost of acquisition of the Company was initially determined by reference to share issue based on par value.

## 23 REVENUE

	Group	
	2018 S\$'000	2017 S\$'000
Revenue from construction contracts	331	156
Revenue from development properties	9,633	122,817
Rental income	15,305	11,571
	25,269	134,544

**24 OTHER INCOME**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Gain on disposal of property, plant and equipment	<b>107</b>	726
Gain on sale of investment properties	<b>480</b>	–
Gain on sale of non-current assets held for sale (Note 10)	<b>1,603</b>	–
Fair value gain on investment properties (Note 12)	<b>2,860</b>	–
Discount from suppliers and subcontractors <sup>(i)</sup>	<b>180</b>	2,008
Compensation from insurance claim	–	112
Management fee from joint venture (Note 5)	–	290
Interest income	<b>70</b>	87
Grant income	<b>5</b>	392
Forfeiture of deposit from sales cancellation <sup>(ii)</sup>	–	210
Reversal of accrued project costs	<b>4,440</b>	1,309
Liquidated damages income (Note 10(i))	<b>1,617</b>	–
Extension fee income	<b>500</b>	–
Others	<b>392</b>	1,223
	<b>12,254</b>	6,357

**Notes:**

- (i) This relates to income derived from goodwill discount received due to the finalisation of the final accounts for the Group's previously completed projects.
- (ii) The forfeiture was recognised as other income as management had determined that there was no further performance obligation from the Group.

**25 OTHER EXPENSES**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Fair value loss on investment properties (Note 12)	–	27,223
Impairment loss on property, plant and equipment (Note 11)	<b>500</b>	15,857
Diminution in value of properties for sale (Note 9)	<b>456</b>	10,465
Loss on changes in fair value of derivative financial instrument	–	1,268
Impairment loss of non-current assets classified as held for sale (Note 10)	–	11,459
	<b>956</b>	66,272

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 26 FINANCE COSTS

	Group	
	2018 S\$'000	2017 S\$'000
Interest on bank loans and overdrafts	4,376	6,152
Interest on loan from shareholder (Note 5)	1,021	1,932
Interest on loan from third party	1,906	872
Interest on amount due to non-controlling interests	12	–
Interest on trade financing	–	236
Loan facility fee	70	483
Interest on obligations under finance leases	66	68
Interest on RCPS	–	80
Interest on REPS	–	1,563
Total borrowing costs	<b>7,451</b>	11,386
Less: Amounts capitalised as cost of development properties	–	(1,956)
	<b>7,451</b>	9,430

The borrowing costs capitalised as cost of development properties related to borrowings taken up specifically to finance each specific development.

## 27 PROFIT (LOSS) BEFORE INCOME TAX

Profit (Loss) before income tax has been arrived at after charging (crediting):

	Group	
	2018 S\$'000	2017 S\$'000
Cost of properties recognised as cost of sales	9,107	117,066
Contract cost recognised as cost of sales	1,794	19
Depreciation of property, plant and equipment	401	745
Bad debt expense	200	259
(Gain) Loss on changes in fair value of investment properties (Note 12)	(2,860)	27,223
Loss on changes in fair value of derivative financial instrument	–	1,268
Impairment loss on property, plant and equipment (Note 11)	500	15,857
Diminution in value of properties for sale (Note 9)	456	10,465
Impairment loss of non-current assets classified as held for sale (Note 10)	–	11,459
Gain on sale of investment properties	(480)	–

**27 PROFIT (LOSS) BEFORE INCOME TAX (CONTINUED)**

	Group	
	2018 S\$'000	2017 S\$'000
Employee benefits expense		
– Directors' remuneration	670	828
– Other than directors	1,713	2,771
Total employee benefits expense	<u>2,383</u>	<u>3,599</u>
Cost of defined contribution plans (included in employee benefits)	123	187
Audit fees paid to auditors of the Company	204	238
Non-audit fees		
– paid to auditors of the Company	38	38
– paid to other auditors	50	50
Total non-audit fees	<u>88</u>	<u>88</u>

**28 INCOME TAX (CREDIT) EXPENSE**

	Group	
	2018 S\$'000	2017 S\$'000
Current tax	–	–
(Over) Under provision of current tax in prior year	(775)	1,223
	<u>(775)</u>	<u>1,223</u>

The income tax expense for the Group is calculated at 17% (2017: 17%) of the estimated assessable profit for the financial year, which is Singapore Corporate Income Tax ("CIT") rate where the operation of the Group is substantially based. Income taxes for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

The total charge for the year can be reconciled to the accounting profits as follows:

	Group	
	2018 S\$'000	2017 S\$'000
Profit (Loss) before income tax	3,828	(69,121)
Tax at Singapore CIT rate of 17% (2017: 17%)	651	(11,751)
Tax effect of share of results of an associate	–	(914)
Effect of (income) expense that is not (taxable) deductible	(916)	10,486
Effect of tax exemption	(12)	(26)
Effect of deferred tax assets not recognised	797	2,705
(Over) Under provision of current tax in prior year	(775)	1,223
Utilisation of tax losses previously unrecognised as deferred tax asset	(500)	(499)
Others	(20)	(1)
	<u>(775)</u>	<u>1,223</u>

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 28 INCOME TAX (CREDIT) EXPENSE (CONTINUED)

The Group has unused tax losses for which no deferred tax assets have been recognised are as follows:

	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Tax losses at end of year	<b>17,752</b>	20,692
Other temporary differences	<b>13,907</b>	9,220
	<b>31,659</b>	29,912
Deferred tax assets not recognised	<b>5,382</b>	5,085

The realisation of the future tax benefit from tax loss carryforwards is available for an unlimited future period subject to the agreement by the tax authorities and certain conditions imposed by law including the retention of majority shareholders as defined.

## 29 EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Earnings (Loss) for the purposes of basic and diluted earnings (loss) per share:		
Profit (Loss) for the year attributable to owners of the Company	<b>4,603</b>	(70,344)

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	<b>1,128,657</b>	1,082,974

Diluted earnings (loss) per share in 2018 and 2017 is the same as basic earnings (loss) per share in 2018 and 2017 respectively as there are no dilutive potential ordinary shares.

**30 OPERATING LEASE ARRANGEMENTS****The Group as lessee**

	Group	
	2018 S\$'000	2017 S\$'000
Minimum lease payments under operating leases	<u>5,287</u>	<u>5,161</u>

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2018 S\$'000	2017 S\$'000
Within one year	3,570	5,137
In the second to fifth year inclusive	624	3,836
After five years	2,319	2,614
	<u>6,513</u>	<u>11,587</u>

Operating lease payments represent rentals payable by the Group for land, office, warehouse premises and certain office equipment. The leases are negotiated for terms between 2 to 10 years and rentals are fixed during the term of the lease.

**The Group as lessor**

	Group	
	2018 S\$'000	2017 S\$'000
Rental income (Note 23)	<u>15,305</u>	<u>11,571</u>

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receipts:

	Group	
	2018 S\$'000	2017 S\$'000
Within one year	12,728	13,166
In the second to fifth year inclusive	7,594	10,723
	<u>20,322</u>	<u>23,889</u>

The leases are negotiated for terms between 2 to 5 years (2017: 1 to 5 years) and rentals are fixed during the term of the lease.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 31 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Group	July 1, 2017	Net financing	Offset against	June 30, 2018
	S\$'000	cash flow	trade and other	S\$'000
	S\$'000	S\$'000	receivables	S\$'000
			S\$'000	
Bank loans	139,530	(32,249)	–	<b>107,281</b>
Obligations under				
finance leases	984	(543)	–	<b>441</b>
Loan due to shareholder	20,000	32,778	–	<b>52,778</b>
Loan due to a third party	20,000	(20,000)	–	–
Loan due to an associate	1,600	–	(1,600)	–
Payable to non-controlling interests	5,493	(1,200)	(4,293)	–
	<u>187,607</u>	<u>(21,214)</u>	<u>(5,893)</u>	<u><b>160,500</b></u>

## 32 SEGMENT INFORMATION

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group under IFRS 8 *Operating Segments*.

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable operating segments under IFRS 8 are as follows:

- (i) Construction contractor: General builders and construction contractors, general engineering and sale of construction materials.
- (ii) Property development: Development of industrial properties.
- (iii) Property investment: Leasing of investment properties to generate rental income and to gain from the appreciation in the value of the properties in the long term.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administrative costs, share of profit of a joint venture, finance costs, and income tax expense or credit. Share of profits of an associate are included in property investment segment in accordance with its business activities. This is the measure reported to Mr. Lock Wai Han, the Executive Director and Chief Executive Officer of the Company, being the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.



**32 SEGMENT INFORMATION (CONTINUED)**

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than assets held under the Company, interests in joint venture, deferred tax assets, available-for-sale investment and certain non-current assets classified as held for sale. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. Segment liabilities include all operating liabilities and consist primarily of financial liabilities other than liabilities held under the Company and income tax payable.

The Group's main operations are located in Singapore, hence no analysis by geographical area of operation is provided.

**Segment revenues and results**

The following is an analysis of the Group's revenue and results by reportable segment:

	<b>Construction contractor S\$'000</b>	<b>Property development S\$'000</b>	<b>Property investment S\$'000</b>	<b>Eliminations S\$'000</b>	<b>Total S\$'000</b>
<u>2018</u>					
<b>Revenue:</b>					
External customers	331	9,633	15,305	–	25,269
Inter-segment	–	–	–	–	–
<b>Total revenue</b>	<b>331</b>	<b>9,633</b>	<b>15,305</b>	<b>–</b>	<b>25,269</b>
<b>Results</b>					
Unallocated expenses					(811)
Finance costs					(7,451)
<b>Profit before income tax</b>					<b>3,828</b>
Income tax credit					775
<b>Profit for the year</b>					<b>4,603</b>
<u>2017</u>					
<b>Revenue:</b>					
External customers	156	122,817	11,571	–	134,544
Inter-segment	2,919	–	–	(2,919)	–
<b>Total revenue</b>	<b>3,075</b>	<b>122,817</b>	<b>11,571</b>	<b>(2,919)</b>	<b>134,544</b>
<b>Results</b>					
Unallocated expenses					(11,548)
Finance costs					(9,430)
<b>Loss before income tax</b>					<b>(69,121)</b>
Income tax expenses					(1,223)
<b>Loss for the year</b>					<b>(70,344)</b>

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

## 32 SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities and other segment information

	Construction contractor S\$'000	Property development S\$'000	Property investment S\$'000	Total S\$'000
<u>2018</u>				
<b>Segment assets:</b>				
Total segment assets	15,905	56,282	194,389	266,577
Unallocated assets	–	–	–	9,847
<b>Total consolidated assets</b>				<b>276,424</b>
<b>Segment liabilities:</b>				
Total segment liabilities	23,893*	60,850	43,189	127,932
Unallocated liabilities	–	–	–	56,193
<b>Total consolidated liabilities</b>				<b>184,125</b>
<b>Other segment information:</b>				
Impairment loss of property, plant and equipment	500	–	–	500
Diminution in value of completed properties held for sale	–	456	–	456
Depreciation	398	–	3	401
Liquidated damages income	–	–	(1,320)	(1,320)
Gain on change in fair value of investment properties	–	–	(2,860)	(2,860)
<u>2017</u>				
<b>Segment assets:</b>				
Total segment assets	31,813	103,564	171,904	307,281
Unallocated assets	–	–	–	9,168
<b>Total consolidated assets</b>				<b>316,449</b>
<b>Segment liabilities:</b>				
Total segment liabilities	45,664*	93,794	44,900	184,358
Unallocated liabilities	–	–	–	44,395
<b>Total consolidated liabilities</b>				<b>228,753</b>
<b>Other segment information:</b>				
Impairment loss of property, plant and equipment	15,857	–	–	15,857
Diminution in value of completed properties held for sale	–	10,465	–	10,465
Depreciation	740	–	5	745
Capital expenditure	2,657	–	–	2,657
Loss on change in fair value of Investment properties	–	–	27,223	27,223

\* Segment liabilities include payables relating to the Group's development projects for which the construction services division is the main contractor for the projects.

### Major customer information

In 2018 and 2017, there are no customers who individually account for 10% or more of the Group's revenue.

# STATISTICS OF SHAREHOLDINGS

AS AT 24 SEPTEMBER 2018

Authorised share capital	:	US\$500,000,000
Issued and fully paid-up capital	:	US\$11,286,574.45
Class of shares	:	Ordinary share of US\$0.01 each
Voting rights	:	One vote per share
Number of issued shares	:	1,128,657,445
Number of treasury shares	:	Nil

## Distribution of Shareholdings as at 24 September 2018

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	3	0.27	49	0.00
100 – 1,000	157	14.01	98,000	0.01
1,001 – 10,000	151	13.47	1,100,183	0.10
10,001 – 1,000,000	740	66.01	119,354,650	10.57
1,000,001 and above	70	6.24	1,008,104,563	89.32
<b>Total</b>	<b>1,121</b>	<b>100.00</b>	<b>1,128,657,445</b>	<b>100.00</b>

## Substantial Shareholders according to Register of Substantial Shareholders as at 24 September 2018

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	Number of Shares	%	Number of Shares	%
Haiyi Holdings Pte. Ltd.	500,000,000	44.3	–	–
Gordon Tang <sup>1</sup>	–	–	500,000,000	44.3
Celine Tang <sup>2</sup>	–	–	500,000,000	44.3
Fong Yau Lam Calvin	125,732,000	11.14	–	–

<sup>1</sup> Pursuant to Section 7 of the Companies Act, Mr Gordon Tang is deemed to be interested in the 500,000,000 shares of the Company held by Haiyi Holdings Pte. Ltd.

<sup>2</sup> Pursuant to Section 7 of the Companies Act, Mrs Celine Tang is deemed to be interested in the 500,000,000 shares of the Company held by Haiyi Holdings Pte. Ltd.

# STATISTICS OF SHAREHOLDINGS

AS AT 24 SEPTEMBER 2018

## Twenty Largest Shareholders as at 24 September 2018

	<b>Name of Holders</b>	<b>No. of Shares</b>	<b>%</b>
1	CITIBANK NOMINEES SINGAPORE PTE. LTD.	522,738,200	46.32
2	UOB KAY HIAN PRIVATE LIMITED	175,655,700	15.56
3	RAFFLES NOMINEES (PTE.) LIMITED	23,342,200	2.07
4	CHONG CHOON MEOW	21,743,760	1.93
5	PHILLIP SECURITIES PTE. LTD.	19,689,800	1.74
6	DBS NOMINEES (PRIVATE) LIMITED	15,510,500	1.37
7	BON WEEN FOONG	14,989,652	1.33
8	YEO KHEE YEOW ANTHONY	12,200,000	1.08
9	SUPER BEND PTE. LTD.	11,800,000	1.05
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,840,100	0.87
11	DBS VICKERS SECURITIES (SINGAPORE) PTE. LTD.	8,827,300	0.78
12	NOVA FURNISHING HOLDINGS PTE. LTD.	8,500,000	0.75
13	TAN SEOW LENG	8,384,900	0.74
14	STEPHEN YEO MAH AI	8,072,500	0.72
15	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	7,435,000	0.66
16	XU YONGSHENG	7,330,000	0.65
17	OCBC SECURITIES PRIVATE LIMITED	6,534,300	0.58
18	NAI YIONG OO	6,450,000	0.57
19	WEE BOO TEE	5,000,000	0.44
20	YEE PENG WAH	4,862,000	0.43
	<b>Total</b>	<b>898,905,912</b>	<b>79.64</b>

Note: The percentages are computed based on the Company's total number of issued shares of 1,128,657,445.

Based on information available to the Company as at 24 September 2018, approximately 44.56% of the total number of issued shares listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires at least 10% of the total number of issued shares of the Company to be held in the hands of the public.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of OKH Global Ltd. (the "Company") will be held at 58 Kim Yam Road, The Herencia, #02-01, Singapore 239359 on Friday, 26 October 2018 at 2.30 p.m., to transact the following businesses:

## AS ORDINARY BUSINESSES

- |    |   |                     |
|----|---|---------------------|
| 1. | To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2018 together with the Directors' Statement and Independent Auditors' Report thereon. | <i>Resolution 1</i> |
| 2. | To approve the payment of Directors' fees of S\$186,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears. [2018: S\$186,000]   | <i>Resolution 2</i> |
| 3. | To re-elect the following Directors retiring by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws:   |                     |
|    | (a) Mr Lock Wai Han   | <i>Resolution 3</i> |
|    | (b) Ms Ng Kheng Choo  | <i>Resolution 4</i> |

Mr Lock will, upon re-election as a Director of the Company, remain as an Executive Director and Chief Executive Officer of the Company.

Ms Ng Kheng Choo is considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST").

Ms Ng will, upon re-election as a Director of the Company, remain as a Non-Executive and Independent Director of the Company, the Chairman of the Nominating Committee, a member of the Audit Committee and Remuneration Committee.

- |    |  |                     |
|----|--|---------------------|
| 4. | To re-appoint Deloitte & Touche LLP as auditors of the Company until the conclusion of next annual general meeting and to authorise the Directors to fix their remuneration. | <i>Resolution 5</i> |
|----|--|---------------------|

## AS SPECIAL BUSINESSES

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

- |    |   |                     |
|----|---|---------------------|
| 5. | <b>Authority to Allot and Issue Shares</b>  | <i>Resolution 6</i> |
|    | That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and Bye-laws of the Company, the Directors of the Company be authorised and empowered to: |                     |
|    | (a) issue shares in the capital of the Company ("shares") whether by way of bonus issue, rights issue or otherwise; and/or  |                     |

## NOTICE OF ANNUAL GENERAL MEETING

- (b) 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) options, 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 of the Company may in their absolute discretion deem fit; and
- (c) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "Share Issue Mandate"),

provided that:

- (I) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution:
  - (a) shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below);
  - (II) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under paragraph (I) above, the total number of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
    - (a) new shares arising from the conversion or exercise of any Instruments or any convertible securities;
    - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
    - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (III) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and

(IV) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) 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 earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

*(See Explanatory Note 1)*

**6. Authority to grant awards and to issue shares under the OKH Performance Share Plan**

*Resolution 7*

That pursuant to the listing rules of the SGX-ST and Bye-laws of the Company, the Directors of the Company be authorised and empowered to offer and grant awards under the OKH Performance Share Plan (the "OKH Share Plan"), and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the release of awards under the OKH Share Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the OKH Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, 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 earlier.

*(See Explanatory Note 2)*

**7. Renewal of the Share Purchase Mandate**

*Resolution 8*

That:

- (a) for the purpose of the Listing Manual of the SGX-ST, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire from time to time the issued and fully-paid ordinary shares of par value US\$0.01 each in the capital of the Company (the "Shares") (excluding treasury shares and subsidiary holdings) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) on-market purchases transacted on the SGX-ST through the ready market, and through one or more duly licensed stockbrokers appointed by the Company for the purpose (each a "Market Purchase"); and/or
  - (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme as may be determined or formulated by the Directors of the Company as they may consider fit and in the best interests of the Company, which scheme shall satisfy all the conditions prescribed by the Listing Manual of the SGX-ST (each an "Off-Market Purchase"),

## NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act 1981 of Bermuda (as modified, supplemented or amended from time to time) and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally

(the "Share Purchase Mandate");

- (b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) 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 earlier;
  - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
  - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting;
- (c) in this ordinary resolution:

"Average Closing Price" means the average of the closing market prices of a Share over the last 5 Market Days ("Market Day" being a day on which the SGX-ST is open for securities trading) on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant 5-day period;

"date of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares;
- and



- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;  
and

“Prescribed Limit” means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may in their/his absolute discretion consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

*(See Explanatory Note 3)*

- 8. To transact any other business which may properly be transacted at the Annual General Meeting of the Company.

BY ORDER OF THE BOARD

Chew Kok Liang  
Company Secretary  
10 October 2018

**Explanatory Notes:**

- 1. Resolution No. 6, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date 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 or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant instruments convertible into shares, and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed, and any subsequent consolidation or subdivision of shares.

- 2. Resolution No. 7, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date 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 or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the Company pursuant to the release of awards under the OKH Share Plan up to a number not exceeding in total (for the entire duration of the OKH Share Plan) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

## NOTICE OF ANNUAL GENERAL MEETING

3. Resolution No. 8, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the earliest of (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held, (ii) the date on which the authority conferred by this mandate is revoked or varied by shareholders in general meeting, or (iii) the date on which the Company has purchased the maximum number of shares mandated under this mandate, to purchase or otherwise acquire issued ordinary shares in the capital of the Company by way of Market Purchases or Off-Market Purchases of up to 10% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company. For more information on this resolution, please refer to the Appendix to the Annual Report dated 10 October 2018.

### **Notes:**

- (a) A registered shareholder entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (b) If a registered shareholder is unable to attend the AGM and wishes to appoint proxy/proxies to attend and vote at the AGM in his stead, then he should complete and sign the relevant Shareholder Proxy Form and deposit the duly completed Shareholder Proxy Form at the office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619 not less than 48 hours before the time appointed for holding the AGM.
- (c) A depositor registered and holding shares through The Central Depository (Pte) Limited who/which is (i) an individual but is unable to attend the AGM personally and wishes to appoint nominee/nominees to attend and vote; or (ii) a corporation, must complete, sign and return the Depository Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619 not less than 48 hours before the time appointed for holding the AGM.
- (d) If a shareholder who has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members is unable to attend the AGM and wishes to appoint proxy/proxies, he should complete and sign the Depositor Proxy Form and the Shareholder Proxy Form, respectively, for the shares entered against his name in the Depository Register and shares registered in his name in the Register of Members.
- (e) A shareholder or depositor who is an individual and wishes to attend the AGM in person need not take any further action and can attend and vote at the AGM without the lodgement of any Shareholder Proxy Form or Depository Proxy Form.

### **PERSONAL DATA PRIVACY**

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.





**OKH GLOBAL LTD.**

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