



OKH GLOBAL LTD.

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

Unaudited Financial Statements and Related Announcement for the First Quarter and Three Months ended 30 September 2019

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FIRST QUARTER AND THREE MONTHS FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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

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

Consolidated Statement of Comprehensive Income

| | Group | | |
|-----------------------------------------|---------------------------------|---------------------------------|---------------|
| | 1QFY2020 | 1QFY2019 | change |
| | 3 months ended 30-Sep-19 | 3 months ended 30-Sep-18 | |
| | S\$'000 | S\$'000 | |
| | (Restated)¹ | | |
| Revenue | 4,011 | 4,106 | -2.3% |
| Cost of sales | (394) | (1,523) | -74.1% |
| Gross profit | 3,617 | 2,583 | 40.0% |
| Other income | 195 | 49 | n.m. |
| General and administrative expenses | (1,979) | (1,675) | 18.1% |
| Finance costs | (2,421) | (1,702) | 42.2% |
| Share of profits of associates | 2,110 | 150 | n.m. |
| Profit (Loss) before tax | 1,522 | (595) | n.m. |
| Income tax expense | - | (24) | n.m. |
| Total profit (loss) for the year | 1,522 | (619) | n.m. |
| Profit (Loss) attributable to: | | | |
| Owners of the Company | 1,522 | (619) | n.m. |
| Non-controlling interests | - | - | n.m. |
| | 1,522 | (619) | n.m. |

¹ The Group's investment in associates and unquoted equity shares which were previously classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held For Sale and Discontinued Operations* no longer meets the criteria to be classified as so and thus will be accounted for using the equity method in accordance to IAS 28 *Investments in Associates and Joint Ventures* and as a financial asset fair value through profit or loss in accordance to IFRS 9 *Financial Instruments* respectively. Financial statements for the periods since classification as held for sale has been amended accordingly.



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

Consolidated Statement of Comprehensive Income (Cont'd)

| | Group | | |
|---------------------------------------------------------------------|-------------------|------------------|---------------|
| | 1QFY2020 | 1QFY2019 | change |
| | 3 months | 3 months | |
| | ended | ended | |
| | 30-Sep-19 | 30-Sep-18 | |
| | S\$'000 | S\$'000 | |
| | (Restated) | | |
| Total profit (loss) for the year | 1,522 | (619) | n.m. |
| Other comprehensive loss: | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Currency translation differences arising from consolidation | (726) | (615) | 18.0% |
| Other comprehensive loss for the year | (726) | (615) | 18.0% |
| Total comprehensive income (loss) for the year | <u>796</u> | <u>(1,234)</u> | n.m. |
| Total comprehensive income (loss) attributable to: | | | |
| Owners of the Company | 796 | (1,234) | n.m. |
| Non-controlling interests | - | - | n.m. |
| | <u>796</u> | <u>(1,234)</u> | n.m. |



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

| | Group | | |
|---------------------------------------------------|--------------------------------|--------------------------------|--------|
| | 1QFY2020 | 1QFY2019 | change |
| | 3 months ended 30-Sep-19 | 3 months ended 30-Sep-18 | |
| | S\$'000 | S\$'000 | |
| Depreciation of property, plant and equipment | (9) | (36) | -75.0% |
| Depreciation of right-of-use assets | (805) | - | n.m. |
| Bad debt expense | - | (330) | n.m. |
| Interest on loans, overdrafts and finance leases | (1,604) | (1,702) | -5.8% |
| Interest on lease liabilities | (817) | - | n.m. |
| Loss on disposal of property, plant and equipment | - | (25) | n.m. |
| Gain on disposal of an investment property | 20 | - | n.m. |
| Interest income | 10 | 12 | -16.7% |
| Gain on surrender of insurance policy | 144 | - | n.m. |
| Other income | 21 | 37 | -43.8% |



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

Statements of Financial Position

| | Group | | Company | |
|------------------------------------------------------|------------------|------------------|------------------|------------------|
| | 30-Sep-19 | 30-Jun-19 | 30-Sep-19 | 30-Jun-19 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | | Audited | | Audited |
| <u>ASSETS</u> | | | | |
| Current assets | | | | |
| Cash and bank balances | 6,011 | 5,755 | 76 | 57 |
| Trade and other receivables | 5,004 | 4,930 | 49,474 | 49,129 |
| Properties for sale | 18,937 | 18,937 | - | - |
| Total current assets | 29,952 | 29,622 | 49,550 | 49,186 |
| Non-current assets | | | | |
| Property, plant and equipment | 4,014 | 4,023 | - | - |
| Right-of-use assets | 6,960 | - | - | - |
| Investment properties | 155,144 | 156,092 | - | - |
| Investments in subsidiaries | - | - | 25,000 | 25,000 |
| Investment in joint venture | - | - | - | - |
| Investment in associates | 62,055 | 60,671 | - | - |
| Financial asset at fair value through profit or loss | 9,000 | 9,000 | - | - |
| Total non-current assets | 237,173 | 229,786 | 25,000 | 25,000 |
| Total assets | 267,125 | 259,408 | 74,550 | 74,186 |
| <u>LIABILITIES AND EQUITY</u> | | | | |
| Current liabilities | | | | |
| Trade and other payables | 14,604 | 15,628 | 23,332 | 24,574 |
| Lease liabilities | 2,310 | - | - | - |
| Obligations under finance leases | 93 | 117 | - | - |
| Loans due to a shareholder | 54,537 | - | 54,537 | - |
| Bank loans and overdrafts | 24,090 | 24,139 | - | - |
| Total current liabilities | 95,634 | 39,884 | 77,869 | 24,574 |



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

Statements of Financial Position (Cont'd)

| | Group | | Company | |
|-----------------------------------------------------------------|----------------|----------------|---------------|---------------|
| | 30-Sep-19 | 30-Jun-19 | 30-Sep-19 | 30-Jun-19 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | | Audited | | Audited |
| Non-current liabilities | | | | |
| Loans due to a shareholder | - | 52,778 | - | 52,778 |
| Lease liabilities | 4,962 | - | - | - |
| Obligations under finance leases | 97 | 111 | - | - |
| Bank loans | 73,985 | 74,984 | - | - |
| Total non-current liabilities | 79,044 | 127,873 | - | 52,778 |
| Total liabilities | 174,678 | 167,757 | 77,869 | 77,352 |
| Capital, reserves and non-controlling interests | | | | |
| Share capital | 27,916 | 27,916 | 8,936 | 8,936 |
| Share premium | 69,304 | 69,304 | 72,155 | 72,155 |
| Contributed surplus | 12,063 | 12,063 | 126,389 | 126,389 |
| Translation reserves | (4,541) | (3,815) | (1,491) | (1,491) |
| Accumulated losses | (12,595) | (14,117) | (209,308) | (209,155) |
| Equity attributable to owners of the Company | 92,147 | 91,351 | (3,319) | (3,166) |
| Non-controlling interests | 300 | 300 | - | - |
| Total equity (capital deficiency) | 92,447 | 91,651 | (3,319) | (3,166) |
| Total liabilities and equity (net of capital deficiency) | 267,125 | 259,408 | 74,550 | 74,186 |



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

Amount repayable in one year or less, or on demand

| As at 30 September 2019 | | As at 30 June 2019 | |
|-------------------------|-----------|--------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 58,720 | 20,000 | 24,256 | - |

Amount repayable after one year

| As at 30 September 2019 | | As at 30 June 2019 | |
|-------------------------|-----------|--------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 74,082 | - | 107,873 | 20,000 |

Details of any collateral

The Group's borrowings are secured by the Group's properties, receivables, assets under fixed term lease financing and the Group's entire shareholding in Pan Asia Logistics Investment Holdings Pte Ltd and Pan Asia Logistics Holdings Singapore Pte Ltd.



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

Consolidated Statement of Cash Flows

| | Group | |
|---------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------|
| | 3 months ended 30-Sep-19 S\$'000 | 3 months ended 30-Sep-18 S\$'000 (Restated) |
| Cash flows from operating activities | | |
| Profit (Loss) for the year | 1,522 | (619) |
| Adjustments for: | | |
| Income tax expenses | - | 24 |
| Bad debts expense | - | 330 |
| Loss on disposal of property, plant and equipment | - | 25 |
| Gain on disposal of an investment property | (20) | - |
| Depreciation of property, plant and equipment | 9 | 36 |
| Depreciation of right-of-use assets | 805 | - |
| Finance cost | 2,421 | 1,702 |
| Interest income | (10) | (12) |
| Share of profits of associates | (2,110) | (150) |
| Operating cash flows before changes in working capital | 2,617 | 1,336 |
| Trade and other receivables | (73) | 3,786 |
| Trade and other payables | 93 | (1,299) |
| Cash generated from operations | 2,637 | 3,823 |
| Income tax paid | - | (24) |
| Interest paid | (1,780) | (1,064) |
| Net cash generated from operating activities | 857 | 2,735 |



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

Consolidated Statement of Cash Flows (Cont'd)

| | Group | |
|---------------------------------------------------------|-------------------------------------------|---------------------------------------------------------|
| | 3 months ended 30-Sep-19 S\$'000 | 3 months ended 30-Sep-18 S\$'000 (Restated) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | - | (2) |
| Proceeds from disposal of property, plant and equipment | - | 20 |
| Proceeds from disposal of an investment property | 968 | - |
| Interest received | 10 | 12 |
| Net cash from investing activities | 978 | 30 |
| Cash flow from financing activities | | |
| Proceeds from bank loans | - | 27,550 |
| Repayment of bank loans | (999) | (29,197) |
| Repayment of obligations under finance lease | (38) | (73) |
| Repayment of lease liabilities | (493) | - |
| Increase in fixed deposits pledged | (17) | (1,000) |
| Net cash used in financing activities | (1,547) | (2,720) |
| Net increase in cash and cash equivalents | 288 | 45 |
| Cash and cash equivalents at beginning of period | 2,007 | 2,704 |
| Cash and cash equivalents at end of period | 2,295 | 2,749 |
| | 30-Sep-19 | 30-Sep-18 |
| | S\$'000 | S\$'000 |
| Cash and bank balances | 6,011 | 7,161 |
| Less: Bank overdrafts | (2,699) | (2,585) |
| Fixed deposits pledged | (1,017) | (1,827) |
| Cash and cash equivalents | 2,295 | 2,749 |

Cash and cash equivalents at end of the period

The cash and cash equivalents as at 30 Sep 2019 comprises bank balance of S\$1.25 million (30 Sep 2018: S\$2.12 million), which are restricted to payments for expenditure incurred on the properties under development.



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

Statements of Changes in Equity

| | ← Attributable to owners of the Company → | | | | | Total | Non-controlling interests | Total equity |
|--------------------------------------------------|-------------------------------------------|---------------|---------------------|----------------------|--------------------|---------|---------------------------|--------------|
| | Share capital | Share premium | Contributed surplus | Translation reserves | Accumulated losses | | | |
| Group | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1 July 2019 | 27,916 | 69,304 | 12,063 | (3,815) | (14,117) | 91,351 | 300 | 91,651 |
| Total comprehensive income for the year | | | | | | | | |
| Profit for the year | - | - | - | - | 1,522 | 1,522 | - | 1,522 |
| Other comprehensive loss for the year | - | - | - | (726) | - | (726) | - | (726) |
| Balance at 30 September 2019 | 27,916 | 69,304 | 12,063 | (4,541) | (12,595) | 92,147 | 300 | 92,447 |
| Balance at 1 July 2018 | 27,916 | 69,304 | 12,063 | (2,579) | (5,687) | 101,017 | 300 | 101,317 |
| Total comprehensive loss for the year | | | | | | | | |
| Loss for the year (restated) | - | - | - | - | (619) | (619) | - | (619) |
| Other comprehensive loss for the year (restated) | - | - | - | (615) | - | (615) | - | (615) |
| Balance at 30 September 2018 | 27,916 | 69,304 | 12,063 | (3,194) | (6,306) | 99,783 | 300 | 100,083 |



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

Statements of Changes in Equity (Cont'd)

| Company | Share capital | Share premium | Contributed surplus | Translation reserves | Accumulated losses | Total |
|---------------------------------------|----------------------|----------------------|----------------------------|-----------------------------|---------------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1 July 2019 | 8,936 | 72,155 | 126,389 | (1,491) | (209,155) | (3,166) |
| Total comprehensive loss for the year | - | - | - | - | (153) | (153) |
| Balance at 30 September 2019 | 8,936 | 72,155 | 126,389 | (1,491) | (209,308) | (3,319) |
| Balance at 1 July 2018 | 8,936 | 72,155 | 126,389 | (1,491) | (202,543) | 3,446 |
| Total comprehensive loss for the year | - | - | - | - | (233) | (233) |
| Balance at 30 September 2018 | 8,936 | 72,155 | 126,389 | (1,491) | (202,776) | 3,213 |



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

There was no changes in the Company's share capital for the period ended 30 September 2019

| | Number of ordinary shares | Share Capital S\$'000 |
|---------------------------------|------------------------------------------|----------------------------------|
| As at 30 September 2019: | <u>1,128,657,445</u> | <u>8,936</u> |

There were no treasury shares and subsidiary holdings as at 30 September 2019 and 30 June 2019.

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

The total number of issued shares excluding treasury shares and subsidiary holdings as at 30 September 2019 and 30 June 2019 were 1,128,657,445.

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.



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

Except as disclosed in paragraph 5, the Group has applied consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 30 June 2019.

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

IFRS 16 Leases

Before the adoption of IFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the consolidated income statements over the lease period on a straight-line basis.

On adoption of IFRS 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as "operating leases" if they met certain criteria set out in IFRS 16.

These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing.

Such finance cost will be charged to the consolidated income statement in the period in which it is incurred using the effective interest rate method.

The associated right-of-use assets were measured equal to the initial measurement of lease liability adjusted by the amount of any previously recognised prepaid or accrued lease payments relating to the lease. These associated right-of-use assets were recognised in the consolidated statement of financial position.

Depreciation is charged on a straight-line basis over the shorter of the asset's useful life and the lease term.

Cash payments for the settlement of lease liabilities were reported as cash flows from financing activities. The total net cash flows of the Group are unaffected.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using IAS 17 operating lease and finance lease accounting models respectively.

On 1 July 2019, the effect on adoption of IFRS 16 resulted in right-of-use assets and lease liabilities of S\$7,765,133.



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

| | 3 months ended 30-Sep-19 | 3 months ended 30-Sep-18 (Restated) | Change % |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|---------------------|
| Basic earnings (loss) per share (cents) | | | |
| Earnings (Loss) per ordinary share based on the weighted average number of ordinary shares on issue (cents) | 0.13 | (0.05) | n.m. |
| Weighted average number of ordinary shares on issue | <u>1,128,657,445</u> | <u>1,128,657,445</u> | |
| Diluted earnings (loss) per share (cents) | | | |
| Earnings (Loss) per ordinary share based on a fully diluted basis (cents) | 0.13 | (0.05) | n.m. |
| Adjusted weighted average number of ordinary shares | <u>1,128,657,445</u> | <u>1,128,657,445</u> | |

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

| | Group | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|---------------------|
| | 30-Sep-19 | 30-Jun-19 | Change % |
| Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents) (excluding non-controlling interests) | 8.16 | 8.09 | 0.9 |
| Total number of issued ordinary shares | 1,128,657,445 | 1,128,657,445 | |
| | Company | | |
| | 30-Sep-19 | 30-Jun-19 | Change % |
| Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on (cents) (excluding non-controlling interests) | (0.29) | (0.28) | 3.6 |
| Total number of issued ordinary shares | 1,128,657,445 | 1,128,657,445 | |



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

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

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

STATEMENT OF COMPREHENSIVE INCOME

Revenue

The Group posted revenue of approximately S\$4.01 million in 1QFY2020 as compared to S\$4.11 million in 1QFY2019. The slight decrease in the reported revenue for 1QFY2020 was attributed to the Group's property investment segment as there were lower rental generated from the Group's investment properties due to lower occupancy in 1QFY2020.

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

The Group recorded a higher gross profit of approximately S\$3.62 million in 1QFY2020 as compared to approximately S\$2.58 million in 1QFY2019. This was largely attributed to the adoption of IFRS 16 whereby rental expenses are now classified as finance cost and depreciation due to the amortisation of lease liabilities and right-of-use assets respectively. As a result, the Group's GPM was higher at 90.2% in 1QFY2020 as compared to 62.9% in 1QFY2019.

Other Income

Other income was higher at approximately S\$0.20 million in 1QFY2020 as compared to S\$0.05 million in 1QFY2019. The increase was largely attributed to the one-off income derived from gain on disposal of an investment property and the surrendering of an insurance policy in 1QFY2020.

General and Administrative Expenses

General and administrative expenses increased by 18.1% from approximately S\$1.68 million in 1QFY2019 to S\$1.98 million in 1QFY2020. The increase was largely due to the adoption of IFRS 16 in 1QFY2020 which led to a depreciation of right-of-use assets amounting to S\$0.81 million in 1QFY2020 (1QFY2019: S\$Nil). The overall increase in general and administrative expenses was partially offset by the lower staff and related cost in 1QFY2020.

Finance Costs

Finance costs increased by 42.2% from approximately S\$1.70 million in 1QFY2019 to S\$2.42 million in 1QFY2020. The increase in 1QFY2020 was largely due to the adoption of IFRS 16 which resulted in interest on lease liabilities amounting to S\$0.82 million, the increase was partially offset by lower interest on loans due to the lower outstanding bank loans and lower interest rate during the period.

Share of Profits of Associates

Share of profits of associate increased to S\$2.11 million in 1QFY2020 compared to S\$0.15 million in 1QFY2019 mainly due to a higher rental income received in 1QFY2020 due to higher occupancy, while there were higher one-off expenses such as professional fees and repair and maintenance cost incurred in 1QFY2019 which resulted in the lower share of profits.

Income Tax Expense

Income tax expense was approximately S\$0.02 million in 1QFY2019 as compared to a nil amount in 1QFY2020. The tax expense for 1QFY2019 was due to a revised assessment from the Singapore tax authority for a previously paid tax.



Profit (Loss) for the year

As a result of the foregoing, the Group registered a total profit of approximately S\$1.52 million in 1QFY2020 as compared to a loss of S\$0.62 million in 1QFY2019.

STATEMENT OF FINANCIAL POSITION

As at 30 September 2019, total current assets stood at approximately S\$29.95 million as compared to S\$29.62 million as at 30 June 2019. The increase in total current assets was largely attributed to higher cash and bank balances and trade and other receivables.

Total non-current assets stood at approximately S\$237.17 million as at 30 Sep 2019 as compared to approximately S\$229.79 million as at 30 June 2019. The increase was a result of the adoption of IFRS 16 on 1 July 2019 which resulted in right-of-use assets of S\$6.96 million as at 30 Sep 2019, the increase in investment in associates due to the share of profits for the year also contributed to the increase. The overall increase in 1QFY2020 was slightly offset by the decrease in investment properties as 1 unit was sold during the period.

As at 30 September 2019, total current liabilities increased to approximately S\$95.63 million as compared to approximately S\$39.88 million as at 30 June 2019. This increase was largely attributed to the reclassification of loan due to a shareholder from non-current liabilities to current liabilities and the lease liabilities of S\$2.31 million as a result of the adoption of IFRS 16.

Total non-current liabilities decreased to approximately S\$79.04 million as at 30 September 2019 as compared to approximately S\$127.87 million as at 30 June 2019. The increase was largely due to loan from a shareholder which was reclassified to current liabilities as at 30 September 2019. The decrease was partially offset by the lease liabilities of S\$4.96 million as a result of the adoption of IFRS 16.

STATEMENT OF CASH FLOWS

Net cash inflow from operating activities

For the financial period 3 months ended 30 September 2019, the Group generated net cash inflow from operating activities of approximately S\$0.86 million as compared to a net cash inflow of approximately S\$2.74 million in the corresponding preceding period. The net cash inflow was primarily due to the collection from rental of investment properties. The decrease in the net cash inflow for the 3 months ended 30 September 2019 as compared to 30 September 2018 was mainly due to higher interest paid and lower cash generated from operations.

Net cash inflow from investing activities

The Group recorded net cash inflow of approximately S\$0.98 million for the 3 months ended 30 September 2019 from investing activities as compared to net cash inflow of approximately S\$0.03 million in the corresponding period last year. The increase in the net cash inflow for the 3 months ended 30 September 2019 as compared to 30 September 2018, is largely due to proceeds from the disposal of an investment property.

Net cash outflow from financing activities

The Group recorded net cash outflow of approximately S\$1.55 million from financing activities for the 3 months ended 30 September 2019 as compared to a net cash outflow of S\$2.72 million in the corresponding period last year. The net cash outflow was largely due to a repayment of bank loans, lease liabilities and obligations under finance lease.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of approximately S\$0.29 million in financial period 3 months ended 30 September 2019.

Cash and cash equivalents as at 30 September 2019 stood at approximately S\$2.29 million (excluding bank overdraft and fixed deposits pledged that amounted to approximately S\$3.72 million in total).



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

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

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

The current state of the industrial real estate market in Singapore continues to remain challenging amidst an uncertain economy and an overall decline¹ in general manufacturing business outlook for the rest of the year. Notwithstanding this, the Group continues to look for attractive industrial land for development opportunities. Given its success in Addition & Alteration (“A&A”) works and rental income from its Kim Yam Road, Herencia property, the Group continues to look out for opportunities to undertake A&A to similar buildings to generate a recurrent income stream.

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

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period report on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividends have been declared or recommended as the funds are retained for working capital purposes.

¹ Source: <https://www.edb.gov.sg/content/dam/edb/edbsite/downloads/articles/bem-infographic-g32019.pdf>



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

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

| Name of interested party | Aggregate value of all interested person transaction during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 S\$'000 |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Haiyi Holdings Pte Ltd Interest on loan | 653 | - |

14 Negative assurance

The Board of Directors of the Company hereby confirms to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the three months financial period ended 30 September 2019 to be false or misleading in any material aspects.

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

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

BY ORDER OF THE BOARD

LOCK WAI HAN
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER
31 October 2019