



OKH GLOBAL LTD.

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

Unaudited Financial Statements and Related Announcement for the Second Quarter and Six Months ended 31 December 2019

<u>Table of Contents</u>	<u>Page</u>
Consolidated Statement of Comprehensive Income.....	2
Statements of Financial Position.....	5
Consolidated Statement of Cash Flows.....	8
Statements of Changes in Equity.....	10
Earnings per Ordinary Share.....	14
Net Asset Value per Ordinary Share.....	14
Review of Performance of the Group.....	15
Significant Trends and Business Outlook.....	18
Dividend.....	18
Interested Person Transactions.....	19



SECOND QUARTER AND SIX MONTHS FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 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			Group		
	2QFY2020 3 months ended 31-Dec-19 S\$'000	2QFY2019 3 months ended 31-Dec-18 S\$'000	change	HYFY2020 6 months ended 31-Dec-19 S\$'000	HYFY2019 6 months ended 31-Dec-18 S\$'000	change
		(Restated) ¹			(Restated) ¹	
Revenue	4,196	4,210	-0.3%	8,207	8,316	-1.3%
Cost of sales	(289)	(1,634)	-82.3%	(683)	(3,157)	-78.4%
Gross profit	3,907	2,576	51.7%	7,524	5,159	45.8%
Other income	278	50	n.m.	473	99	n.m.
General and administrative expenses	(1,378)	(1,316)	4.7%	(2,618)	(2,991)	-12.5%
Finance costs	(2,291)	(1,799)	27.3%	(4,712)	(3,501)	34.6%
Share of (losses) profits of associates	(33)	4,475	-100.7%	2,077	4,625	-55.1%
Profit before tax	483	3,986	n.m.	2,744	3,391	n.m.
Income tax (expense) credit	(429)	6	n.m.	(429)	(18)	n.m.
Total profit for the period	54	3,992	n.m.	2,315	3,373	n.m.
Profit attributable to:						
Owners of the Company	54	3,992	n.m.	2,315	3,373	n.m.
Non-controlling interests	-	-	n.m.	-	-	n.m.
	54	3,992	n.m.	2,315	3,373	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			Group		
	2QFY2020 3 months ended 31-Dec-19 S\$'000	2QFY2019 3 months ended 31-Dec-18 S\$'000 (Restated)	change	HYFY2020 6 months ended 31-Dec-19 S\$'000	HYFY2019 6 months ended 31-Dec-18 S\$'000 (Restated)	change
Total profit for the period	54	3,992	n.m.	2,315	3,373	n.m.
Other comprehensive loss:						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Currency translation differences arising from consolidation	(322)	(448)	-28.1%	(1,048)	(1,063)	-1.4%
Other comprehensive loss for the year, net of tax	(322)	(448)	-28.1%	(1,048)	(1,063)	-1.4%
Total comprehensive (loss) income for the period	(268)	3,544	n.m.	1,267	2,310	n.m.
Total comprehensive (loss) income attributable to:						
Owners of the Company	(268)	3,544	n.m.	1,267	2,310	n.m.
Non-controlling interests	-	-	n.m.	-	-	n.m.
	(268)	3,544	n.m.	1,267	2,310	n.m.



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

	Group			Group		
	2QFY2020 3 months ended 31-Dec-19 S\$'000	2QFY2019 3 months ended 31-Dec-18 S\$'000	change	HYFY2020 6 months ended 31-Dec-19 S\$'000	HYFY2019 6 months ended 31-Dec-18 S\$'000	change
Depreciation of property, plant and equipment	(8)	(28)	-71.4%	(17)	(64)	-73.4%
Depreciation of right-of-use assets	(48)	-	n.m.	(114)	-	n.m.
Bad debt expense	(48)	-	n.m.	(48)	(330)	-85.5%
Interest on loans, overdrafts and finance leases	(1,531)	(1,799)	-14.9%	(3,135)	(3,501)	-10.5%
Interest on lease liabilities	(760)	-	n.m.	(1,577)	-	n.m.
Gain (Loss) on disposal of property, plant and equipment	-	11	n.m.	-	(14)	n.m.
Gain on disposal of an investment property	-	-	n.m.	20	-	n.m.
Dividend income from investment in financial asset at fair value through profit or loss	240	-	n.m.	240	-	n.m.
Interest income	11	13	-15.4%	21	25	-16.0%
Gain on surrender of an insurance policy	-	-	n.m.	144	-	n.m.
Other income	28	26	7.7%	48	74	-35.1%



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

Statements of Financial Position

	Group		Company	
	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19
	S\$'000	S\$'000	S\$'000	S\$'000
		Audited		Audited
ASSETS				
Current assets				
Cash and bank balances	7,680	5,755	47	57
Trade and other receivables	4,930	4,930	49,989	49,129
Properties for sale	16,727	18,937	-	-
Total current assets	29,337	29,622	50,036	49,186
Non-current assets				
Property, plant and equipment	4,006	4,023	-	-
Right-of-use assets	102	-	-	-
Investment properties	164,992	156,092	-	-
Investments in subsidiaries	-	-	25,000	25,000
Investment in a joint venture	-	-	-	-
Investment in associates	60,100	60,671	-	-
Financial asset at fair value through profit or loss	9,000	9,000	-	-
Total non-current assets	238,200	229,786	25,000	25,000
Total assets	267,537	259,408	75,036	74,186
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	15,445	15,628	24,019	24,574
Lease liabilities	2,601	-	-	-
Obligations under finance leases	71	117	-	-
Loans due to a shareholder	54,537	-	54,537	-
Bank loans and overdrafts	23,879	24,139	-	-
Total current liabilities	96,533	39,884	78,556	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	
	31-Dec-19	30-Jun-19	31-Dec-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	4,232	-	-	-
Obligations under finance leases	85	111	-	-
Bank loans	73,769	74,984	-	-
Total non-current liabilities	78,086	127,873	-	52,778
Total liabilities	174,619	167,757	78,556	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 reserve	(4,863)	(3,815)	(1,491)	(1,491)
Accumulated losses	(11,802)	(14,117)	(209,509)	(209,155)
Equity attributable to owners of the Company	92,618	91,351	(3,520)	(3,166)
Non-controlling interests	300	300	-	-
Total equity (capital deficiency)	92,918	91,651	(3,520)	(3,166)
Total liabilities and equity (net of capital deficiency)	267,537	259,408	75,036	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 31 December 2019		As at 30 June 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
58,487	20,000	24,256	-

Amount repayable after one year

As at 31 December 2019		As at 30 June 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
73,854	-	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		Group	
	3 months ended 31-Dec-19 S\$'000	3 months ended 31-Dec-18 S\$'000 (Restated)	6 months ended 31-Dec-19 S\$'000	6 months ended 31-Dec-18 S\$'000 (Restated)
Cash flows from operating activities				
Profit for the period	54	3,992	2,315	3,373
Adjustments for:				
Income tax expenses	429	(6)	429	18
Bad debt expense	48	-	48	330
(Gain) Loss on disposal of property, plant and equipment	-	(11)	-	14
Gain on disposal of an investment property	-	-	(20)	-
Depreciation of property, plant and equipment	8	28	17	64
Depreciation of right-of-use assets	48	-	114	-
Finance cost	2,291	1,799	4,712	3,501
Interest income	(11)	(13)	(21)	(25)
Dividend income from an investment in a financial asset at fair	(240)	-	(240)	-
Share of losses (profits) of associates	33	(4,475)	(2,077)	(4,625)
Operating cash flows before changes in working capital	2,660	1,314	5,277	2,650
Trade and other receivables	35	461	(38)	4,247
Trade and other payables	(238)	(1,067)	(145)	(2,366)
Cash generated from operations	2,457	708	5,094	4,531
Income tax paid	(6)	6	(6)	(18)
Interest paid	(1,635)	(1,160)	(3,415)	(2,224)
Net cash generated from (used in) operating activities	816	(446)	1,673	2,289



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

Consolidated Statement of Cash Flows (Cont'd)

	Group		Group	
	3 months ended 31-Dec-19	3 months ended 31-Dec-18	6 months ended 31-Dec-19	6 months ended 31-Dec-18
	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)		(Restated)
Cash flows from investing activities				
Purchase of property, plant and equipment	-	-	-	(2)
Proceeds from disposal of property, plant and equipment	-	50	-	70
Proceeds from disposal of an investment property	-	-	968	-
Interest received	2	12	12	24
Dividend received from an associate	1,600	-	1,600	-
Dividend received from an investment in a financial asset at fair value through profit or loss	240	-	240	-
Net cash from investing activities	1,842	62	2,820	92
Cash flows from financing activities				
Proceeds from bank loans	-	-	-	27,550
Repayments of bank loans	(216)	(202)	(1,215)	(29,399)
Repayments of obligations under finance leases	(34)	(77)	(72)	(150)
Repayments of lease liabilities	(528)	-	(1,021)	-
Increase in fixed deposits pledged	-	-	(17)	(1,000)
Net cash used in financing activities	(778)	(279)	(2,325)	(2,999)
Net increase (decrease) in cash and cash equivalents	1,880	(663)	2,168	(618)
Cash and cash equivalents at beginning of period	2,295	2,749	2,007	2,704
Cash and cash equivalents at end of period	4,175	2,086	4,175	2,086
			31-Dec-19	31-Dec-18
			S\$'000	S\$'000
Cash and bank balances			7,680	6,482
Less: Bank overdrafts			(2,488)	(2,569)
Fixed deposits pledged			(1,017)	(1,827)
Cash and cash equivalents			4,175	2,086

Cash and cash equivalents at end of the period

The cash and cash equivalents as at 31 Dec 2019 comprises bank balance of S\$0.91 million (31 Dec 2018: S\$2.68 million), which are restricted to payments for expenditure incurred on properties for sale and investment properties.



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 period								
Profit for the period	-	-	-	-	2,261	2,261	-	2,261
Other comprehensive loss for the period	-	-	-	(726)	-	(726)	-	(726)
Balance at 30 September 2019	27,916	69,304	12,063	(4,541)	(11,856)	92,886	300	93,186
Total comprehensive loss for the period								
Profit for the period	-	-	-	-	54	54	-	54
Other comprehensive loss for the period	-	-	-	(322)	-	(322)	-	(322)
Balance at 31 December 2019	27,916	69,304	12,063	(4,863)	(11,802)	92,618	300	92,918
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 period								
Loss for the period (restated)	-	-	-	-	(619)	(619)	-	(619)
Other comprehensive loss for the period (restated)	-	-	-	(615)	-	(615)	-	(615)
Balance at 30 September 2018	27,916	69,304	12,063	(3,194)	(6,306)	99,783	300	100,083
Total comprehensive profit for the period								
Profit for the period (restated)	-	-	-	-	3,992	3,992	-	3,992
Other comprehensive loss for the period (restated)	-	-	-	(448)	-	(448)	-	(448)
Balance at 31 December 2018	27,916	69,304	12,063	(3,642)	(2,314)	103,327	300	103,627



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 period	-	-	-	-	(153)	(153)
Balance at 30 September 2019	8,936	72,155	126,389	(1,491)	(209,308)	(3,319)
Total comprehensive loss for the period	-	-	-	-	(201)	(201)
Balance at 31 December 2019	8,936	72,155	126,389	(1,491)	(209,509)	(3,520)
Balance at 1 July 2018	8,936	72,155	126,389	(1,491)	(202,543)	3,446
Total comprehensive loss for the period	-	-	-	-	(233)	(233)
Balance at 30 September 2018	8,936	72,155	126,389	(1,491)	(202,776)	3,213
Total comprehensive loss for the period	-	-	-	-	(274)	(274)
Balance at 31 December 2018	8,936	72,155	126,389	(1,491)	(203,050)	2,939



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 immediately preceding financial year.

There was no changes in the Company's share capital for the period ended 31 December 2019

	Number of ordinary shares	Share Capital S\$'000
As at 31 December 2019:	<u>1,128,657,445</u>	<u>8,936</u>

There were no treasury shares and subsidiary holdings as at 31 December 2019 and 31 December 2018.

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

The total number of issued shares excluding treasury shares and subsidiary holdings as at 31 December 2019 and 30 June 2019 was 1,128,657,445.

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

Not applicable.

1(d)(v) A statement showing all sales, transfers, 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 modifications 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 included in investment properties of S\$7.64 million, right-of-use assets of S\$0.21 million and lease liabilities of S\$7.85 million.



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

	3 months ended 31-Dec-19	3 months ended 31-Dec-18 (Restated)	Change %	6 months ended 31-Dec-19	6 months ended 31-Dec-18 (Restated)	Change %
Basic earnings per share (cents)						
Earnings per ordinary share based on the weighted average number of ordinary shares on issue (cents)	0.005	0.35	-98.6%	0.21	0.30	-30.0%
Weighted average number of ordinary shares on issue	<u>1,128,657,445</u>	<u>1,128,657,445</u>		<u>1,128,657,445</u>	<u>1,128,657,445</u>	
Diluted earnings per share (cents)						
Earnings per ordinary share based on a fully diluted basis (cents)	0.005	0.35	-98.6%	0.21	0.30	-30.0%
Adjusted weighted average number of ordinary shares on issue	<u>1,128,657,445</u>	<u>1,128,657,445</u>		<u>1,128,657,445</u>	<u>1,128,657,445</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		
	<u>31-Dec-19</u>	<u>30-Jun-19</u>	<u>Change %</u>
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)	8.21	8.09	1.5
Total number of issued ordinary shares	1,128,657,445	1,128,657,445	
	Company		
	<u>31-Dec-19</u>	<u>30-Jun-19</u>	<u>Change %</u>
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)	(0.31)	(0.28)	10.7
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

2QFY2020 vs 2QFY2019 / HY2020 vs HY2019

The Group posted revenue of approximately S\$4.20 million in 2QFY2020 as compared to S\$4.21 million in 2QFY2019. The slight decrease in the reported revenue for 2QFY2020 was attributed to the Group's Construction Services segment as there were less construction works in 2QFY2020.

For HY2020, the Group posted revenue of approximately S\$8.21 million as compared to S\$8.32 million in HY2019. The slight decrease was mainly attributed to revenue from our Property Investment segment due to the overall lower occupancy of our investment properties.

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

2QFY2020 vs 2QFY2019 / HY2020 vs HY2019

The Group recorded a higher gross profit of approximately S\$3.91 million in 2QFY2020 as compared to approximately S\$2.58 million in 2QFY2019. This was largely attributed to the adoption of IFRS 16 whereby rental expenses are now classified as finance costs 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 93.1% in 2QFY2020 as compared to 61.2% in 2QFY2019.

For HY2020, gross profit for the Group stood at S\$7.52 million as compared to S\$5.16 million in HY2019. The higher gross profit in HY2020 was largely attributed to the adoption of IFRS 16 whereby rental expenses are now classified as finance costs 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 91.7% in HY2020 as compared to 62.0% in HY2019.

Other Income

2QFY2020 vs 2QFY2019 / HY2020 vs HY2019

Other income was higher at approximately S\$0.28 million in 2QFY2020 as compared to S\$0.05 million in 2QFY2019. The increase was largely attributed to the one-off dividend income received from the Group's investment in a financial asset at fair value through profit or loss in 2QFY2020.

For HY2020, other income recorded was S\$0.47 million as compared to S\$0.10 million in HY2019. The higher other income was largely attributed to the one-off income derived from the gain on disposal of an investment property, gain from surrendering of an insurance policy and the dividend income from the Group's investment in a financial asset at fair value through profit or loss.

General and Administrative Expenses

2QFY2020 vs 2QFY2019 / HY2020 vs HY2019

General and administrative expenses increased by 4.7% from approximately S\$1.32 million in 2QFY2019 to S\$1.38 million in 2QFY2020. The increase was largely due to the adoption of IFRS 16 in FY2020 which led to a depreciation of right-of-use assets amounting to S\$0.05 million in 2QFY2020 (2QFY2019: S\$Nil) and bad debt expense. The overall increase in general and administrative expenses was partially offset by the lower staff and related cost and property tax in 2QFY2020.



For HY2020, general and administrative expenses decreased by 12.5% to S\$2.62 million as compared to S\$2.99 million in HY2019. The decrease was largely due to lower bad debt expense, property tax and staff and related costs. The decrease was partially offset by the adoption of IFRS 16 in FY2020 which led to a depreciation of right-of-use assets amounting to S\$0.11 million in HY2020 (HY2019: S\$Nil).

Finance Costs

2QFY2020 vs 2QFY2019 / HY2020 vs HY2019

Finance costs increased by 27.3% from approximately S\$1.80 million in 2QFY2019 to S\$2.29 million in 2QFY2020. The increase in 2QFY2020 was largely due to the adoption of IFRS 16 which resulted in interest on lease liabilities amounting to S\$0.76 million (2QFY2019: S\$Nil), the increase was partially offset by lower interest on loans due to the lower outstanding bank loans and lower interest rate during the period.

The increase in HY2020 finance costs to S\$4.71 million from S\$3.50 million in HY2019 was also due to the adoption of IFRS 16 which resulted in interest on lease liabilities amounting to S\$1.58 million (HY2019: S\$Nil).

Share of (Losses) Profits of Associates

2QFY2020 vs 2QFY2019 / HY2020 vs HY2019

Share of profits of associates decreased to a loss of S\$0.33 million in 2QFY2020 compared to a share of profits of S\$4.48 million in 2QFY2019 mainly due to revaluation gains on the associates' investment properties in 2QFY2019 and lower rental revenue in 2QFY2020 due to the sale of an investment property, while there were also higher one-off expenses such as income tax and repair and maintenance expenses in 2QFY2020.

For HY2020, share of profits of associates decreased to S\$2.08 million compared to S\$4.63 million in HY2019 mainly due to revaluation gains on the associates' investment properties in HY2019.

Income Tax (Expense) Credit

2QFY2020 vs 2QFY2019 / HY2020 vs HY2019

Income tax expense was approximately S\$0.43 million in 2QFY2020 as compared to a tax credit of S\$0.01 million in 2QFY2019. The tax expense for 2QFY2019 was due to the presence of taxable profit for the period.

Income tax expense for HY2020 was at approximately S\$0.43 million as compared to S\$0.02 million in HY2019 due to the Group recording in a higher taxable profit in HY2020.

Profit for the period

2QFY2020 vs 2QFY2019 / HY2020 vs HY2019

As a result of the foregoing, the Group registered a total profit of approximately S\$0.05 million in 2QFY2020 as compared to a profit of S\$3.99 million in 2QFY2019 and a profit of S\$2.32 million in HY2020 as compared to a profit of S\$3.37 million in HY2019.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019, total current assets stood at approximately S\$29.34 million as compared to S\$29.62 million as at 30 June 2019. The decrease in total current assets was largely attributed the reclassification of a unit of property for sale to investment property due to it being leased out, this was partially offset by higher cash and bank balances.

Total non-current assets stood at approximately S\$238.20 million as at 31 December 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 included in investment properties of S\$7.64 million and right-of-use assets of S\$0.1 million as at 31 December 2019 and the reclassification of a unit of property for sale to investment property. The overall increase was slightly offset by the decrease in investment properties as 1 unit was sold during the period and the dividend received from associates which resulted in a lower carrying value of the Group's investment in associates.



As at 31 December 2019, total current liabilities increased to approximately S\$96.53 million as compared to approximately S\$39.88 million as at 30 June 2019. This increase was largely attributed to the reclassification of loans due to a shareholder from non-current liabilities to current liabilities and the lease liabilities of S\$2.60 million as a result of the adoption of IFRS 16.

Total non-current liabilities decreased to approximately S\$78.09 million as at 31 December 2019 as compared to approximately S\$127.87 million as at 30 June 2019. The increase was largely due to loans from a shareholder which were reclassified to current liabilities as at 31 December 2019. The decrease was partially offset by the lease liabilities of S\$4.23 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 31 December 2019, the Group generated net cash inflow from operating activities of approximately S\$0.82 million as compared to a net cash outflow of approximately S\$0.45 million in the corresponding preceding period. The net cash inflow was primarily due to the collection from rental of investment properties.

For HY2020, the Group generated net cash inflow of approximately S\$1.67 million from operating activities mainly due to the collection from rental of investment properties.

Net cash inflow from investing activities

The Group recorded net cash inflow of approximately S\$1.84 million for the 3 months ended 31 December 2019 and S\$2.82 million in HY2020 from investing activities as compared to net cash inflow of approximately S\$0.06 million and S\$0.09 million in the corresponding periods last year. The increase in the net cash inflow for the 3 months ended 31 December 2019 and HY2020 is largely due to the dividends received from the Group's investment in associates and a financial asset at fair value through profit or loss.

Net cash outflow from financing activities

The Group recorded net cash outflow of approximately S\$0.78 million from financing activities for the 3 months ended 31 December 2019 as compared to a net cash outflow of S\$0.28 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 leases.

For HY2020, the Group recorded net cash outflow of S\$2.33 million as compared to S\$3.00 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 leases during the period.

As a result of the above, the Group recorded a net increase in cash and cash equivalents of approximately S\$1.88 million in the financial period 3 months ended 31 December 2019 and S\$2.17 million in HY2020.

Cash and cash equivalents as at 31 December 2019 stood at approximately S\$4.18 million (excluding bank overdraft and fixed deposits pledged that amounted to approximately S\$3.51 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.

No forecast or prospect statement has been previously disclosed to shareholders.

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 decline 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 reported 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.



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

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

Name of interested party	Aggregate value of all interested person transaction during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 S\$'000
<u>Haiyi Holdings Pte Ltd</u> Interest on loans	1,312	-

14 Negative assurance

The Board of Directors of the Company hereby confirms to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the three months financial period ended 31 December 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
11 February 2020