



**OKH GLOBAL LTD.**  
**ANNUAL REPORT 2017**



▶ **Ace@Buroh**



▶ **12 Tai Seng Link**



▶ **The Herencia**



Loyang Enterprise

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# 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



**MR. LOCK WAI HAN**

Executive Director & Chief Executive Officer

**MRS. CELINE TANG**

Non-Executive Chairman

### DEAR SHAREHOLDERS,

Since our appointments to the Board of OKH Global Ltd. (the "Company" or "OKH Global") last year, we have prioritised our efforts to execute and restructure the Company and its subsidiaries (the "Group") business activities, which comprises construction services, property development and property investment, to further enhance our business model, improve our liquidity position and strengthen our balance sheet.

With the injection of new capital and loans from shareholders, the Company was able to complete construction of our development project, Ace@Buroh, which obtained its temporary occupancy permit ("TOP") in March 2017. Notably, our development projects, Loyang Enterprise, obtained its Certificate of Statutory Completion ("CSC") in October 2016, while 12 Tai Seng Link obtained its CSC in May 2017.

On the financial front, the Group registered a revenue growth of 77.6% to approximately S\$134.5 million for the financial year ended 30 June 2017 ("FY2017") as compared to FY2016. This was attributed largely to the Group's property development segment as a result of revenue recognised from our development project, Ace@Buroh.

Revenue contribution from our property development business segment surged by 91.1% to approximately S\$122.8 million in FY2017 as compared to FY2016. As at

end of FY2017, Ace@Buroh has registered cumulative sales of 83.2%, hence resulting in a higher revenue contribution from our property development business segment as compared to the preceding financial year.

From the property investment business segment, revenue increased by 9.3% to approximately S\$11.6 million in FY2017 as compared to FY2016, following the Company's continued efforts to market its investment properties for leasing.

Adopting a prudent and conservative financial approach, the Group undertook a property valuation exercise on all our property assets through an independent and reputable property valuation company during FY2017.

The results of the valuation exercise is a reflection of the current downturn in the industrial property market segment. Consequent to the valuation exercise, the Group took a total impairment loss of approximately S\$65.0 million for FY2017.

In response to the macro business challenges and streamlining how we operate our businesses, the Group embarked on cost-cutting measures which saw our staff and related costs declined significantly from approximately S\$4.8 million in FY2016 to approximately S\$2.8 million in FY2017.

### STRENGTHENED BALANCE SHEET

With a view to bolster the Group's balance sheet and liquidity position, we reduced our total bank loans and overdrafts by approximately S\$83.8 million to S\$142.3 million as at 30 June 2017. In addition, trade and other payables dipped by approximately S\$85.9 million to S\$41.1 million as at 30 June 2017.

As at end June 2017, equity attributable to owners of the Company stood at approximately S\$87.4 million.

Notably, the Group generated net cash from operating activities of approximately S\$26.9 million during FY2017.

### OUR STRATEGY AHEAD

To build a sustainable business in OKH Global's business model, it is our top priority to further enhance the Company's financial foundation with improved cash flow and reduced gearing.

Investment, development and divestment of properties are part of the Group's core real estate business. Hence, as part of our continuous strategic review, we will assess the relevance of our properties and fixed assets against our long-term ambitions and capital requirements.

Given the current state of industrial properties in Singapore, we believe that there are still opportunities in certain segments of this market and we will be on the lookout for attractive industrial land for development opportunities.

In addition, with our success in Addition & Alteration ("A&A") works and rental income from our investment property, The Herencia, at Kim Yam Road, the Group will continue to explore opportunities to undertake A&A to similar buildings to generate a recurrent income stream.

We remain positive about the opportunities to grow our business model and by tapping on our regional business networks, geographic expansion remains a key focus of our strategy to create new growth catalysts for the Group.

### ACKNOWLEDGEMENT AND APPRECIATION

After a significant year, along with a more streamlined organization, we remain disciplined and focused in our mission to further optimise our business model and efficiently deploy capital into strategic initiatives.

On behalf of the Board of Directors, we would like to express our thanks to the management and staff for their commitment and efforts during this period of restructuring.

We would like to extend our sincere appreciation to our Board of Directors for their insights and guidance over the past 12 months and also extend the same to our shareholders, bankers and business partners for their continuous and invaluable support.

We are encouraged by our progress and as we look forward, we are optimistic of our future and the road ahead.

#### 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**  
NON-EXECUTIVE DIRECTOR

- MEMBER OF AUDIT COMMITTEE
- MEMBER OF NOMINATING COMMITTEE
- MEMBER OF REMUNERATION COMMITTEE

Ms. Ng was appointed to the Board on 2 August 2016 as the Non-Executive Director of the Company. 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 Titano-Magnetite 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
- CHAIRMAN 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 and Master of Accounting from Curtin University. 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. FRANCIS LEE FOOK WAH CHIEF FINANCIAL OFFICER

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Mr. Lee was appointed as the Chief Financial Officer of our Group on 2 March 2015 and he is responsible for the overall finance function of our Group, including matters relating to accounting, financial reporting, taxation and compliance with listing rules.

Previously, between 2005 and 2011, Mr. Lee served as an executive director, finance director and chief financial officer of Man Wah Holdings Ltd, a company listed on the Hong Kong Stock Exchange, where he was responsible for the overall accounting functions of the company and matters relating to its corporate regulatory compliance and reporting.

Mr. Lee began his career in 1990 in the Commercial Crime Division of the Criminal Investigation Department, where he served as a senior investigation officer. In 1993, he joined OCBC Bank as an assistant manager conducting credit analyses. Between 1994 and 2001, he worked at Deutsche Morgan Grenfell Securities as a dealer's representative managing clients' investment portfolios. Mr. Lee served at the Singapore branch of the Bank of China between 2001 and 2004 as an assistant manager overseeing a team of credit officers. Between 2004 and 2005, he worked at AP Oil International Ltd as an investment and project manager, where he was involved in mergers and acquisitions and was also tasked with overseeing its overall credit policy.

Mr. Lee graduated from The National University of Singapore with a Bachelor's degree in Accountancy in 1990 and obtained a Master's degree in Business Administration (Investment and Finance) from The University of Hull in 1993. Mr. Lee is a Chartered Accountant and a non-practising member of the Institute of Singapore Chartered Accountants (ISCA). He is also a member of the Singapore Institute of Directors. Mr. Lee also serves as an independent director of four other SGX-listed companies.

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

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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.

# FINANCIAL AND OPERATIONS REVIEW

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

In FY2017, the Group’s revenue increased 77.6% to approximately S\$134.5 million as compared to approximately S\$75.8 million in FY2016. This was attributed largely to the Group’s property development segment as a result of revenue recognised from the Group’s development project, Ace@Buroh, which achieved its temporary occupation permit (“TOP”) during FY2017.

With cumulative sales of 83.2% for Ace@Buroh, revenue contribution from the Group’s property development business segment surged by 91.1% to approximately S\$122.8 million in FY2017 as compared to FY2016.

Revenue from the Group’s property investment business segment increased by 9.3% to approximately S\$11.6 million in FY2017 as compared to approximately S\$10.6 million in FY2016. The increment was attributed mainly to rental income received from the leased units in Loyang Enterprise.

For the Group’s construction services business segment, revenue dipped by approximately 83.4% to approximately S\$0.2 million in FY2017 as compared to approximately S\$0.9 million in FY2016, as most of the Group’s third parties construction contracts have been completed.

With higher revenue contribution from property development and property investment business activities, the Group recorded a higher gross profit of approximately S\$13.1 million in FY2017, as compared to approximately S\$11.1 million in FY2016.

While the Group registered a higher level of gross profit for FY2017, the Group’s gross profit margin was lower at 9.7% as compared to 14.6% in FY2016 due to the higher cost incurred for the Group’s development project, Ace@Buroh.

The Group’s other income in FY2017 was higher at approximately S\$6.4 million as compared to S\$2.4 million in FY2016. Amongst others, the increase was largely attributed to one-off income derived from goodwill received due to the finalisation of the final accounts for the Group’s previously completed projects.

Adopting a prudent and conservative financial approach, the Group undertook a property valuation exercise on all our property assets through an independent and reputable property valuation company during FY2017. The results of the valuation exercise is a reflection of the current downturn in the industrial property market segment. Consequently to the valuation exercise, the Group took a total impairment and revaluation loss of approximately S\$66.3 million for FY2017.

Streamlining our business operations, the Group embarked on cost-cutting measures which saw our staff and related costs declined significantly from approximately S\$4.8 million in FY2016 to approximately S\$2.8 million in FY2017. However, the recognition of sales commissions arising from the sale of units of the Group’s development project, Ace@Buroh, led to the Group’s general and administrative expense to increase by 7.4% from approximately S\$17.0 million in FY2016 to approximately S\$18.3 million in FY2017.

The Group’s finance costs decreased by 6.5% from approximately S\$10.1 million in FY2016 to S\$9.4 million in FY2017. The decrease was due to the absence of interest from the Redeemable Convertible Preference Shares (“RCPS”) and Redeemable Exchangeable Preference Shares (“REPS”) and lower outstanding bank loans during the year.

The share of profits of the Group’s associate, Pan Asia Logistics Investments Holdings Pte. Ltd., increased to approximately S\$5.4 million as compared to S\$3.4 million in the preceding financial year. The increase was mainly attributed to the completed BMW warehouse project which started contributing to the rental income in the current financial year.

As a result of the above, the Group registered a net loss of approximately S\$70.3 million (of which \$66.3 million was due to impairment and revaluation losses) in FY2017.

## OUR FINANCIAL POSITION

As at 30 June 2017, the Group’s total current assets stood at approximately S\$173.6 million as compared to S\$300.8 million as at 30 June 2016. The reduction in total current assets was attributed largely to properties under development, after the development project, Ace@Buroh obtained its TOP. Units of Ace@Buroh that have been sold were recognised as revenue in the current year while unsold units are being held as completed properties held for sale.

The Group’s cash and cash equivalents and trade and other receivables were also lower as at 30 June 2017. The Group’s overall reduction in current assets was partially offset by increases in assets held for sale which essentially represent the Group’s investments in the associate, Pan Asia Logistics Investments Holdings Pte. Ltd. and Pan Asia Logistics Holdings Singapore Pte. Ltd. (“PAL group”).

The Group’s total non-current assets stood at approximately S\$142.9 million as at 30 June 2017 as compared to approximately S\$213.6 million as at 30 June 2016. The reduction was a result of a write-down in the book value of a property under property, plant and equipment, and the transfer of the Group’s investment in the PAL group to assets held for sale and classified under the total current assets.

As at 30 June 2017, the Group’s total current liabilities reduced significantly to approximately S\$164.8 million as compared to approximately S\$386.6 million as at 30 June 2016. This was largely attributed to a reduction in the outstanding trade and other payables, redemption of the RCPS and REPS and a reduction in total bank loans and overdrafts. The overall reduction in current liabilities was partially offset by the additional loan of S\$20.0 million from third party taken up during the period under review.

Total non-current liabilities increased to approximately S\$63.9 million as at 30 June 2017 as compared to approximately S\$19.5 million as at 30 June 2016. The increase was largely due to the refinancing of a bank loan which was classified as current liabilities as at 30 June 2016.

## OUR CASH FLOW HIGHLIGHTS

### Net cash inflow from operating activities

For the financial period ended 30 June 2017, the Group generated positive net cash inflow from operating activities of approximately S\$26.9 million as compared to approximately S\$30.2 million in FY2016.

The net cash inflow was primarily due to proceeds from properties under development and completed properties held for sale, which was partially offset by the outflow from trade and other payables.

### Net cash outflow in investing activities

The Group recorded net cash outflow of approximately S\$0.3 million for FY2017 from investing activities as compared to net cash outflow of approximately S\$16.9 million in the corresponding period last year. The net cash outflow in FY2017 related largely to the increase in the purchase of property, plant and equipment but partially offset by similar disposals.

### Net cash outflow in financing activities

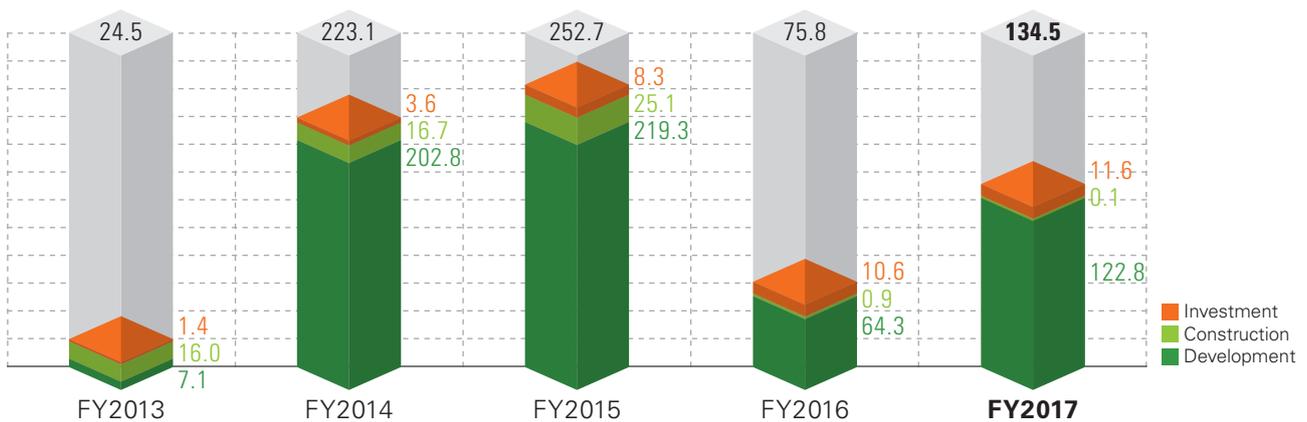
The Group recorded net cash outflow of approximately S\$51.8 million from financing activities in FY2017 as compared to a net cash inflow of S\$8.6 million in the corresponding period last year. The net cash outflow was largely due to a net repayment in bank loans and the redemption of both the RCPS and REPS. The cash outflow was partially offset by loan from third party and the issuance of new share capital.

Further details of the Group’s financial statements in FY2017 can be found in the next few sections of this annual report.

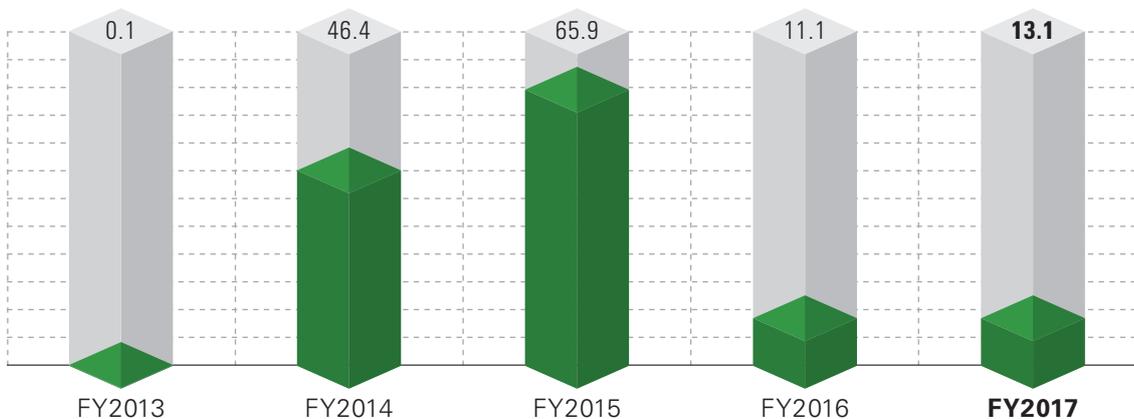
## FINANCIAL HIGHLIGHTS

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.

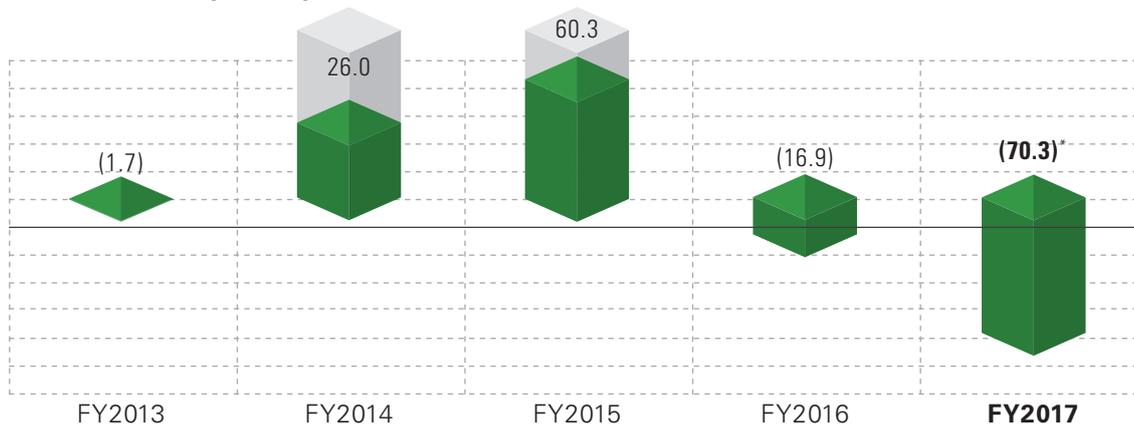
### REVENUE (S\$'MILLION)



### 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 PROPERTIES

NAME OF PROPERTY	LOCATION	DESCRIPTION	TENURE	LAND AREA (SQ.FT.)	ESTIMATED GROSS FLOOR AREA (SQ.FT.)	GROUP'S EFFECTIVE EQUITY INTEREST (%)
<b>COMPLETED</b>						
Ace @ Buroh	2 Buroh Crescent, Singapore 627546	A 9-storey B2 ramp-up industrial building for strata sale/lease	30 years leasehold from 2013	190,317	475,780	100
Loyang Entrepise	56 Loyang Way, Singapore 508775	A 6-storey B2 ramp-up industrial building for strata sale/lease	30 years leasehold from 2013	222,092	555,000	100

## INVESTMENT PROPERTIES

NAME OF PROPERTY	LOCATION	DESCRIPTION	TENURE	ESTIMATED GROSS FLOOR AREA (SQ.FT.)	GROUP'S EFFECTIVE EQUITY INTEREST (%)
<b>COMPLETED</b>					
12 Tai Seng Link	12 Tai Seng Link, Singapore 534233	A 10-storey B2 industrial building for lease	30 years leasehold from 2012	116,681	100
The Herencia	46 & 58 Kim Yam Road, Singapore 239351	A two-part commercial building for offices and education institution for lease	3+3+3 years leasehold from 2013	220,186	100
Seatown Industrial Centre	69H, Tuas South Avenue 1, Singapore 637509	A 3-storey ancillary dormitory, within the industrial estate of 23 units of terrace factories and one canteen, for lease	60 years leasehold from 2000	274,352	100

## FIXED ASSETS

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

## 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 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

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

## 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: Dr. Ernest Kan Yaw Kiong  
a member of the Institute of Singapore Chartered Accountants  
Date of appointment: 29 April 2013

## SINGAPORE SHARE TRANSFER AGENT

RHT Corporate Advisory Pte. Ltd.  
9 Raffles Place #29-01 | Republic Plaza Tower 1 | Singapore 048619

## REGISTERED OFFICE

Clarendon House  
2 Church Street | Hamilton HM11 | Bermuda  
Tel: +1 (441) 295 5950 | Fax: +1 (441) 292 4720

## HEAD OFFICE

701 Sims Drive | #02-06 LHK Building | Singapore 387383  
Tel: +65 6345 0544 | Fax: +65 6344 5811  
Website: [www.okh.com.sg](http://www.okh.com.sg)

## PRINCIPAL BANKERS

DBS Bank Limited  
Malayan Banking Berhad  
United Overseas Bank Limited



Tai Seng Link

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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 management performance;
- (iv) identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- (v) 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
- (vi) 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 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 such 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 2017 ("FY2017") 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>	5	5	1	1
<b>Attendance</b>				
Mrs Celine Tang <sup>1</sup>	4/5	N/A	N/A	N/A
Mr Lock Wai Han <sup>2</sup>	4/4	N/A	N/A	N/A
Mr Bon Ween Foong <sup>3</sup>	1/2	N/A	N/A	N/A
Mr Tan Geok Chye <sup>4</sup>	N/A	N/A	N/A	N/A
Ms Ng Kheng Choo <sup>5</sup>	4/5	2/2	N/A	N/A
Mr Ong Soon Teik	5/5	5/5	1/1	1/1
Mr Lim Eng Hoe	5/5	5/5	1/1	1/1
Mr Lee Teck Leng Robson <sup>6</sup>	1/1	2/2	1/1	1/1

# STATEMENT ON CORPORATE GOVERNANCE

**Notes:**

- 1 Mrs Celine Tang was appointed on 2 August 2016
- 2 Mr Lock Wai Han was appointed on 5 October 2016
- 3 Mr Bon Ween Foong resigned on 2 December 2016
- 4 Mr Tan Geok Chye stepped down as an Executive Director with effect from 26 August 2016
- 5 Ms Ng Kheng Choo was appointed on 2 August 2016 as Non-Executive Director and a Member of the Audit, Nominating and Remuneration Committees on 1 January 2017
- 6 Mr Lee Teck Leng Robson resigned on 7 October 2016

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.

# STATEMENT ON CORPORATE GOVERNANCE

## 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, one (1) Non-Executive and Non-Independent Director, and two (2) Non-Executive and Independent Directors:-

### Non-Executive Chairman

Mrs Celine Tang

### Executive Director and CEO

Mr Lock Wai Han

### Non-Executive and Non-Independent Director

Ms Ng Kheng Choo

### Non-Executive and Independent Directors

Mr Ong Soon Teik

Mr Lim Eng Hoe

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 NC has 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 2.1 of the Code where there is a strong and independent element on the Board with independent directors making up at least one-third of the Board. The NC has given due consideration to Guideline 2.2 of the Code which states that where the Chairman of the Board is not an Independent Director, at least half of the Board should be independent at the annual general meeting ("AGM") following the end of financial year commenced on or after 1 May 2016. Whilst taking steps to comply with the aforesaid guideline, the Board has taken the position that any new Board member should have the appropriate expertise and experience to add diversity to the breadth and depth of any Board discussion. At present, whilst acknowledging the objective of this guideline, the Board and the NC are of the opinion that the process of decision making by the Board is independent despite its current Board composition. Further, in view of the ongoing challenges faced by real estate development industry and the financial position of the Company, the Board is of the view that it would need more time to consider the choice of a suitable new Board member.

# STATEMENT ON CORPORATE GOVERNANCE

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 during the financial year. Hence, 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 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.

## STATEMENT ON 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, one-third 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.

The Company is in compliance with Guideline 3.3 of the Code, where 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 Chief Financial Officer 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.

### 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, two of whom are Non-Executive and Independent Directors and one Non-Executive and Non-Independent Director:-

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

The Company is in compliance with Guideline 4.1 of the Code, where Mr Ong Soon Teik, the Lead Independent Director of the Company, is Chairman of 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;

## STATEMENT ON CORPORATE GOVERNANCE

- (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 Lim Eng Hoe and Mrs Celine Tang who will retire by rotation at the forthcoming AGM to be held on 30 October 2017 are disclosed in the Directors' Profile on pages 4 to 5 of this Annual Report.

The NC has recommended and the Board has approved the re-election of Mr Lim Eng Hoe and Mrs Celine Tang, who are retiring at the forthcoming AGM as Directors of the Company. Mr Lim Eng Hoe and Mrs Celine Tang 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 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.

# STATEMENT ON CORPORATE GOVERNANCE

Key information regarding the Directors is set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Present Directorships or Chairmanships in Other Listed Companies and Major Appointments	Past Directorships or Chairmanships in Other Listed Companies and Major Appointments over the preceding three years
Celine Tang	2 August 2016	21 December 2016 (to be re-elected at the forthcoming AGM)	• Singhaiyi Group Ltd.	–
Lock Wai Han	5 October 2016	21 December 2016	• Secura Group Ltd • Media Literacy Council	• Rowsley Ltd.
Ng Kheng Choo	2 August 2016	21 December 2016	• ISOTeam Ltd	–
Lim Eng Hoe	31 October 2013	29 October 2015 (to be re-elected at the forthcoming AGM)	–	–
Ong Soon Teik	29 March 2010	21 December 2016	–	• Adventus Holdings Limited

## 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 FY2017. However, if need arises, the NC has full authority to engage external facilitator to assist the NC to carry out the process at the Company's expense.

# STATEMENT ON CORPORATE GOVERNANCE

## 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 is in various forms such as 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, majority 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.

# STATEMENT ON CORPORATE GOVERNANCE

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 should 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.

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 used in FY2017.

## 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.

## STATEMENT ON CORPORATE GOVERNANCE

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 agreements entered into with the Executive Director, namely Mr Lock Wai Han, is for an initial period of three years. These 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 on 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 2017, are disclosed below.

The breakdown of each Directors' and key management personnel's remuneration of the Group for the financial year ended 30 June 2017 is as follows:

Board of Directors	Salary	Bonus/ Commissions	Benefits in Kind	Directors' Fees	Others	Total
	\$	\$	\$	\$	\$	\$
Celine Tang	-	-	-	-	-	-
Lock Wai Han <sup>1</sup>	301,823	-	52,531	-	-	354,354
Bon Ween Foong <sup>2</sup>	190,031	-	36,693	2,000 <sup>4</sup>	-	228,724
Ong Soon Teik	-	-	-	67,000	-	67,000
Lim Eng Hoe	-	-	-	52,000	-	52,000
Lee Teck Leng Robson <sup>3</sup>	-	-	-	13,000	-	13,000
Ng Kheng Choo	-	-	-	61,174	51,391 <sup>5</sup>	112,565

### Notes:

- 1 Mr Lock Wai Han was appointed on 5 October 2016
- 2 Mr Bon Ween Foong resigned on 2 December 2016
- 3 Mr Lee Teck Leng Robson resigned on 7 October 2016
- 4 Directors' fees of S\$2,000 was paid by a subsidiary of the Company
- 5 Ms Ng Kheng Choo provided advisory services to the Company from September 2016 to May 2017

# STATEMENT ON CORPORATE GOVERNANCE

Key Management Personnel	Salary	Bonus/ Commissions	Benefits in Kind	Total
	%	%	%	%
<b>Below S\$250,000</b>				
Francis Lee Fook Wah	84	7	9	100
Tan Geok Chye <sup>1</sup>	82	7	11	100
Ng Khay Wee	78	–	22	100
Julian Yeap Chiaw Gam	76	6	18	100

1 Mr Tan Geok Chye stepped down as an Executive Director with effect from 26 August 2016

The Company has only 4 key management personnel (who are not Directors or the CEO) for the financial year ended 30 June 2017 and aggregate total remuneration paid to the top four key management personnel for the financial year ended 30 June 2017 is approximately S\$725,522. 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 four 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 2017.

There is no employee who is immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeds S\$50,000 for the financial year ended 30 June 2017.

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.

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 is 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.

# STATEMENT ON CORPORATE GOVERNANCE

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 Chief Financial Officer 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 for the Company to maintain 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 2017 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.

## STATEMENT ON CORPORATE GOVERNANCE

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 FY2017, the Board has received assurances from the Executive Director, who is also the Chief Executive Officer, and the Chief Financial Officer 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.

Based on the internal control weaknesses noted during the course of audit 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 2017. 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.

### **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, majority 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 requisite accounting and financial management expertise and experience.

## STATEMENT ON CORPORATE GOVERNANCE

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.

## STATEMENT ON CORPORATE GOVERNANCE

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 2017:–

<b>Services</b>	<b>Amount (SGD)</b>
Audit service	238,000
Non-audit service – Tax Compliance	38,000
Total	<u>276,000</u>

The AC had reviewed all audit and non-audit fee 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 2017. 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.

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 FY2017 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.

# STATEMENT ON CORPORATE GOVERNANCE

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.

## STATEMENT ON CORPORATE GOVERNANCE

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.

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 FY2017.

# STATEMENT ON CORPORATE GOVERNANCE

## 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 FY2017, 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 FY2017:-

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	1,498	-

## 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, 2017.

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 41 to 111 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, 2017, and of 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 report are:

Celine Tang	(Appointed on August 2, 2016)
Lock Wai Han	(Appointed on October 5, 2016)
Ong Soon Teik	
Lim Eng Hoe	
Ng Kheng Choo	(Appointed on August 2, 2016)

## 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 5 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

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 director's interest in the shares of the Company at July 21, 2017 were the same at June 30, 2017.

# DIRECTORS' STATEMENT

## 4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

## 5 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

(Appointed on January 1, 2017)

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, 2016 and 2017, 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.

# DIRECTORS' STATEMENT

## 6 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

(Appointed on January 1, 2017)

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

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

The AC met 4 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 effective 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

# DIRECTORS' STATEMENT

- 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 Singapore law, rules or regulations which has or is likely to have a material impact on the operating results and financial position of the Group.

The Audit Committee 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 Audit Committee.

The Audit Committee has recommended to the Board of Directors that external auditors Deloitte & Touche LLP be recommended for re-appointment at the forthcoming Annual General Meeting of the Company.

## **7 AUDITORS**

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

ON BEHALF OF THE DIRECTORS

Lock Wai Han

Ong Soon Teik

Date: October 5, 2017

# 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, 2017, 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 41 to 111.

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 of the financial position of the Company as at June 30, 2017 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.

# 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 completed properties held for sale</u></p> <p>Completed properties held for sale (Note 9) represent a significant proportion of the assets in the Group's statement of financial position.</p> <p>The Group's completed properties held for sale are located in Singapore, which are stated at the lower of cost and net realisable values.</p> <p>The fair value of the completed properties is based on the valuation performed by an independent professional valuer (the "Valuer").</p> <p>Management's assessment of net realisable value of completed properties held 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 estimates made in the net realisable value could result in a significant impact on the carrying amount of the completed properties held 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, 2017.</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, setting budgets and authorising and recording of 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 completed properties held for sale are impaired and the amount of impairment 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 independent Valuer. We have also discussed with the Valuer and assessed the appropriateness of the valuation method and the assumptions applied used by the Valuer in determining market value of the property units; and</li> <li>• We have assessed the reasonableness of the estimated net realisable value by comparing to the transacted prices of recent 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> </ul> <p>We have also assessed and validated the adequacy of the Group's disclosures.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

Key audit matters	How the matter was addressed in the audit
<p><u>Valuation of investment properties</u></p> <p>Investment properties (Note 13) represent a significant proportion of the assets in the Group's statement of financial position.</p> <p>The Group's investment properties are located in Singapore, which 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 under pinned by a number of key assumptions used in the valuation as well as the valuation methodologies applicable as disclosed in Note 13 and is highly dependent upon management's judgement.</p> <p>Inaccurate management 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, 2017.</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 whether the Group's investment properties are impaired and the amount of impairment 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 independent Valuer. We have also discussed with the Valuer and assessed the appropriateness of the valuation method and the assumptions applied used by the Valuer 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> </ul> <p>We have also assessed and validated the adequacy of the Group's disclosures.</p>

## 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 the International Financial Reporting Standards, 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

- 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 Kan Yaw Kiong.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

Date: October 5, 2017

# STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017

	Note	Group		Company	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	6	20,258	44,948	21	712
Trade and other receivables	7	28,919	37,830	59,702	34,272
Loan due from non-controlling interests	5	330	1,430	-	-
Completed properties held for sale	9	67,900	75,327	-	-
Property under development	9	-	140,032	-	-
Derivative financial instrument	10	-	1,268	-	-
		<b>117,407</b>	300,835	<b>59,723</b>	34,984
Non-current assets classified as held for sale	11	56,197	-	-	-
Total current assets		<b>173,604</b>	300,835	<b>59,723</b>	34,984
<b>Non-current assets</b>					
Property, plant and equipment	12	13,265	31,118	-	-
Investment properties	13	129,580	127,480	-	-
Investments in subsidiaries	14	-	-	86,171	126,180
Investment in a joint venture	15	-	-	-	-
Investment in an associate	16	-	38,699	-	-
Available-for-sale investment	17	-	16,257	-	-
Total non-current assets		<b>142,845</b>	213,554	<b>86,171</b>	126,180
<b>Total assets</b>		<b>316,449</b>	514,389	<b>145,894</b>	161,164
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables	18	41,158	127,107	26,294	29,706
Obligations under finance leases	19	327	515	-	-
Loan due to shareholder	5	10,000	20,000	10,000	20,000
Loan due to a third party	20	20,000	-	20,000	-
Loan due to an associate	5	1,600	6,000	-	-
Bank loans and overdrafts	21	89,036	207,664	-	-
Redeemable convertible preference shares ("RCPS")	22	-	6,000	-	-
Redeemable exchangeable preference shares ("REPS")	24	-	13,970	-	-
Provisions	23	1,368	1,368	-	-
Income tax payable		1,338	3,958	-	-
Total current liabilities		<b>164,827</b>	386,582	<b>56,294</b>	49,706
<b>Non-current liabilities</b>					
Obligations under finance leases	19	657	1,085	-	-
Bank loans	21	53,269	18,451	-	-
Loan due to shareholder	5	10,000	-	10,000	-
Total non-current liabilities		<b>63,926</b>	19,536	<b>10,000</b>	-
<b>Capital, reserves and non-controlling interests</b>					
Share capital	25	27,916	33,278	8,936	128,624
Share premium		69,304	26,005	72,155	28,856
Contributed surplus		12,063	-	126,389	-
Equity reserve		-	3,974	-	-
Translation reserve		(2,363)	(2,132)	(1,491)	(1,491)
Accumulated (losses) profit		(19,524)	46,846	(126,389)	(44,531)
Equity attributable to owners of the Company		<b>87,396</b>	107,971	<b>79,600</b>	111,458
Non-controlling interests		300	300	-	-
Net equity		<b>87,696</b>	108,271	<b>79,600</b>	111,458
<b>Total liabilities and equity</b>		<b>316,449</b>	514,389	<b>145,894</b>	161,164

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FINANCIAL YEAR ENDED JUNE 30, 2017

	Note	Group	
		2017 S\$'000	2016 S\$'000
Revenue	26	134,544	75,777
Cost of sales		(121,432)	(64,714)
Gross profit		13,112	11,063
Other income	27	6,357	2,394
Other expenses	28	(66,272)	(6,363)
General and administrative expenses		(18,266)	(17,007)
Finance costs	29	(9,430)	(10,086)
Share of profit of an associate	16	5,378	3,400
Loss before income tax	30	(69,121)	(16,599)
Income tax	31	(1,223)	(292)
<b>Loss for the year</b>		<b>(70,344)</b>	<b>(16,891)</b>
<b>Other comprehensive loss</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation		(231)	(323)
<b>Other comprehensive loss for the year, net of tax</b>		<b>(231)</b>	<b>(323)</b>
<b>Total comprehensive loss for the year</b>		<b>(70,575)</b>	<b>(17,214)</b>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(70,344)	(17,282)
Non-controlling interests		-	391
		<b>(70,344)</b>	<b>(16,891)</b>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		(70,575)	(17,605)
Non-controlling interests		-	391
		<b>(70,575)</b>	<b>(17,214)</b>
<b>Loss per share in Singapore cents</b>			
- Basic and diluted	32	(6.50)	(2.75)

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FINANCIAL YEAR ENDED JUNE 30, 2017

	Attributable to owners of the Company								
	Share capital	Share premium	Contributed surplus	Equity reserve	Translation reserve	Accumulated profits (losses)	Total	Non-controlling interests	Net equity
	(Note 25) S\$'000	(Note i) S\$'000	(Note iv) S\$'000	(Note ii) S\$'000	(Note iii) S\$'000	(losses) S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>									
<b>Balance at July 1, 2015</b>	33,278	26,005	-	3,974	(1,809)	64,128	125,576	13,509	139,085
<b>Total comprehensive loss for the year</b>									
Loss for the year	-	-	-	-	-	(17,282)	(17,282)	391	(16,891)
Other comprehensive loss for the year	-	-	-	-	(323)	-	(323)	-	(323)
Total	-	-	-	-	(323)	(17,282)	(17,605)	391	(17,214)
<b>Transactions with owners, recognised directly in equity</b>									
Profit sharing declared to non-controlling interests (Note 14)	-	-	-	-	-	-	-	(13,600)	(13,600)
<b>Balance at June 30, 2016</b>	<u>33,278</u>	<u>26,005</u>	<u>-</u>	<u>3,974</u>	<u>(2,132)</u>	<u>46,846</u>	<u>107,971</u>	<u>300</u>	<u>108,271</u>
<b>Total comprehensive 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 owners, recognised directly in equity</b>									
Capital reorganisation (Note 25)	(12,063)	-	12,063	-	-	-	-	-	-
Issue of share capital (Note 25)	6,701	43,299	-	-	-	-	50,000	-	50,000
Transfer on redemption of the RCPS and REPS	-	-	-	(3,974)	-	3,974	-	-	-
Total	(5,362)	43,299	12,063	(3,974)	-	3,974	50,000	-	50,000
<b>Balance at June 30, 2017</b>	<u>27,916</u>	<u>69,304</u>	<u>12,063</u>	<u>-</u>	<u>(2,363)</u>	<u>(19,524)</u>	<u>87,396</u>	<u>300</u>	<u>87,696</u>

# STATEMENTS OF CHANGES IN EQUITY

FINANCIAL YEAR ENDED JUNE 30, 2017

<u>Company</u>	<b>Share capital (Note 25) S\$'000</b>	<b>Share premium (Note i) S\$'000</b>	<b>Contributed surplus (Note iv) S\$'000</b>	<b>Translation reserve (Note iii) S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Net equity S\$'000</b>
<b>Balance at July 1, 2015</b>	128,624	28,856	–	(1,491)	(8,775)	147,214
Loss for the year, representing total comprehensive loss for the year	–	–	–	–	(35,756)	(35,756)
<b>Balance at June 30, 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 25)	(126,389)	–	126,389	–	–	–
Issue of share capital (Note 25)	6,701	43,299	–	–	–	50,000
<b>Balance at June 30, 2017</b>	<b>8,936</b>	<b>72,155</b>	<b>126,389</b>	<b>(1,491)</b>	<b>(126,389)</b>	<b>79,600</b>

## 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. During the year, the REPS and RCPS have been fully redeemed. Accordingly, the reserve has been 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

FINANCIAL YEAR ENDED JUNE 30, 2017

	Group	
	2017 S\$'000	2016 S\$'000
<b>Operating activities</b>		
Loss for the year	(70,344)	(16,891)
Adjustments for:		
Income tax expense	1,223	292
Bad debt expense	259	102
Waiver of interest receivable	–	7
Impairment loss on available-for-sale investment	–	1,521
Loss (Gain) on change in fair value of derivative financial instrument	1,268	(1,268)
Gain on disposal of property, plant and equipment	(726)	–
Payable written back	–	(425)
Depreciation of property, plant and equipment	745	1,027
Unrealised foreign currency exchange gain	–	6
Share of profit of an associate	(5,378)	(3,400)
Interest expense	9,430	10,086
Loss on change in fair value of investment properties	27,223	4,842
Impairment loss of property, plant and equipment	15,857	–
Loss on revaluation of non-current assets classified as held for sale	11,459	–
Loss on revaluation of completed properties held for sale	10,465	–
Interest income	(87)	(51)
Operating cash flows before movement in working capital	1,394	(4,152)
Trade and other receivables	3,299	17,225
Completed properties held for sale	21,559	–
Construction contracts	–	(2,503)
Property under development	84,069	2,336
Trade and other payables	(71,715)	32,651
Cash generated from operations	38,606	45,557
Interest paid	(7,905)	(10,703)
Income tax paid	(3,843)	(4,663)
Net cash from operating activities	26,858	30,191
<b>Investing activities</b>		
Purchase of property, plant and equipment (Note A)	(1,471)	(19,174)
Additions to investment properties (Note B)	–	(1,476)
Proceeds from disposal of property, plant and equipment	1,081	–
Proceeds from share buyback of available-for-sale investment (Note 17)	–	3,722
Interest received	87	51
Net cash used in investing activities	(303)	(16,877)

# CONSOLIDATED STATEMENT OF CASH FLOWS

FINANCIAL YEAR ENDED JUNE 30, 2017

	Group	
	2017	2016
	S\$'000	S\$'000
<b>Financing activities</b>		
Repayment of bank loans	(156,118)	(127,913)
Proceeds from bank loans	65,841	125,827
Repayment of obligations under finance leases	(616)	(526)
Increase in fixed deposits pledged	(4,200)	(1,000)
Repayment of advance to a director	–	(33)
Repayment of a loan to an associate	(4,400)	(2,000)
Loan from third party	20,000	–
Loan from shareholder	10,000	20,000
Repayment of loan from shareholder	(10,000)	–
Repayment of loan by non-controlling interests	1,100	1,900
Profit sharing paid to non-controlling interests	(2,407)	(5,700)
Redemption of redeemable convertible preference shares	(6,000)	(2,000)
Redemption of redeemable exchangeable preference shares	(15,000)	–
Issuance of shares	50,000	–
Net cash (used in) from financing activities	(51,800)	8,555
Net (decrease) increase in cash and cash equivalents	(25,245)	21,869
Cash and cash equivalents at beginning of year	36,028	14,159
<b>Cash and cash equivalents at end of year (Note 6)</b>	<b>10,783</b>	<b>36,028</b>

## Note A:

During the financial year, the Group purchased property, plant and equipment with aggregate cost of S\$2,657,000 (2016: S\$19,591,000), which were funded as follows:

	Group	
	2017	2016
	S\$'000	S\$'000
Cash	1,471	19,174
Finance leases	–	369
Trade and other payables	1,186	48
	<b>2,657</b>	<b>19,591</b>

## Note B:

In 2016, there were additional costs incurred on investment properties amounting to S\$7,041,000, of which S\$273,000 was the interest capitalised during the financial year and S\$5,292,000 remained unpaid at the end of the financial year.

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 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 an investing holding company. The principal activities of the subsidiaries, joint venture and associate are disclosed in Notes 14, 15 and 16 to the financial statements.

The consolidated financial statements of the Group for the financial year ended June 30, 2017 and the statement of financial position and statement of changes in equity of the Company for the financial year ended June 30, 2017 were authorised for issue by the Board of Directors on October 5, 2017.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** – The financial statements are 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 incurred net loss of S\$70.3 million (2016: S\$16.9 million) for the year ended June 30, 2017. The accompanying financial statements for the year ended June 30, 2017 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. (“Haiyi”) 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*.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 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** – In the current financial year, the Group has adopted all the new and revised IFRSs and amendments to IFRS issued by the International Accounting Standards Board and the Interpretations thereof issued by the International Financial Reporting Standards Interpretations Committee (“IFRS IC”) that are relevant to its operations and effective for annual periods beginning on or after July 1, 2016. The adoption of these new/revised IFRS and amendments to IFRS 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 new and revised standards and interpretations that are relevant to the Group and Company were issued but are not yet 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 IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to IAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to IFRSs	Annual improvements to IFRS Standards 2014-2016 Cycle <sup>1</sup>

1 Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management anticipates that the application of the above new and revised standards and interpretations in future will not have material impact on the financial statements of the Group and 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.

Management anticipates that the initial application of the new IFRS 9 may result in changes to the accounting policies relating to financial instruments. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing IFRS 9. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new IFRS 9.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In May 2014, IFRS 15 was issued which 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 is transferred to the customer.

Management anticipates that the initial application of the new IFRS 15 may result in changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect of revenue, including information about contracts with customers, contract balances and performance obligation. Management has commenced an assessment of the possible impact of implementing IFRS 15. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group’s financial statements in the period of initial application as the management has yet to complete its detailed assessment. The management does not plan to early adopt the new IFRS 15.

### **IFRS 16 Leases**

IFRS 16 will supersede IAS 17 *Leases* and its associated interpretative guidance. The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor IAS 17.

Management anticipates that the initial application of the new IFRS 16 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A lease asset will be recognised on the statement of financial position, representing the Group's right to use the leased asset over the lease term and, recognise a corresponding liability to make lease payments. Additional disclosures may be made with respect of the Group's exposure to asset risk and credit risk, where the Group is the lessor. Management has commenced an assessment of the possible impact of implementing IFRS 16. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new IFRS 16.

**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.

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

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.

**GOODWILL** – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the acquiree over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**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 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial assets

Financial assets are classified into the following specified categories: available-for-sale ("AFS") financial assets and 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.

#### Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Certain unquoted shares held by the Group are classified as AFS and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

#### 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

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.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 ownership 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 bank 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).

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Compound instruments

The Group entered into redeemable exchangeable preference shares and redeemable convertible preference shares which are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-redeemable instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the compound instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the compound instruments using the effective interest method.

### 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.

### Derivative financial instruments

The Group holds a put option with the ability to sell shares in the available-for-sale investment back to the vendor. This option is a derivative financial instrument (Note 10).

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**PROPERTY UNDER DEVELOPMENT** – Property under development are stated at the lower of cost or net realisable value. Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion.

Cost of property under development comprises land cost, development costs and borrowing costs capitalised during the development period. When completed, the units held for sale are classified as completed properties held for sale.

Revenue and costs are recognised based on the completion of construction method when the transfer of significant risks and rewards of ownership coincides with the time when the property is completed and ready for hand over.

Property under development is classified as current when is expected to be realised in, or are intended for sale in, the Group's normal operating cycle.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**COMPLETED PROPERTY FOR SALE** – Completed properties for sale are stated at lower of cost or 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.

### 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 are properties held to earn rentals and/or for capital appreciation, (including properties under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (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, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- (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.

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

The following is the critical judgement, 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.

#### Revenue recognition – property under development

The Group recognises revenue and cost of property under development based on the completion of construction method when the transfer of significant risks and rewards of ownership coincides with the time when the property is completed and ready for hand over.

With respect to the commercial property developments of the Group, the management determines that significant risks and rewards of ownership were transferred upon receipt of temporary occupation permit, indicating that the development is completed with key regulatory requirements met and fit for occupation and handover.

#### Accounting for redeemable convertible preference shares ("RCPS")

Chronoz Investment Holding Pte. Ltd. ("Chronoz"), a subsidiary of the Company, issued S\$8 million RCPS in November 2014 and the holder of the RCPS shall have the option to exchange part of or its entire holdings of the RCPS into the Company's shares at a fixed price. In addition, in the event Chronoz undertakes an initial public offering ("IPO") before the maturity date, the holder of the RCPS shall have the option to convert all the RCPS into ordinary shares of Chronoz at a price equals to 50% discount to the IPO price. As at June 30, 2016, the management of the Company considered that the rights to the conversion option are in their hands as initiating an IPO exercise via Chronoz is within management control and management does not intend, and is not required to, put forth such exercise within the outstanding period of the RCPS. Accordingly, the management of the Company considered that the aforesaid conversion option is not substantive and recognised the RCPS as a compound instrument with both the liability and equity elements in accordance with IAS 32 *Financial Instruments: Presentation* ("IAS 32").

The RCPS has been fully redeemed during financial year ended June 30, 2017. The carrying amounts of the liability and equity components of the RCPS are disclosed in Note 22.

#### Accounting for deferred loss on redeemable exchangeable preference shares ("REPS")

OKH Transhub Pte. Ltd., a subsidiary of the Company, issued S\$10 million REPS and measured the compound instrument in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. Due to the prolonged process in fulfilling the conditions precedent to the subscription agreement and the surge in the share price of the Company during the intervening period, management has assessed that the aggregate fair value of the liability and equity components of the REPS is in excess of its nominal value at initial recognition and concluded that such differences should be deferred and amortised over the period up to the maturity date. As at June 30, 2016, the fair value of the liability and equity component of the REPS was based on a valuation performed by an independent professional valuer.

The REPS has been fully redeemed during financial year ended June 30, 2017. The carrying amounts of the deferred loss and REPS are disclosed in Notes 7 and 24 respectively.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

### 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.

#### Construction contracts

The Group recognises contract revenue and contract costs using the percentage of completion method. The percentage of completion is measured 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 of the construction contractor segment.

Significant assumptions are required in estimating the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation for variation works that are recoverable from customers. In making these estimates, the Group relies on past experience and the work of specialists.

In addition, the valuation of construction contracts can be subject to uncertainty in respect of variation works and estimation of future costs. The carrying amounts of assets and liabilities arising from construction contracts are disclosed in Notes 7 and 18, respectively.

#### Carrying amounts of completed properties held for sale and property under development

The aggregate carrying amount of completed properties held for sale and property under development is approximately S\$67.9 million and S\$Nil as at June 30, 2017 (2016: S\$75.3 million and S\$140.0 million) respectively, and details of which are disclosed in Note 9. They are stated at the lower of cost or net realisable values, 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

### Key sources of estimation uncertainty (Continued)

#### 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, which 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(c)(v), 10, 13, 17, 22 and 24.

#### Provision for warranty costs

Determining the provision for contract costs in respect of cost of work required to be carried out for the rectification of construction defects requires an assessment of the potential defects that could arise, the estimation of the timing of incurring such costs and of the future costs of carrying out such rectification works. Management of the Company is of view that the carrying amount of the provision for warranty costs is immaterial.

## 4 FINANCIAL INSTRUMENT, FINANCIAL RISK 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	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Financial assets</u></b>				
Loans and receivables (including cash and cash equivalents)	48,281	73,246	59,661	34,949
Derivative financial instrument	–	1,268	–	–
Available-for-sale investment	–	16,257	–	–
<b><u>Financial liability</u></b>				
Amortised cost	226,308	349,081	66,294	49,706

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 4 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

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

#### Group

#### 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	9,250	(8,920)	330

#### 2016

#### 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	10,350	(8,920)	1,430

#### Company

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements in 2017 and 2016.

### (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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 4 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

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

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 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, obligations under finance leases, loan due to a third party, bank loans and overdrafts, RCPS and REPS are indicated in Notes 5, 6, 19, 20, 21, 22, and 24, 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.

#### *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.

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 and investment properties as at June 30, 2017 would have increased/decreased by S\$142,000 (2016: S\$571,000) and S\$Nil (2016: S\$199,000) respectively.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's loss before income tax ended June 30, 2017 would have increased/decreased by S\$570,000 (2016: S\$354,000).

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 4 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

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

#### (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 statements of financial position.

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.

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

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, 2018 based on the following significant input assumptions:

- (i) The plan to sell its equity interest in the available-for-sale investment and associated company, recorded as non-current assets classified as for sale (Note 11). Management has obtained shareholder's approval for the said divestiture on May 12, 2017 and had entered into (i) a share sale agreement with Pan Asia Logistics Holdings Singapore Pte Ltd ("PAL Holdings") at a purchase consideration of S\$40 million for the divestment of the Group's entire 40% shareholding interest in Pan Asia Logistics Investments Holdings Pte Ltd ("PALIH"), its associate (Note 11); and (ii) a share sale agreement with Bischoff Christian Paul ("BCP") at a purchase consideration of S\$9 million for the divestment of the Group's entire 15% shareholding interest in PAL Holdings, the Group's available-for-sale investment (Note 11). The proposed divestiture is expected to complete on October 16, 2017.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 4 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

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

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

- (ii) The plan to sell some of the Group's properties (Note 11), which were sold subsequent to the end of the reporting period. Accordingly, the Group received the purchase consideration of S\$8.8 million arising from the sale of properties in August 2017.
- (iii) An additional S\$10 million loan facility granted subsequent to year end by a third party, Jadewin Smooth Limited, with an interest rate of 8% per annum repayable within a year from disbursement, of which S\$5 million had been received by the Group.
- (iv) The cash collection from the expected sales as well as expected leasing arrangements of the Group's completed properties held for sale (Note 9) and investment property (Note 13) to generate additional cash flows to meet its obligations.
- (v) The plan and discussions between management and financial institution on refinancing of existing money market loan and term loan. Subsequent to year end, management commenced discussions with financial institutions to defer the principal repayment in FY2018. To date, the bank has agreed to the deferment of principal repayment arising from the loans due in July, August and September 2017 on a monthly basis.
- (vi) The waiver of a financial covenant for a long-term bank loan amounting to S\$17.1 million. Such waiver has been obtained subsequent to the end of the reporting period (Note 4 (d)).
- (vii) The deferment of loan repayment for the short-term shareholder's loan due to Haiyi with an outstanding amount of S\$10 million as at June 30, 2017 to financial year ending June 30, 2019.
- (viii) Management is confident that they can continue to obtain additional funding and support from Haiyi if required. Subsequent to year end, management obtained an extension for loan from Haiyi amounting to S\$10 million. Repayment date has been extended from November 2017 to July 2018.

After reviewing the cash flow forecasts of the Group for the financial year ending June 30, 2018 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, 2017, the Group has S\$376,000 (2016: S\$902,000) of available and undrawn committed bank credit facilities.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 4 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

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

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

##### *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 can be required to pay which 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.

	<b>Weighted average effective interest rate %</b>	<b>On demand or within 1 year S\$'000</b>	<b>Within 2 to 5 years S\$'000</b>	<b>After 5 years S\$'000</b>	<b>Adjustment S\$'000</b>	<b>Total S\$'000</b>
<b>Group</b>						
<u>June 30, 2017</u>						
Non-interest bearing	N/A	43,019	-	-	-	43,019
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
		<b>169,340</b>	<b>59,796</b>	<b>6,947</b>	<b>(9,775)</b>	<b>226,308</b>
<u>June 30, 2016</u>						
Non-interest bearing	N/A	71,450	-	-	-	71,450
Bank overdrafts	4.2	6,687	-	-	(267)	6,420
Obligations under finance leases	3.9	582	1,181	85	(248)	1,600
Other fixed rate instruments	5.3 – 14.8	53,927	396	-	(2,808)	51,515
Other variable interest rate instruments	2.9	208,468	9,058	12,575	(12,005)	218,096
		<b>341,114</b>	<b>10,635</b>	<b>12,660</b>	<b>(15,328)</b>	<b>349,081</b>

All non-derivative financial liabilities of the Company in 2017 and 2016 are repayable on demand or current and the undiscounted cash flow approximates its carrying amount, except for loan due to shareholder of S\$10 million as disclosed in Note 5.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 4 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

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

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

##### *Liquidity risk analysis (Continued)*

##### Non-derivative financial assets

All financial assets of the Group and the Company in 2017 and 2016 are non-interest bearing and repayable on demand or current except for fixed deposits and available-for-sale investment as disclosed on Notes 6 and 17 respectively.

##### Derivative financial instrument

As at June 30, 2017, the fair value of the put option given to the Group (Note 17) amounted to S\$Nil (2016: S\$1,268,000). Further information of the derivative financial instrument is disclosed in Note 10.

The Company has no derivative financial instrument in 2017 and 2016.

#### (v) Fair value measurement

##### **Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.**

The Group is granted a put option (Note 10) under a Sale and Purchase Agreement for the acquisition of unquoted equity shares recorded as available-for-sale investment (Note 17). In 2017, the Group has obtained shareholders' approval to divest its investment in the available-for-sale investment and this has been reclassified to non-current assets classified as held for sale (Note 11).

The fair value of the put option, with fair value hierarchy categorised as level 3, is determined based on a pre-agreed formula as stipulated in its Sale and Purchase Agreement, adjusted for fair values of the available-for-sale investment.

In 2016, the fair value of the available-for-sale investment was determined based on an aggregate of income approach and net asset value approach for its respective business segments, with fair value hierarchy categorised as level 3.

In the income approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee, with significant unobservable inputs being the terminal growth rate of 2%<sup>1</sup> and weighted average cost of capital of 10%<sup>2</sup>.

1 A slight increase will result in a significant increase in the fair value.

2 A slight increase will result in a significant decrease in the fair value.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 4 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

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

#### (v) Fair value measurement (Continued)

#### **Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).**

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their respective fair values.

	2017		2016	
	Carrying amount S\$'000	Fair value S\$'000	Carrying amount S\$'000	Fair value S\$'000
<u>Group</u>				
<b>Financial liabilities</b>				
REPS (Note)	–	–	13,970	13,970
RCPS (Note)	–	–	6,000	6,000

**Note:** The carrying amounts of REPS and RCPS approximate their fair values due to the relatively short-term maturity of these financial instruments. During the year, the REPS and RCPS were fully settled. In 2016, the fair value of REPS and RCPS were estimated based on the interest rate of Group's borrowing for similar terms of borrowings.

In 2016, the fair value of the REPS and RCPS were categorised within level 3 of the fair value hierarchy which had been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. The REPS and RCPS had been fully redeemed during the year.

#### Company

The carrying amount of the Company's financial assets and liabilities, approximate their respective carrying at fair values in 2017 and 2016 due to its relatively short term maturity, except for loan due to shareholder of S\$10 million as disclosed in Note 5.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 4 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

### (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.

In addition, the Group also specifically monitors the financial ratio of its debt covenants stated in the agreement 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, 2017 for the facilities that has been utilised by the Group except for a financial covenant which was not met. As a result, the balance of loan amounting to S\$17.1 million (2016: S\$17.7 million) was reclassified to current liabilities as at June 30, 2017 (Note 21).

Subsequent to the end of the reporting period, the Group had obtained waiver from the lender of the long-term bank loan amounting to S\$17.1 million in respect of the financial covenant which was not met. Accordingly, this loan will be reclassified to non-current liabilities subsequent to the year end.

The Group reviews the capital structure on an annual basis. The Group's overall strategy remains unchanged from 2016.

## 5 RELATED COMPANIES AND OTHER RELATED PARTIES TRANSACTIONS

Related companies in this financial statements refer to members of the Company's group of companies, non-controlling shareholders. 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 by financial year ending June 30, 2018.

Loan due to associate is interest-free, unsecured and is repayable within 30 days from the date of request in writing by associate.

Advance from Director is interest-free, unsecured and is repayable on demand.

The Company has two (2016: two) loans due to shareholder, Haiyi, as follows:

- (i) In 2017, a S\$10 million loan bears interest of 0.8% per month while the other S\$10 million loan bears interest of 8% per annum. The first loan is due in November 2017 while the second loan is due in September 2018.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

- (ii) In 2016, a S\$10 million loan bore interest of 0.8% per month while the other S\$10 million loan bore interest of 1.5% per month for the first three months and 2% per month for every month thereafter. The first loan is due in September 2018 while the second loan was paid in August 2016.

Loans due to shareholder are unsecured, and the undiscounted cash flow approximates its carrying amount. The interest arising from the loans due to shareholder is disclosed in Note 29.

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 set out 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:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Director</u>		
Advisory services	<b>51</b>	–
<u>Joint Venture</u>		
Management Fee Income	<b>(290)</b>	–

### Compensation of directors and key management personnel

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Short-term benefits	<b>1,531</b>	1,899
Post-employment benefit	<b>71</b>	73
	<b>1,602</b>	1,972

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash at bank	<b>13,558</b>	37,448	<b>21</b>	712
Fixed deposits	<b>6,700</b>	7,500	–	–
Total	<b>20,258</b>	44,948	<b>21</b>	712
Less: Bank overdrafts (Note 21)	<b>(2,775)</b>	(6,420)	–	–
Fixed deposits (pledged)	<b>(6,700)</b>	(2,500)	–	–
Cash and cash equivalents in the statement of cash flows	<b>10,783</b>	36,028	<b>21</b>	712

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

The fixed deposits are pledged for the bank loan facilities for working capital purposes (Note 21). They bear effective interest rates of 0.75% to 1% (2016: 0.8%) per annum and for tenure from three months to one year (2016: one year).

Included in the cash at bank of the Group is amount of approximately S\$9.9 million (2016: S\$31.8 million), withdrawals from which are restricted to i) payments for approved expenditure incurred in relation to the property under development and completed properties held for sale (Note 9) and, ii) repayment of certain bank loans.

## 7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Trade receivables from outside parties	<b>23,666</b>	13,433	–	–
Due from customer for contract work (Note 8)	<b>1,569</b>	1,400	–	–
Other deposits	<b>223</b>	256	<b>3</b>	3
Advance payments to suppliers	<b>825</b>	9,421	<b>62</b>	35
Deferred expenses	<b>401</b>	1,008	–	–
Deferred loss on REPS	–	533	–	–
Other receivables from:				
– Third parties	<b>1,608</b>	11,619	<b>37</b>	27
– Subsidiaries (Note 5)	–	–	<b>59,600</b>	34,207
– Joint venture (Note 5)	<b>627</b>	160	–	–
	<b>28,919</b>	37,830	<b>59,702</b>	34,272

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 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 (2016: 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 other customers who represent more than 5% of the total balance of trade receivables. During the financial year ended June 30, 2017, the Group wrote off bad debts amounting to S\$259,000 (2016: S\$102,000) as management assessed that these receivables to be not recoverable.

Aging of trade receivables presented based on payment due date:

	Group	
	2017 S\$'000	2016 S\$'000
Not past due and not impaired <sup>(i)</sup>	17,442	8,417
Past due but not impaired <sup>(ii)</sup>	6,224	5,016
Total trade receivable, net	<u>23,666</u>	<u>13,433</u>

(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:

	Group	
	2017 S\$'000	2016 S\$'000
<3 months	1,065	1,460
3 months to 6 months	640	2,628
6 months to 12 months	3,825	850
>12 months	694	78
	<u>6,224</u>	<u>5,016</u>

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 8 CONSTRUCTION CONTRACTS

	Group	
	2017 S\$'000	2016 S\$'000
Contract costs incurred plus recognised profit	17,651	17,475
Less: Progress billings	<u>(16,096)</u>	<u>(16,075)</u>
	<u>1,555</u>	<u>1,400</u>

	Group	
	2017 S\$'000	2016 S\$'000
Analysis for reporting purposes as:		
Amounts due from customers for contract work included in trade and other receivables (Note 7)	<u>1,569</u>	<u>1,400</u>
Amounts due to customers for contract work included in trade and other payables (Note 18)	<u>(14)</u>	<u>–</u>

Retention monies held by customers for construction work amounted to S\$436,000 (2016: S\$1,090,000) 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 COMPLETED PROPERTIES HELD FOR SALE/PROPERTY UNDER DEVELOPMENT

	Group	
	2017 S\$'000	2016 S\$'000
Cost incurred for completed properties held for sale	78,365	75,327
Less: Allowance for diminution in value	<u>(10,465)</u>	<u>–</u>
Net completed properties held for sale	<u>67,900</u>	<u>75,327</u>
Property under development	<u>–</u>	<u>140,032</u>

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 9 COMPLETED PROPERTIES HELD FOR SALE/PROPERTY UNDER DEVELOPMENT (CONTINUED)

### Movement in the allowance of diminution in value

	Group	
	2017 S\$'000	2016 S\$'000
Beginning of the year	–	–
Charge to profit or loss (Note 28)	10,465	–
End of the year	10,465	–

All of the Group's development properties are mortgaged to banks as security for credit facilities obtained by the Group (Note 21).

The cost of development properties and property under development include the following interest capitalised:

	Group	
	2017 S\$'000	2016 S\$'000
Interest on bank loans	3,623	7,865

The weighted average rate of capitalisation of the interest expense for the financial year ended June 30, 2017 is 5.3% (2016: 3.7%).

## 10 DERIVATIVE FINANCIAL INSTRUMENT

	Group	
	2017 S\$'000	2016 S\$'000
Value of put option	–	1,268

As at June 30, 2016, derivative financial instrument amounting to S\$1,268,000 pertained to fair value of the put option granted to the Group by the shareholder of the Group's available-for-sale investment at the point of acquisition of the available-for-sale investment (Note 17). The derivative financial instrument was classified as current as management expected the put option to be exercised within the next 12 months in 2016.

Following the approval of the divesture of the available-for-sale investment (Note 11) which is expected to be completed on October 16, 2017, the put option granted to the Group has been put on hold until such time the divestment falls through. Accordingly, the Group did not recognise any derivative financial instrument arising from the put option as at June 30, 2017.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

	2017 S\$'000
Investment in associates, transferred (Note 16)	43,846
Impairment loss on assets held for sale	(3,846)
Net investment in associates (i)	40,000
Available-for-sale investment, transferred (Note 17)	16,257
Impairment loss on assets held for sale	(7,257)
Net available-for-sale investment (i)	9,000
Investment properties, transferred (Note 13)	4,000
Impairment loss on assets held for sale	(44)
Net investment properties (ii)	3,956
Property, plant and equipment, transferred (Note 12)	3,553
Impairment loss on assets held for sale	(312)
Net property, plant and equipment (ii)	3,241
Total non-current assets classified as held for sale	56,197

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

On March 9, 2017, the Company's wholly-owned subsidiary, OKH Transhub Pte. Ltd. ("OKH Transhub") entered into a conditional share sale agreement to dispose of the Group's entire 40% shareholding interests in an associate (Note 16), PALIH, to PAL Holdings for a consideration of S\$40 million.

On March 9, 2017, the Company's wholly-owned subsidiary Chronoz Investment Pte Ltd ("Chronoz") entered into a conditional share sale agreement to dispose of the Group's entire 15% shareholding interests in PAL Holdings, accounted for as available-for-sale investment (Note 17), to Bischoff Christian Paul ("BCP") for a consideration of \$9 million.

The shareholders of the Company approved the above disposal of shares during a Special General Meeting held on May 12, 2017.

The management expects the share sale transactions to be completed within the next 12 months. Accordingly, the Group has ceased to equity account its share of associate's results on May 12, 2017. The investment in an associate amounting to S\$43,846,000 has been reclassified from investment in an associate to non-current asset classified as held for sale and is presented separately in the statement of financial position.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 11 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 Pte. Ltd ("PAL Holdings") (Continued)

As at June 30, 2017, the Group has also reclassified the available-for-sale investment amounting to S\$16,257,000 to non-current assets classified as held for sale and is presented separately in the statement of financial position.

Following the reclassification to non-current assets classified as held for sale, the carrying amounts of the available-for-sale investment and investment in an associate have been written down to their realisable value of S\$9 million and \$40 million respectively.

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

On June 9, 2017, the Company's wholly-owned subsidiary, OKH Holdings Pte. Ltd. ("OKHH") had launched a public tender for the proposed sale of the Group's properties (Notes 12 and 13).

On July 11, 2017, OKHH had 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.

The management expects the share sale transactions to be completed within the next 12 months. Accordingly, as at June 30, 2017, the Group has reclassified the properties which were held as investment property amounting to S\$4,000,000 and the properties which were held as property, plant and equipment amounting to S\$3,553,000 as non-current assets classified as held for sale. They are presented separately in the statement of financial position.

Following the reclassification to non-current assets classified as held for sale, the carrying amount of the investment properties and property, plant and equipment have been written down to their realisable value of S\$3,956,000 and \$3,241,000 respectively.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 12 PROPERTY, PLANT AND EQUIPMENT

	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
<u>Group</u>								
Cost:								
At July 1, 2015	3,798	340	1,545	4,174	271	220	6,189	16,537
Additions	-	6	47	25	-	-	19,513	19,591
At June 30, 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 11)	(3,798)	-	-	-	-	-	-	(3,798)
At June 30, 2017	-	<b>343</b>	<b>1,243</b>	<b>1,829</b>	<b>273</b>	<b>220</b>	<b>28,357</b>	<b>32,265</b>
Accumulated depreciation:								
At July 1, 2015	170	299	807	2,320	199	188	-	3,983
Depreciation for the year	37	30	246	658	31	25	-	1,027
At June 30, 2016	207	329	1,053	2,978	230	213	-	5,010
Depreciation for the year	38	13	200	463	24	7	-	745
Transfer (Note 11)	(245)	-	-	-	-	-	-	(245)
Disposal	-	(2)	(319)	(2,046)	-	-	-	(2,367)
At June 30, 2017	-	<b>340</b>	<b>934</b>	<b>1,395</b>	<b>254</b>	<b>220</b>	-	<b>3,143</b>
Impairment:								
Impairment loss recognised during the year and balance at June 30, 2017	-	-	-	-	-	-	<b>15,857</b>	<b>15,857</b>
Carrying amount:								
At June 30, 2016	3,591	17	539	1,221	41	7	25,702	31,118
At June 30, 2017	-	<b>3</b>	<b>309</b>	<b>434</b>	<b>19</b>	-	<b>12,500</b>	<b>13,265</b>

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

	Group	
	2017 S\$'000	2016 S\$'000
Motor vehicles	<b>434</b>	1,092
Machinery	<b>250</b>	388

The Group has pledged freehold properties to secure banking facilities (Note 21) granted to the Group.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's leasehold land and building is located in Singapore with a lease term of 5.5 years beginning 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. The completion date was extended to June 2017 in August 2016. Accordingly, the Group classified this under construction-in-progress. In September 2016, management has been granted time extension to defer the completion date from June 2017 to May 2018.

During the year ended June 30, 2017, an impairment loss of \$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 were performed in accordance with International Valuation Standards.

Freehold properties are recognised as non-current assets classified as held for sale following the award of public tender on July 11, 2017. Matters relating to the divesture are fully described in Note 11 to the financial statements.

## 13 INVESTMENT PROPERTIES

	<b>Completed investment properties S\$'000</b>	<b>Investment properties under construction S\$'000</b>	<b>Total S\$'000</b>
<b>Group</b>			
At July 1, 2015	40,000	58,307	98,307
Additions during the year	–	7,041	7,041
Transfer from completed properties held for sale	26,974	–	26,974
Change in fair value included in profit or loss (Note 30)	(4,842)	–	(4,842)
Transfer upon completion	65,348	(65,348)	–
At June 30, 2016	127,480	–	127,480
Transfer from completed properties held for sale	33,323	–	33,323
Transfer to assets classified as held for sale (Note 11)	(4,000)	–	(4,000)
Change in fair value included in profit or loss (Note 30)	(27,223)	–	(27,223)
At June 30, 2017	129,580	–	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 divesture are fully described in Note 11 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 13 INVESTMENT PROPERTIES (CONTINUED)

As at June 30, 2017, the fair value of the Group's completed investment properties amounting to S\$129,580,000 (2016: S\$127,480,000) 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.

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 from 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, 2017 and 2016 are as follows:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Fair value as at June 30, 2017 S\$'000
<u>Group</u>				
Completed investment properties	–	–	129,580	129,580
	–	–	127,480	127,480

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

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 13 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).

### 2017

<u>Location and name of properties</u>	<u>Type of properties</u>	<u>Valuation technique(s)</u>	<u>Significant unobservable input(s)</u>	<u>Range</u>
Completed investment properties				
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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 13 INVESTMENT PROPERTIES (CONTINUED)

### 2016

<u>Location and name of properties</u>	<u>Type of properties</u>	<u>Valuation technique(s)</u>	<u>Significant unobservable input(s)</u>	<u>Range</u>
Completed investment properties				
701 Sims Drive #02-04 LHK Building Singapore 387383	Freehold office	Market comparison	price per square foot <sup>(1)</sup>	S\$735 – S\$776
701 Sims Drive #02-05 LHK Building Singapore 387383	Freehold office	Market comparison	price per square foot <sup>(1)</sup>	S\$696 – S\$750
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>	S\$3.74
			capitalisation rate <sup>(2)</sup>	7.5%
69H Tuas South Avenue 1 Seatown Industrial Centre Singapore 637509	Dormitory	Income capitalisation method	market rent per bed space per month <sup>(1)</sup>	S\$188 – S\$220
			capitalisation rate <sup>(2)</sup>	6.5%
12 Tai Seng Link Singapore 534233	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$501 – S\$558
56 Loyang Way Singapore 508775 <sup>(a)</sup>	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$158 – S\$301

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

(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, 2017

## 13 INVESTMENT PROPERTIES (CONTINUED)

Certain of the Group's investment properties are mortgaged to banks as security for credit facilities obtained by the Group (Note 21).

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

	Group	
	2017 S\$'000	2016 S\$'000
Freehold	–	4,000
Lease term more than 50 years	22,000	33,000
Lease term within 10 to 50 years	105,780	88,280
Lease term less than 10 years	1,800	2,200
	<b>129,580</b>	<b>127,480</b>

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

	Group	
	2017 S\$'000	2016 S\$'000
Gross rental income (Note 26)	11,571	10,582
Direct operating expenses	6,222	6,546

## 14 INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 S\$'000	2016 S\$'000
Unquoted equity shares, at cost	143,918	132,680
Less: Impairment loss	(57,747)	(6,500)
	<b>86,171</b>	<b>126,180</b>

### Movement in impairment loss

	Company	
	2017 S\$'000	2016 S\$'000
Balance at beginning of the year	6,500	–
Impairment charged during the year	51,247	6,500
Balance at end of the year	<b>57,747</b>	<b>6,500</b>

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

In 2017, the Company carried out a review of the recoverable amount of its investments in subsidiaries. Arising from the review, an impairment loss of S\$51,247,000 (2016: S\$6,500,000) 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 subsidiaries at the end of each financial year are as follows:

Name	Country of incorporation and operations	Company's proportion of ownership interest and voting power held		Principal activities
		2017	2016	
		%	%	
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>(1)</sup>	Singapore	100	100	Advertising and related activities
Green Synergy Pte. Ltd. <sup>(1)</sup>	Singapore	100	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>(1)</sup>	Singapore	100	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>(1)</sup>	Singapore	100	100	Investment holding

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 14 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, remaining balance of S\$5.5 million (2016: S\$7.9 million) (Note 18) remains outstanding as at year end.

The Group has no significant non-controlling interests as at June 30, 2017 and 2016. Accordingly, no details of non-controlling interests are presented.

## 15 INVESTMENT IN A JOINT VENTURE

	Group	
	2017 S\$'000	2016 S\$'000
Unquoted equity shares, at cost	265	265
Share of post-acquisition losses and other comprehensive expenses	(265)	(265)
	-	-

Name	Country of incorporation and operation	Proportion of ownership interest and voting power		Principal activities
		2017	2016	
		%	%	
OKH DLRE JV Pte. Ltd. <sup>(1)</sup>	Singapore	50	50	Generation, transmission, distribution and sale of electricity

### Note:

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

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 Singapore Financial Reporting Standards, which does not differ significantly from IFRS.

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

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 15 INVESTMENT IN A JOINT VENTURE (CONTINUED)

### OKH DLRE JV Pte. Ltd.

	Group	
	2017 S\$'000	2016 S\$'000
Total assets	536	99
Total liabilities	(726)	(997)
Net liabilities	(190)	(898)
Revenue	237	245
Profit (Loss) for the year	708	(449)
Share of joint venture's loss for the year	-	-
Unrecognised share of profit (loss) for the year	354	(225)
Cumulative unrecognised share of loss of a joint venture	(95)	(449)

Reconciliation of the above summarised financial information to the carrying amount of the interest in OKH DLRE JV Pte. Ltd. recognised in the consolidated financial statements is as follows:

	Group	
	2017 S\$'000	2016 S\$'000
Net liabilities of OKH DLRE JV Pte. Ltd.	(190)	(898)
Proportion of the Group's ownership in OKH DLRE JV Pte. Ltd.	50%	50%
Share of net liabilities	(95)	(449)
Cumulative unrecognised share of loss of a joint venture	(95)	(449)
Carrying amount of the Group's interest in OKH DLRE JV Pte. Ltd.	-	-

## 16 INVESTMENT IN AN ASSOCIATE

	Group	
	2017 S\$'000	2016 S\$'000
Unquoted equity shares, at cost	-	30,000
Share of post-acquisition reserves and other comprehensive income	-	8,699
	-	38,699

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 16 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Details of the associates held by the Group are as follows:

Name	Country of incorporation and operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2017	2016	2017	2016	
		%	%	%	%	
<u>Held by OKH Transhub Pte. Ltd.</u>						
Pan Asia Logistics Investments Holdings Pte. Ltd. ("PALIH") <sup>(1)(3)</sup>	Singapore	40	40	40	40	Investment holding
<u>Held by PALIH</u>						
Pan Asia Logistics Investments Pte. Ltd. ("PALI") <sup>(1)(3)</sup>	Singapore	40	40	40	40	Rental of property warehouse
Pali Senai Sdn. Bhd. <sup>(1)(3)</sup>	Malaysia	40	40	40	40	Rental of property warehouse
<u>Held by PALI</u>						
Pan Asia Logistics PTP Malaysia Sdn. Bhd. <sup>(1)(3)</sup>	Malaysia	40	40	40	40	Rental of property warehouse
Pan Asia Logistics (Korea) Ltd. ("PAL Korea") <sup>(1)(3)</sup>	Korea	— <sup>(2)</sup>	— <sup>(2)</sup>	40	40	Rental of property warehouse

### Notes:

- (1) Audited by Deloitte & Touche LLP, for consolidation purpose.
- (2) Pursuant to the sale and purchase agreement between a third party, Pan Asia Logistics Singapore Pte Ltd ("PAL Singapore") dated October 29, 2013, PAL Singapore is 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 has effective control over the financial and operating policies of the property business of PAL Korea even though the legal ownership of the entity has yet to be transferred to PALI. Prior to May 2016, PAL Korea has 2 divisions within the entity, the property business division and the freight forwarding division. From May 2016, the freight forwarding business of PAL Korea has been transferred to PAL International Korea, a wholly owned subsidiary of PAL Singapore while PAL Korea only retains control over the property business. Accordingly, the Group, with significant influence in PALIH, regards this entity as an associate. As at June 30, 2016 and up to May 12, 2017, the Group continues to be entitled to 40% economic interest of the property business of PAL Korea.
- (3) As at June 30, 2017, the investment in associate is recognised as non-current asset classified as held for sale. Approval to divest the Group's entire 40% shareholding interest in PAL Holdings was obtained from the shareholders during the Special General Meeting held on May 12, 2017. Matters relating to the divestiture of investments in associates are fully described in Note 11 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 16 INVESTMENT IN AN ASSOCIATE (CONTINUED)

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

The associate is accounted for using the equity method in the consolidated financial statements. The Group has ceased to equity account its share of associate's results by May 12, 2017.

### PALIH and its subsidiaries

	Group	
	2017 S\$'000	2016 S\$'000
Current assets	23,006	25,549
Non-current assets	220,143	182,124
Total assets	243,149	207,673
Current liabilities	(36,304)	(23,388)
Non-current liabilities	(107,200)	(97,507)
Total liabilities	(143,504)	(120,895)
Net assets	99,645	86,778
Revenue	15,811	13,961
Profit for the year	13,446	8,501
Other comprehensive loss for the year	(579)	(808)
Total comprehensive income for the year	12,867	7,693
Share of associate's profit for the year	5,378	3,400

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

	Group	
	2017 S\$'000	2016 S\$'000
Net assets of the associate	99,645	86,778
Proportion of the Group's ownership in PALIH	40%	40%
Share of net assets	39,858	34,711
Goodwill	3,988	3,988
Transfer to assets held for sale (Note 11)	(43,846)	-
Carrying amount of the Group's interest in PALIH	-	38,699

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 17 AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2017 S\$'000	2016 S\$'000
Unquoted equity shares, at fair value	–	16,257

The investment in unquoted equity investment represents 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”). Under the SPA, the Group is 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.

In 2016, the Group received an amount of S\$3,722,000 arising from a share buyback exercised by PAL Holdings from all its shareholders. The equity interest held by the Group remains unchanged as at June 30, 2016.

The unquoted equity investment is engaged in the provision of logistics and supply chain services. The above acquisitions through SSA and SPA were completed in September 2014 and are accounted for as available-for-sale investment and measured at fair value at the end of the reporting period. In 2016, the fair value included an impairment loss of S\$1,521,000, which was included in other expenses for the year ended June 30, 2016.

In addition, the Company has recorded a fair value change of the put option (Note 10) at the end of the reporting period.

As at the end of the reporting period, the available-for-sale investment was reclassified as non-current asset classified as held for sale following the divesture as disclosed in Note 11.

## 18 TRADE AND OTHER PAYABLES

	Group		Company	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Trade payables to third parties	4,167	34,939	107	18
Due to customer for contract work (Note 8)	14	–	–	–
Advance payments from customers	1,093	53,079	–	–
Other payables:				
– Third parties	11,196	10,671	165	188
– Subsidiaries (Note 5)	–	–	23,295	28,678
– Non-controlling interests (Note 14)	5,493	7,900	–	–
Advance from a director (Note 5)	–	145	–	129
Accrued project costs	7,773	13,714	–	–
Accrued operating expenses	11,422	6,659	2,727	693
	<b>41,158</b>	127,107	<b>26,294</b>	29,706

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 18 TRADE AND OTHER PAYABLES (CONTINUED)

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 (2016: 30 days). No interest is charged on the outstanding balance.

In 2016, the trade payables under trade financing amounted to S\$9,946,000. The trade financing was repayable within one year and carried interest at 5.8% per annum, and were secured by the following:

- (a) legal mortgage over the Group's properties (see Notes 9 and 12);
- (b) corporate guarantee by the Company;
- (c) assignment of rental proceeds;
- (d) charge over the receivables and project proceeds in respect of certain projects; and
- (e) a personal guarantee from an ex-director.

As at June 30, 2017, the Group does not have any trade payables under trade financing. No material adjustment was required in the separate financial statements of the Company to recognise financial guarantee liability.

## 19 OBLIGATIONS UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present values of minimum lease payments	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Amounts payable under finance leases:				
Not later than one year	376	582	327	515
Later than one year and not later than five years	754	1,181	637	1,019
Later than five years	25	85	20	66
	<b>1,155</b>	1,848	<b>984</b>	1,600
Less: Future finance charges	<b>(171)</b>	(248)	-	-
Present values of lease obligations	<b>984</b>	1,600	<b>984</b>	1,600
Less: Amount due for settlement within 12 months (shown under current liabilities)			<b>(327)</b>	(515)
Amount due for settlement after 12 months			<b>657</b>	1,085

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 19 OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

The Group leased certain of its motor vehicles and machinery under finance leases and the lease terms range from 3 to 9 years as at June 30, 2017 and 2016.

Interest rates underlying all obligations under finance lease are fixed at respective contract dates at 1.3% to 3.3% as at June 30, 2017 and 2016.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets disclosed in Note 12.

## 20 LOAN DUE TO A THIRD PARTY

On November 30, 2016, the Group obtained a S\$20 million loan from Jadewin Smooth Limited. The loan is secured on the Group's entire shareholding in PALIH and PAL Holdings (Notes 16 and 17). The interest rate is 8% per annum and is repayable 1 year from the disbursement date.

The interest arising from the total loan of S\$20 million is disclosed in Note 29.

## 21 BANK LOANS AND OVERDRAFTS

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Bank overdrafts (Note 6)	<b>2,775</b>	6,420
Short-term bank loans	<b>38,737</b>	40,110
Current portion of long-term bank loans <sup>(1)</sup>	<b>47,524</b>	161,134
Amount due for settlement within 12 months (shown under current liabilities)	<b>89,036</b>	207,664
Long-term bank loans repayable as follows:		
More than one year, but not exceeding two years	<b>44,589</b>	2,433
More than two years, but not more than five years	<b>1,856</b>	4,375
More than five years	<b>6,824</b>	11,643
Amount due for settlement after 12 months	<b>53,269</b>	18,451
Total	<b>142,305</b>	226,115

(1) In 2017, the balance of loan amounting to S\$17.1 million (2016: S\$17.7 million) was reclassified to current liabilities due to loan covenants not met.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 21 BANK LOANS AND OVERDRAFTS (CONTINUED)

	Group	
	2017	2016
	S\$'000	S\$'000
<u>Secured</u>		
Current bank loans and overdrafts	89,036	202,941
Non-current bank loans	53,269	18,061
	<u>142,305</u>	<u>221,002</u>
<u>Unsecured</u>		
Current bank loans and overdrafts	–	4,723
Non-current bank loans	–	390
	<u>–</u>	<u>5,113</u>
Total	<u>142,305</u>	<u>226,115</u>

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

	Group	
	2017	2016
Bank overdrafts (floating rate)	5.8%	4.2%
Bank loans (fixed rate)	N.A.	5.3%
Bank loans (floating rate)	2.5%	2.9%

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.

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

	Group	
	2017	2016
	S\$'000	S\$'000
Fixed deposits (Note 6)	6,700	2,500
Property under development (Note 9)	–	140,032
Completed properties held for sale (Note 9)	67,900	75,327
Freehold properties (Note 12)	–	3,591
Assets held for sale (Note 11)	3,241	–
Investment properties (Note 13)	<u>127,780</u>	<u>125,280</u>

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 22 REDEEMABLE CONVERTIBLE PREFERENCE SHARES

On November 4, 2014, 80 RCPS were issued by a subsidiary of the Company, Chronoz Investment Holding Pte. Ltd. ("Chronoz"), at an issue price of S\$100,000 per share for cash with an option to exchange up to a total number of 11,174,433 ordinary shares of the Company (the "OKH Shares"). All issued RCPS are fully paid. RCPS was secured by the pledge of the interest in 1 ordinary share in the issued and paid-up share capital of Chronoz held by the Company.

The main terms and conditions of the RCPS are as follows:

- (a) The coupon rate of the RCPS is 11% per annum, payable semi-annually accruable from issued date.
- (b) The RCPS maturity date being 18 months after September 5, 2014.
- (c) In the event Chronoz undertakes an initial public offering ("IPO") exercise before the maturity date, the holders of the RCPS (the "Holders") shall have the right to convert all the RCPS into ordinary shares of Chronoz at 50% discount to the IPO price of Chronoz.
- (d) The Holder shall have the right to exchange part of or its entire holdings of the RCPS into OKH Shares based on the exchange price of S\$0.71592, at any time starting from the first anniversary of the issuance date and up to the maturity date. In the event that there is any sub-division, consolidation or reclassification of shares, reorganisations or any other activities that may alter their capital structure, then the exchange price shall be adjusted.
- (e) All outstanding RCPS shall be redeemed by Chronoz in cash within 14 business days from the maturity date (both dates inclusive).

Although the RCPS contain settlement provision to the holder to convert all of its RCPS into ordinary shares of Chronoz at a discount to the IPO price, the management of the Company considered that the above said conversion option is in their hands as initiating an IPO exercise via Chronoz is within management's control and management does not intend, and is not required, to put forth such exercise within the outstanding period of the RCPS. Accordingly, the management of the Company considered that the aforesaid conversion option is not substantive and recognised the RCPS as a compound instrument with both the liability and equity elements in accordance with IAS 32.

The initial fair value of the liability component and the equity conversion component was determined based on the net proceeds at issuance. The initial fair value of the liability component and the equity conversion component was valued by the directors with reference to valuation report carried out by an independent qualified professional valuer, AVA Associates Ltd, on November 4, 2014. AVA Associates Ltd. has appropriate qualifications and recent experiences in the valuation of similar instruments. The residual amount, representing the value of the equity conversion component, was included in equity as "equity reserve" in the statement of changes in equity. The liability component was subsequently measured at amortised cost using the effective interest method. The effective interest rate of the liability component on initial recognition is 14.9% per annum.

On March 29, 2016, a supplemental agreement was signed with the Holders to extend the maturity date of RCPS into 2 tranches due in April and July 2016. A repayment of S\$2 million was made upon maturity in April 2016. During the year, the RCPS was fully redeemed.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 22 REDEEMABLE CONVERTIBLE PREFERENCE SHARES (CONTINUED)

	Group	
	2017 S\$'000	2016 S\$'000
Nominal value of RCPS issued on November 4, 2014	8,000	8,000
Equity component	(401)	(401)
Liability component at date of issue	7,599	7,599
Cumulative interest charged	2,123	2,043
Cumulative interest paid	(1,722)	(1,494)
Redemption during previous year	(2,000)	-
Redemption during the year	(6,000)	(2,000)
Total	-	6,148
Interest payable within one year included in other payable (Note 18)	-	(148)
Liability component at end of year	-	6,000

## 23 PROVISIONS

	Provision for liquidated damages S\$'000
Group	
Balance at June 30, 2016 and June 30, 2017	1,368

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

The provision for foreseeable losses represents the estimated additional costs required to complete certain construction contracts which are in excess of the contract revenue.

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

## 24 REDEEMABLE EXCHANGEABLE PREFERENCE SHARES

On November 18, 2013, 100 REPS were issued by a subsidiary of the Company, OKH Transhub Pte. Ltd. ("OKH Transhub") at an issue price of S\$100,000 per share with an option to exchange up to a total number of 22,222,222 ordinary shares of the Company (the "OKH Shares"). All issued REPS are fully paid. REPS was secured by the pledge of the interest in 5,000,000 ordinary shares in the issued and paid-up share capital of OKH Transhub held by the Company.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 24 REDEEMABLE EXCHANGEABLE PREFERENCE SHARES (CONTINUED)

The main terms and conditions of the REPS are as follows:

- (a) Holders of the REPS (the "Holders") shall have the right to exchange 50% of their holdings of REPS into the OKH Shares at the exchange price of S\$0.45 at any time starting from the first anniversary from the payment date and up to the maturity date.
- (b) The REPS maturity date falls on the third anniversary of the date on which the payment of REPS are made.
- (c) The Holders shall have the right to exchange the remaining 50% of their holdings of REPS into OKH Shares at any time starting from the second anniversary from the payment date and up to the maturity date.
- (d) In the event that there is any sub-division, consolidation or reclassification of shares, reorganisations or any other activities that may alter their capital structure, then the exchange price shall be adjusted.
- (e) All outstanding REPS shall be redeemed by OKH Transhub within 5 business days after 36 months from the date of payment of the REPS, at the rate of 1.5 times of the issue price in cash.

The REPS contained two components, liability and equity elements. The initial fair value of the liability component and the equity conversion component was valued by the directors with reference to valuation report carried out by an independent qualified professional valuer, AVA Associates Ltd, on November 18, 2013. AVA Associates Ltd. has appropriate qualifications and recent experiences in the valuation of similar instruments.

On November 29, 2016, the REPS was fully redeemed.

The effective interest rate of the liability component on initial recognition is 15.9% per annum. The conversion component was measured at fair value and determined by Binomial Model with key inputs as follows:

	<b>November 18, 2013</b>
Share prices of the Company (S\$)	0.545
Exchange price (S\$)	0.450
Time to expiration	3 years
Risk-free Rate	0.39%
Expected dividend yield	0%
Expected volatility	35.922%

Expected volatility was determined by using the historical share price movement of comparable companies over a 3-year period. The risk-free rate used was by reference to yield of 3-year Singapore sovereign debt.

	<b>Group S\$'000</b>
Nominal value of REPS issued on November 18, 2013	10,000
Add: Fair value loss on REPS at date of issue (Note i)	3,199
Fair value of REPS at date of issue	<u>13,199</u>

Note i: As the transaction price differs from fair value at initial recognition, the difference is accounted for as deferred loss on REPS as the valuation technique involves significant unobservable inputs. The deferred loss is amortised over the maturity period of the REPS and presented under other receivables (Note 7).

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 24 REDEEMABLE EXCHANGEABLE PREFERENCE SHARES (CONTINUED)

The movement of the liability component and equity component is set out as below:

	Group	
	2017 S\$'000	2016 S\$'000
Fair value of REPS issued on November 18, 2013	13,199	13,199
Equity component (Note ii)	(3,573)	(3,573)
Liability component at date of issue	9,626	9,626
Cumulative interest accrued	5,374	4,344
Redemption during the year (Note iii)	(15,000)	–
Liability component at end of year	–	13,970

Note ii: The equity element is included in “equity reserve” in the statements of changes in equity.

Note iii: The REPS was fully settled during the year.

## 25 SHARE CAPITAL

	Company	
	2017 '000	2016 '000
Number of shares	1,128,657	628,657

During the year, 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 (2016: US\$0.16), carry one vote per share and carry a right to dividend as and when declared by the Company.

## 26 REVENUE

	Group	
	2017 S\$'000	2016 S\$'000
Revenue from construction contracts	156	940
Revenue from development properties	122,817	64,255
Rental income	11,571	10,582
	134,544	75,777

# NOTES TO FINANCIAL STATEMENTS

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## 27 OTHER INCOME

	Group	
	2017 S\$'000	2016 S\$'000
Gain on change in fair value of derivative financial instrument (Note 10)	–	1,268
Gain on disposal of property, plant and equipment	<b>726</b>	–
Discount from suppliers and subcontractors <sup>(i)</sup>	<b>3,317</b>	–
Write-back of long outstanding payable	–	425
Compensation from insurance claim	<b>112</b>	83
Management fee from joint venture	<b>290</b>	–
Interest income	<b>87</b>	51
Grant income	<b>392</b>	217
Forfeiture of deposit from sales cancellation <sup>(ii)</sup>	<b>210</b>	147
Unrealised foreign currency exchange gain	–	6
Others	<b>1,223</b>	197
	<b>6,357</b>	2,394

### Notes:

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

## 28 OTHER EXPENSES

	Group	
	2017 S\$'000	2016 S\$'000
Fair value loss on investment properties (Note 13)	<b>27,223</b>	4,842
Impairment loss on property, plant and equipment (Note 12)	<b>15,857</b>	–
Impairment loss on completed properties held for sale (Note 9)	<b>10,465</b>	–
Impairment loss on available-for-sale investments (Note 17)	–	1,521
Loss on change in fair value of derivative financial instrument (Note 10)	<b>1,268</b>	–
Loss on revaluation of non-current assets classified as held for sale (Note 11)	<b>11,459</b>	–
	<b>66,272</b>	6,363

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 29 FINANCE COSTS

	Group	
	2017 S\$'000	2016 S\$'000
Interest on bank loans and overdrafts	6,152	8,677
Interest on loan from shareholder	1,932	533
Interest on loan from third party	872	–
Interest on trade financing	236	658
Loan facility fee	483	443
Interest on obligations under finance leases	68	69
Interest on RCPS	80	1,122
Interest on REPS	1,563	2,985
Total borrowing costs	11,386	14,487
Less: Amounts capitalised as cost of development properties (Note 9)	(1,956)	(4,128)
Less: Amounts capitalised as cost of investment properties (Note 13)	–	(273)
	<b>9,430</b>	<b>10,086</b>

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

## 30 LOSS BEFORE INCOME TAX

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

	Group	
	2017 S\$'000	2016 S\$'000
Cost of properties recognised as cost of sales	117,066	58,170
Contract cost recognised as cost of sales	19	312
Depreciation of property, plant and equipment		
– Included in cost of sales	–	4
– Included in administrative expense	745	1,023
Total depreciation of property, plant and equipment	745	1,027
Bad debt expense	259	102
Waiver of interest receivable	–	7
Impairment loss on available-for-sale investment (Note 17)	–	1,521
Loss on change in fair value of investment properties (Note 13)	27,223	4,842
Loss (Gain) on change in fair value of derivative financial instrument	1,268	(1,268)
Impairment loss on property, plant and equipment (Note 12)	15,857	–
Loss on revaluation of non-current assets classified as held for sale (Note 11)	11,459	–
Loss on revaluation of completed properties held for sale (Note 9)	10,465	–
Employee benefits		
– Directors' remuneration	828	1,435
– Other than directors	2,771	4,755
Total employee benefits	3,599	6,190
Cost of defined contribution plans included in employee benefits	187	287
Audit fees paid to auditors of the Company	238	255
Non-audit fees		
– paid to auditors of the Company	38	38
– paid to other auditors	50	83
Total non-audit fees	88	121

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 31 INCOME TAX

	Group	
	2017 S\$'000	2016 S\$'000
Current tax	–	287
Under provision of current tax in prior year	<b>1,223</b>	5
	<b>1,223</b>	292

The income tax expense for the Group is calculated at 17% (2016: 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	
	2017 S\$'000	2016 S\$'000
Loss before income tax	<b>(69,121)</b>	(16,599)
Tax at Singapore CIT rate of 17% (2016: 17%)	<b>(11,751)</b>	(2,822)
Tax effect of share of results of an associate	<b>(914)</b>	(578)
Effect of expense that is not deductible	<b>10,486</b>	1,523
Effect of tax exemption	<b>(26)</b>	(26)
Effect of deferred tax assets not recognised	<b>2,705</b>	2,507
Under provision of current tax in prior year	<b>1,223</b>	5
Utilisation of tax losses previously unrecognised as deferred tax	<b>(499)</b>	(264)
Others	<b>(1)</b>	(53)
	<b>1,223</b>	292

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

	Group	
	2017 S\$'000	2016 S\$'000
Tax losses at end of year	<b>29,912</b>	16,939
Deferred tax assets not recognised	<b>5,085</b>	2,879

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 32 LOSS PER SHARE

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

	Group	
	2017 S\$'000	2016 S\$'000
Loss for the purposes of basic loss earnings per share (Loss for the year attributable to owners of the Company)	(70,344)	(17,282)
Effect of dilutive potential ordinary shares:		
Interest on RCPS, net of tax	-	931
Interest on REPS, net of tax	-	2,477
Loss for the purposes of diluted loss per share	<u>(70,344)</u>	<u>(13,874)</u>

	Group	
	2017 '000	2016 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic loss per share	1,082,974	628,657
Effect of dilutive potential ordinary shares due to RCPS	-	8,381
Effect of dilutive potential ordinary shares due to REPS	-	22,222
Weighted average number of ordinary shares for the purposes of diluted loss per share	<u>1,082,974</u>	<u>659,260</u>

The diluted loss per share was the same as the basic loss per share in 2016 as the effects of the REPS and RCPS were anti-dilutive. Diluted loss per share in 2017 is the same as basic loss per share in 2017 as there are no dilutive potential ordinary shares.

## 33 OPERATING LEASE ARRANGEMENTS

### The Group as lessee

	Group	
	2017 S\$'000	2016 S\$'000
Minimum lease payments under operating leases	<u>5,161</u>	<u>5,610</u>

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 33 OPERATING LEASE ARRANGEMENTS (CONTINUED)

### The Group as lessee (Continued)

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

	Group	
	2017 S\$'000	2016 S\$'000
Within one year	5,137	5,160
In the second to fifth year inclusive	4,248	8,996
After five years	2,614	3,283
	<b>11,999</b>	<b>17,439</b>

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	
	2017 S\$'000	2016 S\$'000
Rental income (Note 26)	11,571	10,582

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

	Group	
	2017 S\$'000	2016 S\$'000
Within one year	13,291	10,259
In the second to fifth year inclusive	22,674	14,047
	<b>35,965</b>	<b>24,306</b>

The leases are negotiated for terms between 2 to 5 years and 1 to 5 years in 2016 and 2017 respectively, and rentals are fixed during the term of the lease.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 34 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.

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 the Singapore, hence no analysis by geographical area of operation is provided.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 34 SEGMENT INFORMATION (CONTINUED)

### 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>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>	<b>(24,175)</b>	<b>(19,826)</b>	<b>(3,442)</b>	<b>(700)</b>	<b>(48,143)</b>
Unallocated expenses					(11,548)
Finance costs					(9,430)
<b>Loss before income tax</b>					<b>(69,121)</b>
Income tax					(1,223)
<b>Loss for the year</b>					<b>(70,344)</b>
	<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>2016</u>					
<b>Revenue:</b>					
External customers	940	64,255	10,582	–	75,777
Inter-segment	66,495	–	–	(66,495)	–
<b>Total revenue</b>	<b>67,435</b>	<b>64,255</b>	<b>10,582</b>	<b>(66,495)</b>	<b>75,777</b>
<b>Results</b>	<b>(13,735)</b>	<b>1,725</b>	<b>6,494</b>	<b>4,956</b>	<b>(560)</b>
Unallocated expenses					(5,953)
Finance costs					(10,086)
<b>Loss before income tax</b>					<b>(16,599)</b>
Income tax					(292)
<b>Loss for the year</b>					<b>(16,891)</b>

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 34 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>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
Loss on revaluation 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
	<b>Construction contractor S\$'000</b>	<b>Property development S\$'000</b>	<b>Property investment S\$'000</b>	<b>Total S\$'000</b>
<u>2016</u>				
<b>Segment assets:</b>				
Total segment assets	54,485	268,808	168,986	492,279
Unallocated assets	–	–	–	22,110
<b>Total consolidated assets</b>				<b>514,389</b>
<b>Segment liabilities:</b>				
Total segment liabilities	100,237*	211,109	63,579	374,925
Unallocated liabilities	–	–	–	31,193
<b>Total consolidated liabilities</b>				<b>406,118</b>
<b>Other segment information:</b>				
Depreciation	1,021	–	6	1,027
Capital expenditure	19,591	–	–	19,591
Loss on change in fair value of investment properties	–	–	4,842	4,842

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

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

## 34 SEGMENT INFORMATION (CONTINUED)

### Major customer information

In 2017 and 2016, there are no customers who individually account for 10% or more of the Group's revenue.

## 35 CAPITAL EXPENDITURE COMMITMENTS

Estimated amounts committed for future capital expenditure but not provided for in the financial statements at the end of the reporting period:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Construction of properties	—	5,813
Construction of property, plant and equipment	—	15,153

# STATISTICS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2017

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 25 September 2017

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	3	0.26	49	0.00
100 – 1,000	158	13.80	97,700	0.01
1,001 – 10,000	151	13.19	1,083,183	0.09
10,001 – 1,000,000	762	66.55	119,966,801	10.63
1,000,001 and above	71	6.20	1,007,509,712	89.27
<b>Total</b>	<b>1,145</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 25 September 2017

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	–	–

1 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.

2 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 25 SEPTEMBER 2017

## Twenty Largest Shareholders as at 25 September 2017

	<b>Name of Holders</b>	<b>No. of Shares</b>	<b>%</b>
1	CITIBANK NOMINEES SINGAPORE PTE LTD	521,202,800	46.18
2	UOB KAY HIAN PRIVATE LIMITED	171,031,500	15.15
3	PHILLIP SECURITIES PTE LTD	30,735,300	2.72
4	CHONG CHOON MEOW	22,143,760	1.96
5	RAFFLES NOMINEES (PTE) LIMITED	21,594,200	1.91
6	YEO KHEE YEOW ANTHONY	12,200,000	1.08
7	DBS NOMINEES (PRIVATE) LIMITED	11,939,600	1.06
8	SUPER BEND PTE LTD	11,800,000	1.05
9	BON WEEN FOONG	11,769,652	1.04
10	NOVA FURNISHING HOLDINGS PTE LTD	8,500,000	0.75
11	TAN SEOW LENG	8,384,900	0.74
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,377,300	0.74
13	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	7,435,000	0.66
14	MAYBANK KIM ENG SECURITIES PTE LTD	7,327,200	0.65
15	STEPHEN YEO MAH AI	7,072,500	0.63
16	NAI YIONG OO	6,800,000	0.60
17	YEE PENG WAH	6,350,000	0.56
18	XU YONGSHENG	6,136,000	0.54
19	NG TIEN SNG	5,470,000	0.48
20	WEE BOO TEE	5,000,000	0.44
	<b>Total</b>	<b>891,269,712</b>	<b>78.94</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 25 September 2017, 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 Monday, 30 October 2017 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 2017 together with the Directors' Statement and Independent Auditors' Report thereon. *Resolution 1*
2. To approve the payment of Directors' fees of S\$186,000 for the financial year ending 30 June 2018, to be paid quarterly in arrears. [2017: S\$238,000] *Resolution 2*
3. To re-elect the following Directors retiring by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws:
  - (a) Mr Lim Eng Hoe *Resolution 3*
  - (b) Mrs Celine Tang *Resolution 4*

Mr Lim Eng Hoe is considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST").

Mr Lim will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

Mrs Tang will, upon re-election as a Director of the Company, remain as a Non-Executive Chairman.

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. *Resolution 5*

## AS SPECIAL BUSINESSES

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

5. **Authority to Allot and Issue Shares** *Resolution 6*

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

# NOTICE OF ANNUAL GENERAL MEETING

- (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 options 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 options 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 exercise of options granted by the Company 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. To transact any other business which may properly be transacted at Annual General Meeting of the Company.

BY ORDER OF THE BOARD

Chew Kok Liang  
Company Secretary  
13 October 2017

# NOTICE OF ANNUAL GENERAL MEETING

## 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 exercise of options granted or to be granted 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.

## 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 a 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 a 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 Depositor 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, the 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.

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