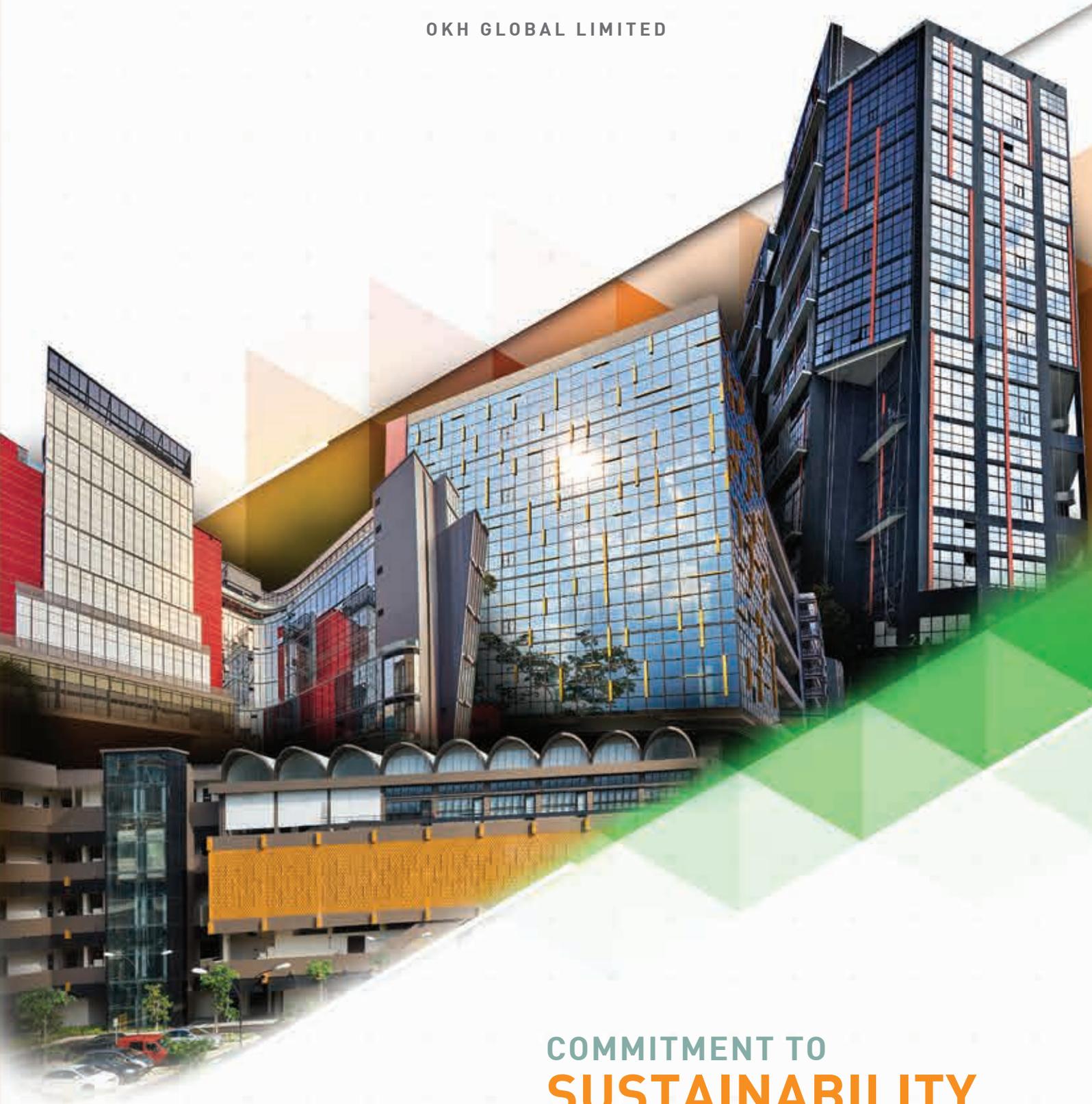




OKH GLOBAL LIMITED



COMMITMENT TO  
**SUSTAINABILITY**  
AND **QUALITY**

ANNUAL REPORT 2019

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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



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



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

### DEAR SHAREHOLDERS,

On behalf of the Board of OKH Global Ltd (“OKH” or the “Company” and together with its subsidiaries, the “Group”), we are pleased to present to you OKH’s Annual Report for the financial year ended 30 June 2019 (“FY2019”).

Amidst uncertainties in the domestic and global economy, Singapore’s industrial real estate market continues to be challenging with slowing demand of output from the manufacturing sector.

With the macro-economic growth linked closely to the Group’s business activities, which comprises construction services, property development and property investment, the softening market conditions in Singapore’s industrial real estate market have affected our performance in FY2019.

Hence, over the past 12 months, we continue to prioritise our efforts on rationalising our business activities and industry property portfolio to consolidate our strengths and improve our liquidity position.

### BUSINESS REVIEW IN FY2019

In FY2019, the Group’s property investment segment performed

better than last year with additional rental income received from new units leased in Loyang Enterprise, which was classified as investment properties, as well as the sale of a unit in this property project.

However there were no other sale of completed properties under the Group’s property development segment. As such, the Group registered revenue of approximately S\$16.44 million in FY2019 as compared to S\$25.27 million in FY2018.

Despite registering lower revenue in FY2019, the Group’s gross margin profit increased to approximately S\$10.08 million in FY2019 as compared to approximately S\$8.25 million in FY2018, with gross profit margin surging to 61.3% in FY2019 as compared to 32.6% in FY2018 as higher rental contribution from our property investment segment commanded a higher profit margin.

In the wake of challenging market conditions, we are encouraged that our efforts are validated by the strong performance of our gross profit numbers.

The Group’s other income in FY2019 was lower at approximately S\$0.42 million as compared to S\$12.25 million in FY2018. Amongst others, the

decline in other income was largely attributed to the absence of one-off income derived from gain on disposal of non-current assets held for sale and investment properties, gain on revaluation of investment properties, reversal of accrued project costs and liquidated damages income in FY2019.

Reflecting the current challenging state of Singapore’s industrial real estate market, the Group’s other expenses in FY2019 increased to approximately S\$18.90 million, as compared to S\$0.96 million in FY2018, which was mainly attributed to higher impairment loss on the Group’s property, plant and equipment and completed properties held for sale and revaluation loss on the Group’s investment properties.

The Group’s general and administrative expenses declined by 24.6%, from approximately S\$8.27 million in FY2018 to S\$6.24 million in FY2019. The decrease was largely due to lower sales commission of approximately S\$0.31 million paid out and lower depreciation expenses of S\$0.31 million in FY2019. In addition, lower professional fees, staff and related costs in FY2019 also led to a drop in the Group’s general and administrative expenses.

To reduce the Group’s gearing, we have progressively pared down our borrowings and with lower interest rate during FY2019, the Group’s finance costs decreased by 10.6%, from approximately S\$7.45 million in FY2018 to S\$6.66 million in FY2019.

The Group’s share of profits of associate increased significantly by 113.2%, from S\$6.05 million in FY2018 to S\$12.89 million in FY2019 mainly due to a higher fair value gain recognised on the associate’s property asset located in Korea.

As a result, the Group registered a total loss of approximately S\$8.43 million in FY2019 (of which approximately

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

S\$18.90 million was due to impairment and revaluation losses) as compared to a profit of S\$10.65 million in FY2018.

Notably, for the financial period ended 30 June 2019, the Group generated net cash inflow from operating activities of approximately S\$9.71 million as compared to a net cash outflow of approximately S\$6.21 million in FY2018. The net cash inflow was primarily due to the final collection of payments from buyers of our previously completed property, ACE@Buroh.

During FY2019, the Group recorded net cash inflow of approximately S\$0.89 million for FY2019 from investing activities due largely to proceeds from the disposal of investment properties and property, plant and equipment.

Given our focus to lower the Group's gearing, we continue to reduce our bank loans and obligations under finance lease and as a result, the Group recorded net cash outflow of approximately S\$11.29 million in our financing activities during FY2019.

On the balance sheet front, we remained prudent and disciplined to further strengthen our financial foundation and liquidity position.

As at 30 June 2019, the Group's total assets stood at approximately S\$259.41 million, of which total non-current assets accounted for approximately S\$229.79 million and total current assets accounted for approximately S\$29.62 million. The Group's investment properties stood at approximately S\$156.09 million as at 30 June 2019.

The Group's total liabilities declined to approximately S\$167.76 million as at 30 June 2019, of which total current liabilities reduced significantly to approximately S\$39.88 million as compared to approximately S\$123.77 million as at 30 June 2018. This was largely attributed to a reduction in the outstanding trade and other payables,



and the reclassification of loan due to a shareholder and bank loans from current liabilities to non-current liabilities.

As at 30 June 2019, the Group's net asset value per ordinary share stood at approximately S\$0.081.

### LOOKING AHEAD

Against the backdrop of the current challenging business environment, we will continue to take measured steps to enhance our financial foundation to prepare for the challenges and opportunities ahead.

With a diverse portfolio of development and investment properties as well as fixed assets, the Group will continue to assess the relevance of the properties and fixed assets against our overall strategies.

Hence, the Group may monetise some of these assets through sales so as to further strengthen the financial strength of the Group as we explore new growth initiatives.

In addition, with our success in Addition & Alteration ("A&A") works and rental income from its Kim Yam Road, Herencia property, we continue to look out for opportunities to undertake A&A to similar buildings to develop a larger recurring income base.

### IN RECOGNITION AND APPRECIATION

On behalf of the Board, we would like to thank our shareholders for your steadfast support over the recent years as we navigate the external challenges.

At the same time, we would like to acknowledge the contributions of fellow Board Members for their insights and counsel from their vast experience and expertise. At the same time, I am grateful to all our valued customers, suppliers, business associates and business partners for their continued support and confidence.

To the management team and all our employees, thank you for your commitment and collective contribution over the past year.

Moving forward, we will continue to work together as one to advance the Group's business strategies and capitalise on new growth opportunities.

**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 was the first female recipient of the “Singapore Real Estate Personality of the Year” Award conferred by PropertyGuru.

Mrs. Tang has been based in Singapore for more than 20 years and has an extensive understanding of Singapore’s business operating environment. 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. She has served as the Executive Director of Tang Dynasty Pte Ltd since its inception in 1995 and has been instrumental in growing the trading and investment company to its scale today. Prior to that, Mrs. Tang was the Assistant Judicial Officer of Shantou Longhu District Court, China.

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). She is the spouse of Mr. Gordon Tang, the founder of Haiyi and an esteemed entrepreneur with a stellar track record in real estate and investments.



**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.

## BOARD OF DIRECTORS

**MR. ONG SOON TEIK**

LEAD INDEPENDENT DIRECTOR

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

Mr. Ong was appointed as an Independent Director of the Company on 29 March 2010. He was an Executive Director of a mining and resource company from 2011 to 2013 and was responsible for the financial and administration matters of the company. Prior to this position, he was Chief Operating Officer of Chinese Global Investors Group Ltd and prior to that, the Senior Vice President of Corporate Finance of Hong Leong Finance from 2005 to 2008. He was the Director of Corporate Finance of Deloitte & Touche LLP from 2000 to 2005. He has worked with BMB Consultants NV as a merchant banking specialist attached to the Bangladesh Minister of State of Privatisation under an Asian Development sponsored programme in 1999. Between 1984 to 1999, 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. Mr. Ong graduated with degrees in Bachelor of Social Science (2nd Class Upper Honours) from the National University of Singapore, Master of Applied Finance from Macquarie University, Master of Accounting from Curtin University and LLB (Hons) degree from University of London.

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

**MS. NG KHENG CHOO**

INDEPENDENT DIRECTOR

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

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

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

## BOARD OF DIRECTORS

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### 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 Director of Athena Energy Holdings Pte Ltd, a Singapore based company principally involved in customized energy solutions in the region. 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 Chief Financial Officer of Far East Mining Pte Ltd, the parent company of Silkroad Nickel Ltd, a public listed company in Singapore and a Group Finance Director of a public listed company in Singapore, and also served on the board of listed companies in Australia, Malaysia and Singapore. Mr. Lim holds a Bachelor of Science in Economics (Honours) from University of London.

## SENIOR MANAGEMENT

---

### MR. NG KHAYWEE

FINANCIAL CONTROLLER

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

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

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

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

### MR. TAN GEOK CHYE

HEAD OF CONSTRUCTION SERVICES

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

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

## FINANCIAL AND OPERATIONS REVIEW



12 Tai Seng Link (actual picture)

### OUR FINANCIAL PERFORMANCE

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

In FY2019, the Group posted revenue of approximately S\$16.44 million in FY2019 as compared to S\$25.27 million in FY2018. The variance in revenue recorded in FY2019 was mainly due to the Group's property development segment as there were no sale of completed properties held for sale as compared to FY2018. Unit sold from the project Loyang Enterprise during the year was classified as investment properties.

As such, revenue recognised from the Group's property development in FY2019 decreased by approximately S\$9.63 million as compared to FY2018. However, revenue from the Group's property investment segment increased S\$0.80 million to S\$16.10 million, which was mainly due to additional rental income received from new units leased in Loyang Enterprise.

For the Group's construction services segment, it registered a revenue of S\$0.34 million in FY2019.

While revenue was lower in FY2019, the Group recorded a higher gross profit of approximately S\$10.08 million in FY2019 as compared to approximately S\$8.25 million in FY2018. With the higher gross profit achieved for FY2019 due mainly to the Group's property investment segment, the Group's gross profit margin was higher at 61.3% as compared to 32.6% in FY2018.

The Group's other income for FY2019 was lower at approximately S\$0.42 million as compared to S\$12.25 million in FY2018. Amongst others, the decrease was largely attributed to the absence of one-off income derived from gain on disposal of non-current assets held for sale and investment properties, gain on revaluation of investment properties, reversal of accrued project costs and liquidated damages income in FY2019.

The Group undertook an annual valuation exercise performed by independent professional valuers on our assets during FY2019. Hence, other expenses for FY2019 increased to approximately S\$18.90 million as compared to S\$0.96 million in FY2018. The increase was mainly attributed to higher impairment loss on the Group's property, plant and equipment and completed properties held for sale and revaluation loss on the Group's investment property. The lower valuations reflected the current challenging state of industrial property market segment.

With lower sales commission, lower depreciation expenses incurred, decrease in professional fees, staff and related cost and lower professional fees during FY2019, the Group's general and administrative expenses decreased by 24.6% from approximately S\$8.27 million in FY2018 to S\$6.24 million in FY2019.

## FINANCIAL AND OPERATIONS REVIEW

And with lower outstanding bank loans and lower interest rates during FY2019, the Group's finance costs decreased by 10.6% from approximately S\$7.45 million in FY2018 to S\$6.66 million in FY2019.

The Group's share of profits of associate increased by 113.2% from approximately S\$6.05 million in FY2018 to S\$12.89 million in FY2019 mainly due to a higher fair value gain recognised on the associate's asset located in Korea.

In FY2019, the Group incurred a tax expense of S\$0.02 million, as compared to an income tax credit of S\$0.78 million due to adjustments made to prior year taxation based on the Estimated Chargeable Income statement received from the tax authorities which resulted in a tax refund in FY2018.

As a result of the foregoing, the Group registered a total loss of approximately S\$8.43 million in FY2019 (of which approximately S\$18.90 million was due to impairment and revaluation losses) as compared to a profit of S\$10.65 million in FY2018.

### OUR FINANCIAL POSITION

As at 30 June 2019, the Group's total current assets stood at approximately S\$29.62 million as compared to S\$63.69 million as at 30 June 2018. The reduction in total current assets was largely attributed to the final collection of payments from buyers of our property project, ACE@Buroh. With additional units leased out from the Group's ACE@Buroh and Loyang Enterprise projects, this resulted in the reclassification from completed properties held for sale to investment properties. The Group's cash and bank balances stood at S\$5.76 million as at 30 June 2019.

While there was decrease of property, plant and equipment due to impairment recognised during FY2019, the Group's total non-current assets was higher at approximately S\$229.79 million as at 30 June 2019 as compared to approximately S\$221.76 million as at 30 June 2018. The increment was due to the transfer of the Group's completed properties held for sale to investment properties and the increase in investment in associate due to the share of profits during FY2019.

As at 30 June 2019, the Group's total current liabilities reduced significantly to approximately S\$39.88 million as compared to approximately S\$123.77 million as at 30 June 2018. This was largely attributed to a reduction in the outstanding trade and other payables, and the reclassification of loan due to a shareholder and bank loans from current liabilities to non-current liabilities.

The Group's total non-current liabilities increased to approximately S\$127.87 million as at 30 June 2019 as compared to approximately S\$60.36 million as at 30 June 2018. The increase was largely due to the bank loans and loan due to a shareholder which was reclassified to non-current liabilities as at 30 June 2019.

### OUR CASHFLOW HIGHLIGHTS

#### *Net cash generated from operating activities*

For the financial period ended 30 June 2019, the Group generated net cash inflow from operating activities of approximately S\$9.71 million as compared to a net cash outflow of approximately S\$6.21 million in FY2018. The net cash inflow was primarily due to the final collection from units previously sold for our development project, ACE@Buroh.

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

The Group recorded net cash inflow of approximately S\$0.89 million for FY2019 from investing activities as compared to net cash inflow of approximately S\$13.47 million in the corresponding period last year. The net cash inflow in FY2019 is largely due to proceeds received from the disposal of investment properties and property, plant and equipment.

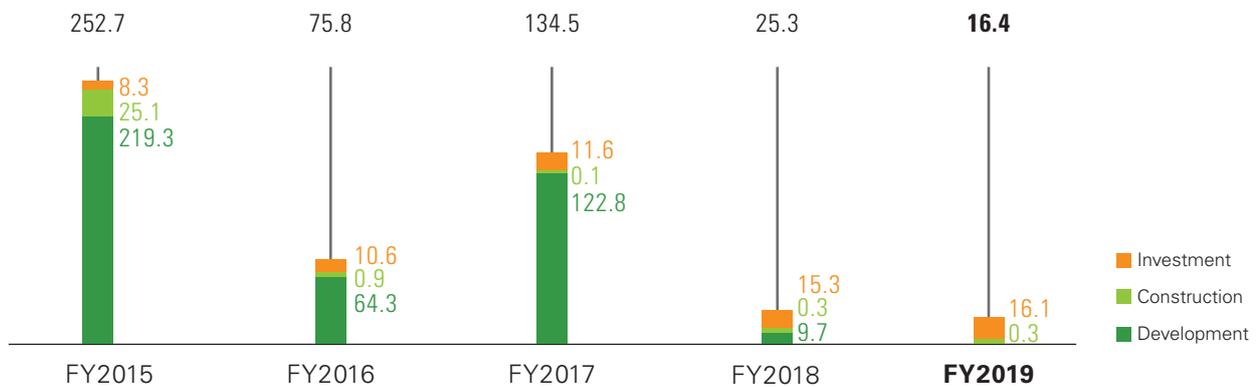
#### *Net cash outflow from financing activities*

The Group recorded net cash outflow of approximately S\$11.29 million from financing activities in FY2019 as compared to a net cash outflow of S\$15.34 million in the corresponding period last year. The net cash outflow was largely due to a repayment in bank loans and obligations under finance lease. The cash outflow was partially offset by additional bank loans taken up during the year.

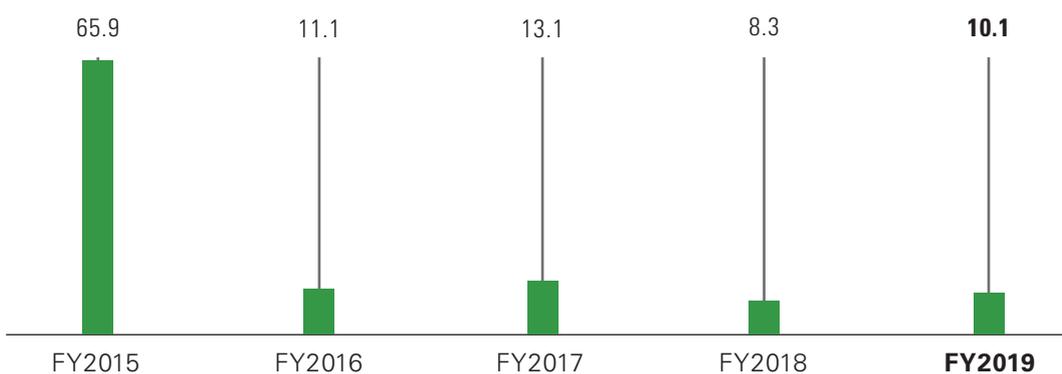
Further details of the Group's financial statements in FY2019 can be found in the next few sections of this annual report.

# FINANCIAL HIGHLIGHTS

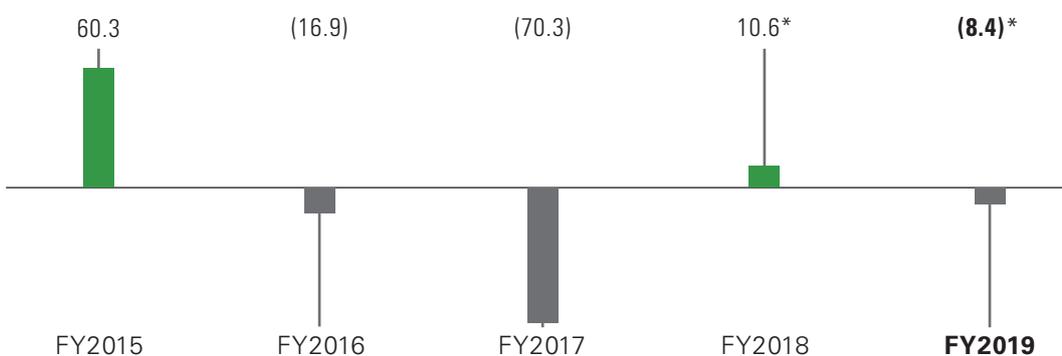
## REVENUE (S\$'MILLION)



## GROSS PROFIT (S\$'MILLION)



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



\* These balances have been restated as set out in the financial statements.

## PROPERTY PORTFOLIO

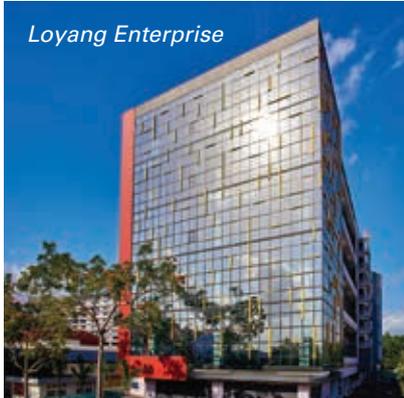
### DEVELOPMENT AND INVESTMENT PROPERTIES

	COMPLETED				
<b>NAME OF PROPERTY</b>	Ace @ Buroh	Loyang Enterprise	12 Tai Seng Link	The Herencia	Seatown Industrial Centre
<b>LOCATION</b>	2 Buroh Crescent, Singapore 627546	56 Loyang Way, Singapore 508775	12 Tai Seng Link, Singapore 534233	46 & 58 Kim Yam Road, Singapore 239351 and 239359	69H, Tuas South Avenue 1, Singapore 637509
<b>DESCRIPTION</b>	A 9-storey B2 ramp-up industrial building for strata sale/lease	A 6-storey B2 ramp-up industrial building for strata sale/lease	A 10-storey B2 industrial building for lease	A two-part commercial building for offices and education institution for lease	A 3-storey ancillary dormitory, within the industrial estate of 23 units of terrace factories and one canteen, for lease
<b>TENURE</b>	30 years leasehold from 2013	30 years leasehold from 2013	30 years leasehold from 2012	3+3+3 years leasehold from 2013	60 years leasehold from 2000
<b>ESTIMATED GROSS FLOOR AREA (SQ.FT.)</b>	475,780	555,000	116,681	220,186	274,352
<b>OWNERSHIP</b>	13 units with certified strata area (w/o void) of 166,368 sq ft	43 units with certified strata area (w/o void) of 217,330 sq ft	100% equity interest	100% equity interest	100% equity interest

### FIXED ASSETS

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

## FEATURED PROJECTS



*Loyang Enterprise*

### 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.



*ACE @ Buroh*

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.



*12 Tai Seng Link*

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.

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



*The Herencia*

#### 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

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### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

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

### NOMINATING COMMITTEE

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

### REMUNERATION COMMITTEE

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

### COMPANY SECRETARY

Mr. Chew Kok Liang

### AUDITORS

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

### SINGAPORE SHARE TRANSFER AGENT

RHT Corporate Advisory Pte. Ltd.  
30 Cecil Street, #19-08 Prudential Tower, Singapore 049712

### 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

United Overseas Bank Limited  
Oversea-Chinese Banking Corporation Limited

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# STATEMENT ON CORPORATE GOVERNANCE

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## 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.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (the “2018 Code”) and accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and will apply to annual reports covering financial years from 1 January 2019. The Company will review and set out the corporate practices in place to comply with the 2018 Code, where appropriate, in the next Annual Report.

## BOARD MATTERS

### The Board’s Conduct of Affairs

**Principle 1: *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.***

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

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

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

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

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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.

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

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

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

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

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

The number of Board and Board Committees meetings held during the financial year ended 30 June 2019 (“FY2019”) and the attendance of each Director where relevant is as follows:

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

## STATEMENT ON CORPORATE GOVERNANCE

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

- Approval of the Group's major investments/divestment and funding decisions;
- Approval of the Group's interim and full-year financial result announcements for release to the SGX-ST;
- Approval of any agreement which is not in the ordinary course of business;
- Approval of any major borrowings or corporate guarantees in relation to borrowings;
- Entering into any profit-sharing arrangement;
- Entering into any foreign exchange hedging transactions;
- Appointment or removal of any key executive and legal representative;
- Incorporation or dissolution of any subsidiary;
- Issuance of shares or declaration of dividends;
- Approval of the annual report and audited financial statements;
- Convening of general meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets; and
- Approval of announcements or press releases concerning the Group for release to the SGX-ST.

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

### **Board Composition and Guidance**

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

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

Non-Executive Chairman

Mrs Celine Tang

Executive Director and CEO

Mr Lock Wai Han

## STATEMENT ON CORPORATE GOVERNANCE

Non-Executive and Independent Directors

Mr Ong Soon Teik

Mr Lim Eng Hoe

Ms Ng Kheng Choo

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

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

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

In line with Guideline 2.4 of the Code, the independence of Mr Ong Soon Teik who has served on the Board beyond nine (9) years from the date of his first appointment, was subject to particularly rigorous review by members of the Board. At the conclusion of the review, the Nominating Committee with the concurrence of the Board were satisfied and unanimously agreed and confirm that Mr Ong Soon Teik, despite having served on the Board for more than 9 years, is considered independent. Mr Ong Soon Teik has abstained from the rigorous review of his independence. In considering the independence of Mr Ong Soon Teik, who has served on the Board beyond nine (9) years, the NC has taken into consideration the following factors:

- i. There was a reverse takeover of Sinobest Technology Holdings Ltd. in year 2013;
- ii. There was a change of management and controlling shareholder in year 2016;
- iii. There was a change of the composition of the Board in year 2016;
- iv. The considerable knowledge and experience of the industry and business environment contributed by the Independent Director to the Company;
- v. The attendance, preparedness, participation and contribution in the meetings of the Board and Board Committees;
- vi. Provision of reasonable checks and balances for the Management;
- vii. Mr Ong has devoted adequate attention and sufficient time to the affairs of the Group; and
- viii. Mr Ong is able to act independently and provide overall guidance to the Management and acts as safeguard for the protection of the Company's assets and shareholders' interest.

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.

## STATEMENT ON CORPORATE GOVERNANCE

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The Nominating Committee notes the recommendation of the Code and considers all aspects of diversity, including of skills, experience, gender, knowledge and other relevant factors. The Board is satisfied that there is gender diversity with Mrs Celine Tang and Ms Ng Kheng Choo joining the Board on 2 August 2016. 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 6 of this Annual Report.

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

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

### Chairman and Chief Executive Officer

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

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

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

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

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

## STATEMENT ON CORPORATE GOVERNANCE

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, all of whom are Non-Executive and Independent Directors:

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

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

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

The duties and functions of the NC are as follows:

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

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

The details of Mr Ong Soon Teik and Mr Lim Eng Hoe who will retire by rotation at the forthcoming AGM to be held on 31 October 2019 are disclosed in the Directors' Profile on pages 5 to 6 of this Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE

The NC has recommended and the Board has approved to table for shareholders' approval the re-election of Mr Ong Soon Teik and Mr Lim Eng Hoe, who are retiring at the forthcoming AGM as Directors of the Company. Mr Ong Soon Teik and Mr Lim Eng Hoe have abstained from voting on any resolution related to their re-election.

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

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

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

Key information regarding the Directors is set out below:

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	30 October 2017	<ul style="list-style-type: none"> <li>• SingHaiyi Group Ltd</li> <li>• Chip Eng Seng Corporation Ltd</li> </ul>	–
Lock Wai Han	5 October 2016	26 October 2018	<ul style="list-style-type: none"> <li>• Media Literacy Council</li> <li>• Singapore Sports School Ltd</li> <li>• ARA Trust Management (Suntec) Ltd.</li> <li>• Chip Eng Seng Corporation Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Rowsley Ltd.</li> <li>• Secura Group Ltd</li> </ul>
Ong Soon Teik	29 March 2010	21 December 2016 (retiring and seeking re-election at the forthcoming AGM)	–	–
Lim Eng Hoe	31 October 2013	30 October 2017 (retiring and seeking re-election at the forthcoming AGM)	–	–
Ng Kheng Choo	2 August 2016	26 October 2018	<ul style="list-style-type: none"> <li>• ISOTeam Ltd</li> </ul>	–

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To provide the information as set out in Appendix 7.4.1 relating to the candidate who is proposed to be appointed for the first time or re-elected to the board at a general meeting, in the notice of meeting, annual report or relevant circular distributed to shareholders prior to the general meeting pursuant to Rule 720(6) of the SGX-ST Listing Manual. The Directors named below are retiring and being eligible, offer themselves for re-election at the forthcoming AGM:

Name of Director	Ong Soon Teik	Lim Eng Hoe
Date of appointment	29 March 2010	31 October 2013
Date of last re-appointment	21 December 2016	30 October 2017
Age	60	54
Country of principal residence	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board has accepted the NC's recommendation, after taking into consideration of Mr Ong's credentials, experience and overall contribution since he was appointed as a Director of the Company.	The Board has accepted the NC's recommendation, after taking into consideration of Mr Lim's credentials, experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title	Lead Independent Director, Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee	Independent Director, Chairman of Remuneration Committee, Member of Audit Committee and Nominating Committee
Professional qualifications	<ul style="list-style-type: none"> <li>• Bachelor of Social Science (2nd Class Upper Honours) from the National University of Singapore</li> <li>• Master of Applied Finance from University of Macquarie University</li> <li>• Master of Accounting from Curtin University</li> <li>• LLB (Hons.) degree from University of London</li> </ul>	Bachelor of Science in Economics (Honours) from University of London
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> <li>• Chief Operating Officer of Chinese Global Investors Group Ltd from 2008 to 2011</li> <li>• Executive Director of Asiamine Holding Pte. Ltd. from 2011 to 2013</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Director of Advance Modules Group Limited from December 2008 to November 2009</li> <li>• Director of Lincoln Minerals Limited from October 2010 to November 2013</li> <li>• Director of Alexander Minerals Pte Ltd from May 2011 to December 2013</li> </ul>

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		<ul style="list-style-type: none"> <li>• Operations Director of Ezyhealthcare Trust Management Pte Ltd from January 2014 to September 2015</li> <li>• Chief Financial Officer of Far East Mining Pte Ltd from March 2016 to August 2018</li> </ul>
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes	Yes
Other Principal Commitments Including Directorships	<p><b>Other Principal Commitment:</b> Nil</p> <p><b>Present Directorship:</b></p> <ul style="list-style-type: none"> <li>• Victoria Limited</li> </ul> <p><b>Past Directorship (for the past 5 years):</b></p> <ul style="list-style-type: none"> <li>• Adventus Holdings Limited</li> </ul>	<p><b>Other Principal Commitment:</b> Nil</p> <p><b>Present Directorship:</b></p> <ul style="list-style-type: none"> <li>• Stada Enviroospace Pte Ltd</li> <li>• Stada Enviroospace (M) Sdn Bhd</li> <li>• Genkai Capital India Investment Pte. Ltd.</li> <li>• Genkai Capital Secured Investment Pte. Ltd.</li> <li>• Asia Township Development Pte. Ltd.</li> <li>• Athena Energy Holdings Pte. Ltd.</li> <li>• Manifold Partners Pte Ltd</li> <li>• Manifold Partners Sdn Bhd</li> <li>• Bridge Blanc Sdn Bhd</li> <li>• Tesocro Capital Sdn Bhd</li> </ul> <p><b>Past Directorship (for the past 5 years):</b></p> <ul style="list-style-type: none"> <li>• Alexander Minerals Pte Ltd</li> <li>• Five Angles Investment Pte Ltd</li> <li>• Pacific Paradise Property Pte Ltd</li> <li>• Pacific Star Energy Pte Ltd</li> <li>• Divine Minerals Pte Ltd</li> </ul>

## STATEMENT ON CORPORATE GOVERNANCE

The Directors had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the Listing Manual.

### 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 FY2019. However, if need arises, the NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process at the Company's expense.

### Access to Information

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

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

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

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

The Board in fulfilling its responsibilities could as a group or as individuals, when deemed fit, direct the Company to appoint independent professional advisers or seek professional advice and the costs will be borne by the Company.

### REMUNERATION MATTERS

#### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

***Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.***

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

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

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

The RC is responsible:

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

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

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

The RC has full authority to engage any external independent professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. No external remuneration consultant was engaged in FY2019.

### Level and Mix of Remuneration

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

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

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

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

The service agreement with the Executive Director, namely Mr Lock Wai Han, has been renewed for a further period of three years in 2019. This service agreement is subject to review by the RC and provide for termination by either party giving to the other not less than 6 months' prior written notice.

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

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### Disclosure of Remuneration

**Principle 9:** *Every company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

The remuneration of the Directors and the key management personnel of the Group, who are not Directors of the Company, for the financial year ended 30 June 2019, are disclosed below.

The breakdown of each Directors' and key management personnel's remuneration of the Group for the financial year ended 30 June 2019 is as follows:

<b>Board of Directors</b>	<b>Salary</b>	<b>Bonus/ Commissions</b>	<b>Benefits in Kind</b>	<b>Directors' Fees</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Celine Tang	–	–	–	–	–
Lock Wai Han	399,996	–	71,082	–	471,078
Ong Soon Teik	–	–	–	67,000	67,000
Lim Eng Hoe	–	–	–	52,000	52,000
Ng Kheng Choo	–	–	–	67,000	67,000

<b>Key Management Personnel</b>	<b>Salary</b>	<b>Bonus/ Commissions</b>	<b>Benefits in Kind</b>	<b>Total</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Below S\$250,000</b>				
Tan Geok Chye	82	6	12	100
Ng Khay Wee	72	6	22	100

The Company has only 2 key management personnel (who are not Directors or the CEO) for the financial year ended 30 June 2019. Due to the highly competitive market, the Company believes it is unwise to disclose the breakdown of the remuneration of the key management personnel and the aggregate total remuneration paid to the top two key management personnel for the financial year ended 30 June 2019.

Other than the Central Provident Fund contributions to the Executive Director and top two key management personnel, none of the Directors (including the CEO) and the top two 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 2019.

There is no employee who is an immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeds S\$50,000 for the financial year ended 30 June 2019.

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 to and will make the necessary disclosures, if any.

## STATEMENT ON CORPORATE GOVERNANCE

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

### ACCOUNTABILITY AND AUDIT

#### Accountability

**Principle 10: *The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

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

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

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

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

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

# STATEMENT ON CORPORATE GOVERNANCE

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## Risk Management and Internal Controls

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

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

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

The Board and the AC have made reference to the internal audit reports submitted by the internal auditors for the financial year ended 30 June 2019 and Management's confirmations to assess the effectiveness of the Group's internal control systems.

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

The AC and the Board also review 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 FY2019, the Board has received assurances from the Executive Director, who is also the Chief Executive Officer, and the Financial Controller of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are sufficiently effective.

## STATEMENT ON CORPORATE GOVERNANCE

The AC have reviewed the report issued by the external auditors and their recommendations, the various management controls put in place, and reports from the internal auditors, the Board, with concurrence from the AC, are satisfied with the Group's internal controls and are of the opinion that the internal controls maintained by the Group in addressing critical and significant risks relating to financial, operational, compliance and information technology risks and risk management systems are adequate and effective as at 30 June 2019. 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, all of whom are Non-Executive and Independent Directors:

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

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

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

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

- (a) to review with the external and internal auditors, the audit plan, their audit report, management letter and the Management's response;
- (b) to review the scope and results of audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the external auditors also provide a substantial volume of non-audit services to the Group, to review the nature and extent of such services to maintain the balance of objectivity and value for money;
- (c) to review the interim and full-year financial results of the Company and the consolidated financial statements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;
- (d) to review annually the risk profile of the Company and the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls and risk management systems;

## STATEMENT ON CORPORATE GOVERNANCE

- (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.

The AC had evaluated and was satisfied with the performance of the external auditors based on the Audit Quality Indicators Disclosure Framework introduced by the Accountants and Corporate Regulatory Authority ("ACRA") in October 2015, for the financial year ended 30 June 2019.

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 2019:

<b>Services</b>	<b>Amount (SGD)</b>
Audit service	207,500
Non-audit service – Tax Compliance	38,000
Total	<u>245,500</u>

## STATEMENT ON CORPORATE GOVERNANCE

The AC had reviewed all audit and non-audit fees paid to Deloitte & Touche LLP, the scope of services, the qualification, the independence and the objectivity of the external auditors in the meeting held in 2019. 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 FY2019 and is of the opinion that Chapter 9 of the Listing Manual of SGX-ST has been complied with.

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

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

## INTERNAL AUDIT

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

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

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

## STATEMENT ON CORPORATE GOVERNANCE

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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 effectiveness and independence and the qualification and experiences of the internal audit team assigned to conduct the internal audit works.

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

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

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

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

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

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

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

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

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

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

## STATEMENT ON CORPORATE GOVERNANCE

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 FY2019.

## 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 FY2019, 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 FY2019:

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
<u>Haiyi Holdings Pte Ltd</u> Interest on loan	2,533	-

# STATEMENT ON CORPORATE GOVERNANCE

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## 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, 2019.

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 45 to 107 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, 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

## 1 DIRECTORS

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

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

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

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

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

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

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

The directors' interest in the shares of the Company as at July 21, 2019 were the same as at June 30, 2019.

# DIRECTORS' STATEMENT

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## 4 SHARE OPTIONS AND PERFORMANCE SHARES

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

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

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

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

For the financial years ended June 30, 2018 and 2019, no performance shares have been allotted and issued to any employees or directors of the Company.

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

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

### (b) Options exercised

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

### (c) Unissued shares under options

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

## 5 AUDIT COMMITTEE

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

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

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

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

## DIRECTORS' STATEMENT

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

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

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

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

# DIRECTORS' STATEMENT

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## 6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

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Lock Wai Han

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Ong Soon Teik

September 30, 2019

# 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, 2019, 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 45 to 107.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at June 30, 2019 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 properties for sale</u></p> <p><i>Refer to Note 9 to the financial statements.</i></p> <p>Properties for sale represent a significant proportion of the assets in the Group's statement of financial position.</p> <p>The Group's properties for sale, which are located in Singapore, are stated at the lower of cost and net realisable value.</p> <p>The fair values of the properties for sale are based on the valuation performed by an independent professional valuer (the "Valuer").</p> <p>Management's assessment of net realisable value of properties for sale is a judgemental process and is highly dependent upon management's expectations of future selling prices of unsold units. The continued softness in the overall Singapore industrial market may force a downward pressure on market property prices, which give rise to potential risk that these properties are sold below their carrying amount.</p> <p>Inaccurate management's estimate made in the net realisable value could result in a significant impact on the carrying amount of the properties for sale at the end of reporting period and the diminution in value in the consolidated statement of profit or loss and other comprehensive income for the year ended June 30, 2019.</p>	<ul style="list-style-type: none"> <li>• We obtained an understanding, evaluated the design and tested the implementation of the Group's relevant controls of reviewing and updating selling price, and the allocation of property development costs;</li> <li>• We obtained an understanding of the Group's process of appointing the Valuer and reviewed the scope of work of the Valuer;</li> <li>• We discussed with management to understand their basis used in determining whether the Group's properties for sale are impaired and the amount of diminution in value or reversal of diminution in value to be recorded, if any;</li> <li>• In respect of the independent market valuation report obtained by management, we considered the competency, independence and objectivity of the Valuer. We also assessed the appropriateness of the valuation techniques and assumptions used in determining market values of the property units; and</li> <li>• We assessed the reasonableness of the estimated net realisable value by comparing the transacted prices of past sales of the properties involved or of comparable properties in similar locations; and/or actual prices achieved post year end of the properties involved where available. We compared these prices to either externally published benchmarks where appropriate, and also considered whether the expected selling prices are consistent with the current property market trends.</li> <li>• We also assessed and validated the adequacy of the Group's disclosures.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

Key audit matters	How the matter was addressed in the audit
<p><u>Valuation of investment properties</u></p> <p><i>Refer to Note 12 to the financial statements.</i></p> <p>Investment properties represent a significant proportion of the assets in the Group's statement of financial position.</p> <p>The Group's investment properties, which are located in Singapore, are measured at fair value.</p> <p>The fair values of the investment properties are based on the valuation performed by an independent professional valuer (the "Valuer").</p> <p>The valuation of the investment properties is a significant estimation area as it is underpinned by a number of key assumptions used in the valuation as well as the valuation methodologies applicable as disclosed in Note 12 and is highly dependent upon management's judgement.</p> <p>Inaccurate management's estimates made in the valuation assessment could result in a significant impact on the carrying amount of the investment properties at the end of reporting period and the fair value changes in the consolidated statement of profit or loss and other comprehensive income for the year ended June 30, 2019.</p>	<ul style="list-style-type: none"> <li>• We obtained an understanding of the Group's process of appointing the Valuer and reviewed the scope of work of the Valuer;</li> <li>• We discussed with management to understand their basis used in determining the fair values of the Group's investment properties;</li> <li>• In respect of the independent market valuation reports obtained by management, we considered the competency, independence and objectivity of the Valuer. We also assessed the appropriateness of the valuation techniques and assumptions used in determining market value of the investment properties; and</li> <li>• We evaluated the appropriateness of the valuation techniques used by the Valuer for the respective investment properties, taking into account the nature of each investment property. We also benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data and comparable property transactions, where available, and we also considered whether these assumptions are consistent with the current market environment.</li> <li>• We also assessed and validated the adequacy of the Group's disclosures.</li> </ul>

# 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 in associates and unquoted equity shares</u></p> <p><i>Refer to Notes 15 and 16 to the financial statements.</i></p> <p>The Group has an associate with wholly-owned subsidiaries that hold investment properties and are in the business of rental of property warehouses (collectively known as the "Associate Group"). The Associate Group was previously classified as "Non-current assets held for sale" as at June 30, 2018 and the carrying amount was written down to its estimated net realisable value of S\$40 million.</p> <p>In the current financial year, the plan to dispose the Associate Group did not materialise and accordingly, the Associate Group ceases to be classified as held for sale and is required to be accounted for using the equity method retrospectively from the date of its classification as held for sale.</p> <p>The financial position and results of the Associate Group which are equity accounted by the Group are largely dependent on the fair values of the underlying investment properties held by the Associate Group.</p> <p>The fair values of the investment properties are based on the valuation performed by independent professional valuers (the "Valuer") which is a significant estimation area as this is dependent on a number of key assumptions used in the valuation as well as the valuation methodologies.</p> <p>Additionally, the Group has an investment in unquoted equity shares which is accounted for as a financial asset measured at fair value through profit and loss as at June 30, 2019.</p> <p>The above investment was also classified as held for sale as at June 30, 2018 and recorded at its estimated net realisable value of S\$9 million. This investment pertains to a 15% equity interest in the holding company of the Associate Group and the fair value of the Group's investment in unquoted equity shares is also dependent on the fair values of the Associate Group's investment properties as highlighted above.</p>	<p>In respect of valuation of investment properties held by the Associate Group, the audit procedures were performed in conjunction with the procedures performed to address the key audit matter, "Valuation of investment properties", as set out above. Apart from those procedures, we also:</p> <ul style="list-style-type: none"> <li>• Discussed with the valuers and challenged the key assumptions used in their valuation by reference to externally published industry data and comparable property transactions, where available, in respect of the movement in the fair values of the investment properties from the valuation dates to each of the reporting period. We also considered whether these assumptions are consistent with the current market environment;</li> <li>• Challenged management's basis and assessment on the fair value of the investment in unquoted equity shares as at July 1, 2017, June 30, 2018 and 2019; and</li> <li>• Assessed and validated the adequacy of the Group's disclosures.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

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### **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.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

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

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# INDEPENDENT AUDITOR'S REPORT

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TO THE MEMBERS OF OKH GLOBAL LTD.

- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

September 30, 2019

# STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019

	Note	Group			Company	
		June 30, 2019 S\$'000	June 30, 2018 S\$'000	July 1, 2017 S\$'000	June 30, 2019 S\$'000	June 30, 2018 S\$'000
			(Restated)	(Restated)		
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and bank balances	7	5,755	6,425	20,258	57	52
Trade and other receivables	8	4,930	21,597	28,919	49,129	51,464
Loan due from non-controlling interests	6	–	330	330	–	–
Properties for sale	9	18,937	35,335	67,900	–	–
Non-current assets classified as held for sale	10	–	–	7,197	–	–
Total current assets		<u>29,622</u>	<u>63,687</u>	<u>124,604</u>	<u>49,186</u>	<u>51,516</u>
<b>Non-current assets</b>						
Property, plant and equipment	11	4,023	12,194	13,265	–	–
Investment properties	12	156,092	151,543	129,580	–	–
Investments in subsidiaries	13	–	–	–	25,000	27,000
Investment in a joint venture	14	–	–	–	–	–
Investment in associates	15	60,671	49,018	42,453	–	–
Available-for-sale investment	16	–	9,000	9,000	–	–
Financial asset at fair value through profit or loss	16	9,000	–	–	–	–
Total non-current assets		<u>229,786</u>	<u>221,755</u>	<u>194,298</u>	<u>25,000</u>	<u>27,000</u>
<b>Total assets</b>		<u><b>259,408</b></u>	<u><b>285,442</b></u>	<u><b>318,902</b></u>	<u><b>74,186</b></u>	<u><b>78,516</b></u>
<b>LIABILITIES AND EQUITY</b>						
<b>Current liabilities</b>						
Bank loans and overdrafts	17	24,139	82,856	89,036	–	–
Trade and other payables	18	15,628	19,831	41,158	24,574	22,292
Obligations under finance leases	19	117	182	327	–	–
Loans due to a shareholder	6	–	20,000	10,000	–	20,000
Loan due to a third party		–	–	20,000	–	–
Loan due to associates		–	–	1,600	–	–
Provisions	20	–	900	1,368	–	–
Income tax payable		–	–	1,338	–	–
Total current liabilities		<u>39,884</u>	<u>123,769</u>	<u>164,827</u>	<u>24,574</u>	<u>42,292</u>
<b>Non-current liabilities</b>						
Bank loans	17	74,984	27,319	53,269	–	–
Obligations under finance leases	19	111	259	657	–	–
Loan due to a shareholder	6	52,778	32,778	10,000	52,778	32,778
Total non-current liabilities		<u>127,873</u>	<u>60,356</u>	<u>63,926</u>	<u>52,778</u>	<u>32,778</u>
<b>Capital, reserves and non-controlling interest</b>						
Share capital	21	27,916	27,916	27,916	8,936	8,936
Share premium		69,304	69,304	69,304	72,155	72,155
Contributed surplus		12,063	12,063	12,063	126,389	126,389
Translation reserve		(3,815)	(2,579)	(3,099)	(1,491)	(1,491)
Accumulated losses		(14,117)	(5,687)	(16,335)	(209,155)	(202,543)
Equity attributable to owners of the Company		<u>91,351</u>	<u>101,017</u>	<u>89,849</u>	<u>(3,166)</u>	<u>3,446</u>
Non-controlling interests		<u>300</u>	<u>300</u>	<u>300</u>	<u>–</u>	<u>–</u>
Total equity (Capital deficiency)		<u>91,651</u>	<u>101,317</u>	<u>90,149</u>	<u>(3,166)</u>	<u>3,446</u>
<b>Total liabilities and equity (net of capital deficiency)</b>		<u><b>259,408</b></u>	<u><b>285,442</b></u>	<u><b>318,902</b></u>	<u><b>74,186</b></u>	<u><b>78,516</b></u>

See accompanying notes to financial statements.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED JUNE 30, 2019

	Note	Group	
		2019 S\$'000	2018 S\$'000
			<b>(Restated)</b>
Revenue	22	<b>16,440</b>	25,269
Cost of sales		<b>(6,360)</b>	(17,019)
Gross profit		<b>10,080</b>	8,250
Other income	23	<b>418</b>	12,254
Other expenses	24	<b>(18,901)</b>	(956)
General and administrative expenses		<b>(6,235)</b>	(8,269)
Finance costs	25	<b>(6,663)</b>	(7,451)
Share of profits of associates	15	<b>12,889</b>	6,045
(Loss) Profit before income tax	26	<b>(8,412)</b>	9,873
Income tax (expense) credit	27	<b>(18)</b>	775
<b>(Loss) Profit for the year</b>		<b>(8,430)</b>	10,648
Other comprehensive (loss) income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation		<b>(1,236)</b>	520
<b>Other comprehensive (loss) income for the year, net of tax</b>		<b>(1,236)</b>	520
<b>Total comprehensive (loss) income for the year</b>		<b>(9,666)</b>	11,168
<b>(Loss) Earnings per share in Singapore cents:</b>			
– Basic and diluted	28	<b>(0.75)</b>	0.94

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2019

	Share capital (Note 21) S\$'000	Share premium (Note i) S\$'000	Contributed surplus (Note iii) S\$'000	Translation reserve (Note ii) S\$'000	Accumulated profits (losses) S\$'000	Equity attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total S\$'000
Group								
<b>Balance as at July 1, 2017</b>								
<b>(As previously reported)</b>	27,916	69,304	12,063	(2,363)	(19,524)	87,396	300	87,696
Prior year adjustment (Note 32)	-	-	-	(736)	3,189	2,453	-	2,453
<b>Balance as at July 1, 2017 (Restated)</b>	27,916	69,304	12,063	(3,099)	(16,335)	89,849	300	90,149
<b>Total comprehensive loss for the year:</b>								
Profit for the year (Restated)	-	-	-	-	10,648	10,648	-	10,648
Other comprehensive income for the year (Restated)	-	-	-	520	-	520	-	520
Total	-	-	-	520	10,648	11,168	-	11,168
<b>Balance as at June 30, 2018</b>	27,916	69,304	12,063	(2,579)	(5,687)	101,017	300	101,317
<b>Total comprehensive loss for the year:</b>								
Loss for the year	-	-	-	-	(8,430)	(8,430)	-	(8,430)
Other comprehensive loss for the year	-	-	-	(1,236)	-	(1,236)	-	(1,236)
Total	-	-	-	(1,236)	(8,430)	(9,666)	-	(9,666)
<b>Balance as at June 30, 2019</b>	27,916	69,304	12,063	(3,815)	(14,117)	91,351	300	91,651

## STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2019

	Share capital (Note 21) S\$'000	Share premium (Note i) S\$'000	Contributed surplus (Note iii) S\$'000	Translation reserve (Note ii) S\$'000	Accumulated losses S\$'000	Total S\$'000
<u>Company</u>						
<b>Balance as at July 1, 2017</b>	8,936	72,155	126,389	(1,491)	(126,389)	79,600
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(76,154)	(76,154)
<b>Balance as at June 30, 2018</b>	8,936	72,155	126,389	(1,491)	(202,543)	3,446
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(6,612)	(6,612)
<b>Balance as at June 30, 2019</b>	<u>8,936</u>	<u>72,155</u>	<u>126,389</u>	<u>(1,491)</u>	<u>(209,155)</u>	<u>(3,166)</u>

Notes:

- (i) The Bermuda Companies Act provides that where a company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called "the share premium account" and the provisions of The Bermuda Companies Act relating to a reduction of share capital shall, except as provided in Section 40 of The Bermuda Companies Act, apply as if the share premium account were paid up share capital for the Company. The share premium account may be applied by the Company in paying for issue of bonus shares, paying for expenses on issue of shares or debentures of the Company and paying premium on redemption of shares and debentures of the Company.
- (ii) Translation reserve represents exchange differences relating to the translation from the functional currency of the Group's foreign associates 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.
- (iii) Contributed surplus represents the credit arising from the capital reorganisation through a reduction of par value of each ordinary share in the capital of the Company from US\$0.16 to US\$0.01 pursuant to a special resolution passed by the shareholders at the special general meeting of the Company held on July 29, 2016.

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

	Group	
	2019 S\$'000	2018 S\$'000 (Restated)
<b>Operating activities</b>		
(Loss) Profit for the year	<b>(8,430)</b>	10,648
Adjustments for:		
Income tax expense (credit)	<b>18</b>	(775)
Bad debt expense	<b>330</b>	200
Loss (Gain) on disposal of property, plant and equipment	<b>10</b>	(107)
Loss (Gain) on sale of investment properties	<b>156</b>	(480)
Gain on sale of non-current assets classified as held for sale	–	(1,603)
Depreciation of property, plant and equipment	<b>92</b>	401
Interest expense	<b>6,663</b>	7,451
Loss (Gain) on change in fair value of investment properties	<b>7,666</b>	(2,860)
Impairment loss of property, plant and equipment	<b>8,000</b>	500
Diminution in value of properties for sale	<b>3,235</b>	456
Interest income	<b>(26)</b>	(70)
Share of profits of associates	<b>(12,889)</b>	(6,045)
Operating cash flows before movement in working capital	<b>4,825</b>	7,716
Trade and other receivables (Note A)	<b>8,245</b>	1,229
Properties for sale	–	9,106
Trade and other payables (Note A)	<b>794</b>	(16,364)
Cash generated from operations	<b>13,864</b>	1,687
Interest paid	<b>(4,138)</b>	(7,332)
Income tax paid	<b>(18)</b>	(563)
Net cash from (used in) operating activities	<b>9,708</b>	(6,208)
<b>Investing activities</b>		
Purchase of property, plant and equipment (Note B)	<b>(4)</b>	(70)
Proceeds from disposal of property, plant and equipment	<b>73</b>	290
Proceeds from sale of investment properties	<b>792</b>	4,380
Proceeds from sale of non-current assets held for sale	–	8,800
Interest received	<b>26</b>	70
Net cash from investing activities	<b>887</b>	13,470

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

	Group	
	2019	2018
	S\$'000	S\$'000
		(Restated)
<b>Financing activities</b>		
Repayment of bank loans	(62,856)	(32,296)
Proceeds from bank loans	51,950	47
Repayment of obligations under finance leases	(213)	(543)
(Increase) Decrease in fixed deposits pledged	(173)	5,873
Loan from third party	-	10,000
Loan from shareholder	-	32,778
Repayment of loan from third party	-	(30,000)
Profit sharing paid to non-controlling interests (Note C)	-	(1,200)
Net cash used in financing activities	<u>(11,292)</u>	<u>(15,341)</u>
Net decrease in cash and cash equivalents	(697)	(8,079)
Cash and cash equivalents at beginning of year	2,704	10,783
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b><u>2,007</u></b>	<b><u>2,704</u></b>

**Note A:**

During the year, the Group offsetted the accruals provided to third party customers amounting to S\$8,422,000 against the corresponding trade receivables. Details of the offsetting arrangement is set out in Note 5(b) to the financial statements.

**Note B:**

During the year, the Group purchased property, plant and equipment with aggregate cost of S\$4,000 (2018: S\$13,000) using cash.

**Note C:**

In 2018, the Group settled a loan due to an associate and a payable to non-controlling interests by offsetting against trade and other receivables, amounting to S\$1,600,000 and S\$4,293,000 respectively.

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 1 GENERAL

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

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

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended June 30, 2019 were authorised for issue by the Board of Directors on September 30, 2019.

## 2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### **New and amendments to IFRSs that are mandatorily effective for the current year**

On July 1, 2018, the Group adopted all the new and revised IFRSs, amendments to IFRSs issued by the International Accounting Standards Board and the Interpretations thereof issued by the IFRS Interpretations Committee (“IFRIC”) that are effective from that date and are relevant to its operations. The adoption of these new/revised IFRSs and amendments to IFRSs does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements, except as noted below:

#### IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The Group applied IFRS 9 with an initial application date of July 1, 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39.

#### (a) Classification and measurement of financial assets and financial liabilities

The Group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at July 1, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 1, 2018. The classification of financial assets is based on two criteria: the Group’s business model for managing the assets and whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding. There are no changes in classification and measurement of the Group’s and Company’s financial assets and financial liabilities, apart from the change in classification and accounting treatment of the available-for-sale investment under IAS 39 to financial asset at fair value through profit and loss (“FTVPL”) under IFRS 9. This change has no impact on the opening accumulated losses.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

### **New and amendments to IFRSs that are mandatorily effective for the current year (Continued)**

#### IFRS 9 *Financial Instruments* (Continued)

##### (b) 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 the Group 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 of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on i) debt investments subsequently measured at amortised cost or at fair value through other comprehensive income ("FVTOCI"), ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. The application of IFRS 9 has not resulted in additional loss allowance. The accounting policies for financial instruments under IFRS 9 are set out in Note 3 below.

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

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016). IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 15 in accordance with the fully retrospective transitional approach using the practical expedients for completed contracts in IFRS 15:C5(a) and (b).

The Group's accounting policies for its revenue streams are disclosed in detail in Note 3 below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 does not result in a significant impact on the financial position and/or financial performance of the Group.

### **New and amendments to IFRSs in issue but not yet effective**

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

- IFRS 16 *Leases*<sup>1</sup>.
- Amendments to IAS 28 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*<sup>1</sup>.

## NOTES TO FINANCIAL STATEMENTS

## 2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (CONTINUED)

### New and amendments to IFRSs in issue but not yet effective (Continued)

- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*<sup>2</sup>.

1 Applies to annual periods beginning on or after January 1, 2019.

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

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

### IFRS 16 Leases

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

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

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

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

Furthermore, extensive disclosures are required by IFRS 16.

Management anticipates that the initial application of the new IFRS 16 will result in certain additional disclosures in the financial statements with respect to the leases, including whether any significant judgement and estimation were involved. As at June 30, 2019, the Group has certain non-cancellable operating lease commitments. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of the new requirement may result in changes in measurement and presentation as indicated above but it is not practicable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application until management completes the assessment. Details on the operating lease commitments are set out on Note 30 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Group is in a net current liabilities position of S\$10.3 million (2018: S\$60.1 million) as at June 30, 2019 and incurred net loss of S\$8.4 million (2018: net profit of S\$10.6 million) for the year then ended. The accompanying financial statements for the year ended June 30, 2019 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 ability to generate sufficient cash flows from the operations, continue support from the financial institutions in relation to the credit/loan facilities made available to the Group and the additional funding from the Company’s shareholder, Haiyi Holdings Pte. Ltd., to the Group and the Company. Based on the audit evidence obtained, no material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

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*.

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.

## NOTES TO FINANCIAL STATEMENTS

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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;

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

**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 IFRS 9 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 below).

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

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

## NOTES TO FINANCIAL STATEMENTS

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial assets (before July 1, 2018)**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.

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

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

Loans and receivables

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

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available for sale 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 available-for-sale financial assets and are stated at fair value. Fair value is determined in the manner described in Note 5(c)(v). 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial assets (before July 1, 2018) (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 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.

#### 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.

## NOTES TO FINANCIAL STATEMENTS

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial assets (from July 1, 2018)**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for debt instruments that meet the conditions for subsequent measurement at amortised cost, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial assets (from July 1, 2018) (Continued)

#### Financial assets at FVTPL (Continued)

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. Fair value is determined in the manner described in Note 5(c)(v).

#### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. No impairment loss is recognised for investment in equity instruments.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

## NOTES TO FINANCIAL STATEMENTS

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial assets (from July 1, 2018) (Continued)**Significant increase in credit risk (Continued)

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries subsequent to the written-off made are recognised in profit or loss.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Financial assets (from July 1, 2018) (Continued)**

#### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

#### 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.

### **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.

## NOTES TO FINANCIAL STATEMENTS

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial liabilities and equity instruments (Continued)**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.

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

Derecognition of financial liabilities

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

Offsetting arrangements

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

CONSTRUCTION CONTRACTS – Revenue from project works is recognised over time during the course of construction by reference to the progress towards complete satisfaction at the end of the reporting period. Progress towards complete satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contract costs incurred for work performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost), that best depict the Group's performance in transferring control of goods or services.

The contract assets on construction contracts represent the Group's right to consideration for work completed and not billed as the rights are conditioned on the Group's future performance in satisfying the respective performance obligations.

The contract liabilities on construction contracts represent the Group's obligation to transfer project works to customers for which the Group has received consideration from the customers.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

#### Offsetting arrangements (Continued)

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

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

#### 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.

## NOTES TO FINANCIAL STATEMENTS

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

Transfers are made to investment properties when and only when there is a change in use. For a transfer from properties for sale to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**INVESTMENT IN ASSOCIATES 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 does not have 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 IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

## NOTES TO FINANCIAL STATEMENTS

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

- (i) Revenue from construction services arises from rectification service provided and is recognised over time. Further details on the Group's accounting policy on construction contracts is set out in Note 3 above.
- (ii) Revenue from sale of completed property development is recognised at a point in time when the control of the properties have been transferred to the purchaser either through the transfer of legal title or equitable interest in a property.
- (iii) Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**FINANCIAL GUARANTEE CONTRACT** – A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less cumulative amortisation.

**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 consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

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

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

## NOTES TO FINANCIAL STATEMENTS

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**SEGMENT REPORTING** – Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Chief operating decision maker, who is responsible for allocating resources and assessing performance of operating segments.

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

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

In the process of applying the Group's accounting policies, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations (see below).

## NOTES TO FINANCIAL STATEMENTS

**4 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.

Valuation of investment in associates and unquoted equity shares

The Group has an associate with wholly-owned subsidiaries (collectively known as the “Associate Group”) that hold investment properties which are leased out, measured at fair value. The financial position and results of the Associate Group which is equity accounted by the Group is largely dependent on the fair values of the underlying investment properties held by the Associate Group.

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.

These estimated fair values may differ significantly from the prices at which these properties and investments can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimated fair values determined. Consequently, the financial position and results of the Associate Group may be impacted with the changes in the estimated fair values of the properties.

Additionally, the Group also has investment in unquoted equity shares which is measured at fair value for financial reporting purposes. The fair value of the investment in unquoted equity shares is estimated based on the net asset value approach with fair value hierarchy categorised as Level 3 with significant unobservable inputs relating to the assets and liabilities of the investee. Management considers the net asset value approximates the fair value of its investment due to the following reasons:

- The investee has investment properties measured at fair value, whereby third party qualified valuers are engaged to perform the valuation on a yearly basis.
- Apart from the investment properties mentioned above, the carrying amounts of the assets and liabilities in the investee approximate their respective fair values at the end of the reporting period due to their relatively short-term maturity.

An increase in the net assets of the unquoted equity investment would result in an increase in the fair value.

The carrying amounts of the investment in associates and unquoted equity shares are disclosed in Notes 15 and 16 to the financial statements respectively.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

### Key sources of estimation uncertainty (Continued)

#### Valuation of investment properties

The Group has investment properties measured at fair value. The finance team, who reports to the Board of Directors of the Company, determines the appropriate valuation techniques and inputs for fair value measurements.

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

These estimated fair values may differ significantly from the prices at which the investment properties can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of these investment properties could differ significantly from the estimated fair values determined.

The carrying amount of the investment properties is disclosed in Note 12 to the financial statements.

#### Carrying amounts of properties for sale

The aggregate carrying amount of properties for sale is disclosed in Note 9. It is stated at the lower of cost and net realisable value, assessed on an individual project basis.

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

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

## NOTES TO FINANCIAL STATEMENTS

**5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT****(a) Categories of financial instruments**

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

	Group		Company	
	2019 S\$'000	2018 S\$'000 (restated)	2019 S\$'000	2018 S\$'000
<b>Financial assets</b>				
At amortised cost:				
Cash and bank balances	5,755	6,425	57	52
Trade and other receivables	3,651	19,534	49,089	51,425
Loan due from non-controlling interest	–	330	–	–
At fair value through profit or loss:				
Financial asset at fair value through profit or loss	9,000	–	–	–
Available-for-sale financial asset	–	9,000	–	–
	<b>18,406</b>	<b>35,289</b>	<b>49,146</b>	<b>51,477</b>
<b>Financial liabilities</b>				
At amortised cost:				
Bank loans and overdrafts	99,123	110,175	–	–
Trade and other payables	14,211	18,421	24,574	22,292
Obligations under finance leases	228	441	–	–
Loan due to a shareholder	52,778	52,778	52,778	52,778
	<b>166,340</b>	<b>181,815</b>	<b>77,352</b>	<b>75,070</b>

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

Group

**2019**

**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
Trade and other receivables	13,352	(8,422)	4,930

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

2018

#### Financial assets

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

#### Company

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements in 2019 and 2018.

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

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

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

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

#### (i) Foreign exchange risk management

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

#### (ii) Interest rate risk management

The Group's exposure to interest rate risk relates primarily to fixed deposits and debt obligations. The interest rates for loan due to shareholder, fixed deposits, bank loans and overdrafts and obligations under finance leases are indicated in Notes 6, 7, 17 and 19 respectively. The Group manages interest by using a mixture of fixed and variable rate debts.

## NOTES TO FINANCIAL STATEMENTS

**5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)****(c) Financial risk management policies and objectives (Continued)****(ii) Interest rate risk management (Continued)***Interest rate sensitivity analysis*

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

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 (2018: profit before income tax) for the year ended June 30, 2019 would have increased/decreased by S\$496,000 (2018: decreased/increased by S\$551,000).

**(iii) Credit risk management**

Credit risks refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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 and financial guarantees provided by the group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position of the Group; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

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.

Rental deposits are received as security from tenants of its investment properties, and accordingly credit risk is limited in this aspect.

Further details of credit risks on trade and other receivables are disclosed in Note 8.

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

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

The tables below detail the credit quality of the Group's and the Company's financial assets, as well as the maximum exposure to credit risk:

	<u>Note</u>	<u>Internal credit rating</u>	<u>12-month or lifetime ECL</u>	<u>Gross carrying amount</u> S\$'000	<u>Loss allowance</u> S\$'000	<u>Net carrying amount</u> S\$'000
<u>Group</u>						
<u>2019</u>						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	1,798	–	1,798
Other receivables	8	(b)	12-month ECL	1,853	–	1,853
				<u>3,651</u>	<u>–</u>	<u>3,651</u>
<u>Company</u>						
<u>2019</u>						
Other receivables	8	(b)	12-month ECL	<u>49,089</u>	<u>–</u>	<u>49,089</u>

(a) The Group determines the expected credit losses on trade receivables by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

(b) The Group and Company determine that these receivables are not past due and have low risk of default.

In 2018, the Group monitored its potential losses on credit extended. An allowance for impairment on the receivables was made where there was an identified loss event which, based on previous experience, was evidence of a reduction in the recoverability of the cash flows. Trade receivables amounts presented in the statement of financial position were net of allowances for doubtful receivables.

## NOTES TO FINANCIAL STATEMENTS

**5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)****(c) Financial risk management policies and objectives (Continued)****(iv) Liquidity risk management**

As at June 30, 2019, the Group's current liabilities exceeded its current assets by S\$10.3 million (2018 : S\$60.1 million) and current liabilities due on demand or within one year from the end of the reporting period amounted to S\$39.9 million (2018 : S\$123.8 million).

In managing the Group's liquidity risk, management has prepared a one-year cash flow forecast of the Group for the year ending June 30, 2020 based on the following significant input assumptions:

- (i) The cash collection from the expected sales of the Group's properties for sales (Note 9) as well as expected leasing arrangements of the Group's investment properties (Note 12) will generate additional cash flows to meet its obligations;
- (ii) The plan and discussions between management and financial institutions on rolling-over of the existing short-term money market loan with three months maturity date amounting to S\$20.6 million as at June 30, 2019, for another three months or longer, whenever required; and
- (iii) Management is confident that they can continue to obtain additional funding and support from a shareholder, Haiyi Holdings Pte. Ltd. if required.

After reviewing the cash flow forecasts of the Group for the year ending June 30, 2020 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.

*Liquidity risk analysis*Non-derivative financial liabilities

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

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

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

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

##### Non-derivative financial liabilities (Continued)

<u>Group</u>	<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>
<u>2019</u>						
Non-interest bearing	N/A	14,211	–	–	–	14,211
Bank overdrafts	5.60	2,902	–	–	(154)	2,748
Obligations under finance leases	2.52	140	142	–	(54)	228
Other fixed rate instruments	4.80	2,533	52,993	–	(2,748)	52,778
Other variable interest rate instruments	3.59	24,238	63,938	17,595	(9,396)	96,375
		<u>44,024</u>	<u>117,073</u>	<u>17,595</u>	<u>(12,352)</u>	<u>166,340</u>
<u>2018</u>						
Non-interest bearing	N/A	18,421	–	–	–	18,421
Bank overdrafts	5.60	3,056	–	–	(162)	2,894
Obligations under finance leases	2.41	212	319	–	(90)	441
Other fixed rate instruments	4.80	21,709	32,912	–	(1,843)	52,778
Other variable interest rate instruments	3.63	82,063	12,743	18,826	(6,351)	107,281
		<u>125,461</u>	<u>45,974</u>	<u>18,826</u>	<u>(8,446)</u>	<u>181,815</u>

## NOTES TO FINANCIAL STATEMENTS

**5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)****(c) Financial risk management policies and objectives (Continued)**(iv) Liquidity risk management (Continued)Liquidity risk analysis (Continued)Non-derivative financial liabilities (Continued)

<b>Company</b>	<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>
<u>2019</u>						
Non-interest bearing	N/A	24,574	–	–	–	24,574
Other fixed rate instruments	4.80	2,533	52,993	–	(2,748)	52,778
		<b>27,107</b>	<b>52,993</b>	<b>–</b>	<b>(2,748)</b>	<b>77,352</b>
<u>2018</u>						
Non-interest bearing	N/A	22,292	–	–	–	22,292
Other fixed rate instruments	4.80	21,709	32,912	–	(1,843)	52,778
		44,001	32,912	–	(1,843)	75,070

Non-derivative financial assets

All financial assets of the Group and the Company at the end of the reporting period are non-interest bearing and repayable on demand or current except for fixed deposits as disclosed in Note 7.

(v) Fair value of financial assets and financial liabilities

The fair value of the financial asset at fair value through profit or loss (2018 : available-for-sale investment) is determined based on the net asset value approach, with fair value hierarchy categorised as level 3.

Apart from the above financial asset, the carrying amounts of the Group's and the Company's remaining financial assets and financial liabilities recognised in the financial statements approximate their respective fair values at the end of the reporting period due to their relatively short-term maturity, unless otherwise disclosed in the respective notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS 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 agreements with the financial institutions providing the facilities to the Group. The Group is in compliance with externally imposed capital requirements for the financial year ended June 30, 2019 for the facilities that have been utilised by the Group (Note 17).

As at June 30, 2018, the Group was in compliance with externally imposed capital requirements for the facilities that have been utilised by the Group except for a financial covenant which was not met. The balance of loan was not reclassified to current liabilities as the banker had granted accommodation on the breach of the bank covenant before the end of the reporting period (Note 17).

The Group reviews the capital structure on an annual basis. The Group's overall strategy remains unchanged from 2018.

## 6 RELATED COMPANIES AND OTHER RELATED PARTIES TRANSACTIONS

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

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

In 2018, the Group had a loan due from non-controlling interests which was unsecured, interest-free and repayable on demand. As at June 30, 2019, the loan has been fully written off with a corresponding bad debt expense recognised in current year (Note 26).

As at June 30, 2019, the Company has three (2018: three) loans due to a shareholder, Haiyi Holdings Pte. Ltd., as follows:

- (i) An unsecured loan of S\$10 million (2018: S\$10 million) which bears interest of 4.8% per annum (2018: 4.8% per annum). The loan is due for repayment in July 2020.
- (ii) An unsecured loan of S\$10 million (2018: S\$10 million) which bears interest of 4.8% per annum (2018: 4.8% per annum). The loan is due for repayment in July 2020.
- (iii) A secured loan of S\$32.8 million (2018: S\$32.8 million) which bears interest of 4.8% per annum (2018: 4.8% per annum). The loan is due for repayment in July 2020. The loan is secured on the Group's entire shareholding in PALIH and PAL Holdings (Notes 15 and 16).

## NOTES TO FINANCIAL STATEMENTS

**6 RELATED COMPANIES AND OTHER RELATED PARTIES TRANSACTIONS (CONTINUED)**

Management is of the view that the carrying amounts of the loans due to a shareholder recognised in the financial statements approximate their respective fair values at the end of the reporting period as they approximate market interest rate.

Other receivables or payables with intercompany balances, including subsidiaries, joint venture and related parties are unsecured, interest free and repayable on demand. Details of the balances are disclosed in Notes 8 and 18 respectively.

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>2019</b>	<b>2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Shareholder</u>		
Interest on loans due to a shareholder	<b>2,533</b>	1,033
<u>Related parties – entities in which directors have interests in</u>		
Sale of property	–	8,800
Rental commission	<b>52</b>	99

**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>2019</b>	<b>2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Short-term benefits	<b>948</b>	1,045
Post-employment benefit	<b>35</b>	46
	<b>983</b>	1,091

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, 2019

## 7 CASH AND BANK BALANCES

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Cash at bank	4,755	5,598	57	52
Fixed deposits	1,000	827	-	-
Cash and bank balances	5,755	6,425	57	52
Less: Bank overdrafts (Note 17)	(2,748)	(2,894)	-	-
Less: Fixed deposits (pledged)	(1,000)	(827)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	2,007	2,704	57	52

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

The pledge fixed deposit comprise the following:

- As at June 30, 2019, the fixed deposit is held by a financial institution to secure a performance bond guarantee on behalf of the Group. It bears an effective interest rate of 1.80% per annum and for tenure of one year.
- As at June 30, 2018, the fixed deposits were pledged against the bank loan facilities for working capital purposes (Note 17), with an effective interest rate of 1.35% per annum and tenure of three months.

Included in the cash at bank of the Group is an amount of approximately S\$1.8 million (2018: S\$2.4 million), withdrawals from which are restricted to i) payments for approved expenditure incurred in relation to properties for sale (Note 9) and investment properties (Note 12) and, ii) repayment of certain bank loans (Note 17).

## 8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Trade receivables from outside parties	1,798	17,500	-	-
Other deposits	249	230	3	3
Advance payments to suppliers	611	556	40	39
Deferred expenses	668	1,507	-	-
Other receivables from:				
– Third parties	569	845	20	20
– Subsidiaries (Note 6)	-	-	49,066	51,402
– Joint venture (Note 6)	1,035	959	-	-
	4,930	21,597	49,129	51,464

## NOTES TO FINANCIAL STATEMENTS

**8 TRADE AND OTHER RECEIVABLES (CONTINUED)**

The average credit period for trade receivables is approximately 14 to 60 days. No interest is charged on the outstanding balance.

Other deposits and other receivables are non-trade in nature, unsecured and repayable on demand.

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

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

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

Other deposits and other receivables are considered to have low risk of default as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

The Company's amounts due from subsidiaries are unsecured, interest-free and repayable on demand. For purpose of impairment assessment, the receivables are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the group of companies and there has been no significant increase in the risk of default on these receivables since initial recognition. Accordingly, for the purpose of impairment assessment for this loan, the loss allowance is measured at an amount equal to 12-month ECL.

A trade receivable is written-off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer base.

	<b>Group</b>					<b>Total</b>
	<b>Trade receivables – days past due</b>					
<b>2019</b>	<b>Not past due S\$'000</b>	<b>&lt; 3 months S\$'000</b>	<b>3-6 months S\$'000</b>	<b>6-12 months S\$'000</b>	<b>&gt; 12 months S\$'000</b>	<b>S\$'000</b>
Expected credit loss rate	* %	* %	* %	* %	* %	
Estimated total gross carrying amount at default – collectively assessed	1,154	261	66	317	–	1,798
Lifetime ECL	–	–	–	–	–	–

\* The expected credit loss rate is assessed as negligible.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 8 TRADE AND OTHER RECEIVABLES (CONTINUED)

### Previous accounting policy for impairment of trade and other receivables

Prior to July 1, 2018, the impairment of trade and other receivables was assessed based on the incurred loss impairment model. An allowance for impairment on the receivables is made when there is an identified loss event, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

In determining the recoverability of other receivables due from third parties at the end of the reporting period, the Group considered 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 had assessed the credit worthiness of the other receivables. Other receivables were not past due and not impaired.

In the year ended June 30, 2018, the Group wrote off bad debts amounting to S\$200,000 as management assessed that these receivables to be not recoverable.

Aging of the Group's trade receivables presented based on payment due date:

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

- (i) There had not been a significant change in credit quality of these trade receivables that were not past due and not impaired.
- (ii) Aging of Group's receivables that were past due but not impaired:

	<b>2018</b> <b>S\$'000</b>
<3 months	4,227
3 months to 6 months	37
6 months to 12 months	22
>12 months	4,064
	<u>8,350</u>

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

## 9 PROPERTIES FOR SALE

	<b>Group</b>	
	<b>2019</b> <b>S\$'000</b>	<b>2018</b> <b>S\$'000</b>
Cost incurred for properties for sale	<b>311,141</b>	311,141
Less: Allowance for diminution in value	<b>(7,825)</b>	(5,448)
Cost of units of properly recognised as cost of sales, to date	<b>(182,943)</b>	(182,943)
Transferred to investment property, to date (Note 12)	<b>(101,436)</b>	(87,415)
Net properties for sale	<u><b>18,937</b></u>	<u>35,335</u>

## NOTES TO FINANCIAL STATEMENTS

**9 PROPERTIES FOR SALE (CONTINUED)****Movement in the allowance of diminution in value**

	Group	
	2019 S\$'000	2018 S\$'000
Balance at beginning of the year	5,448	10,465
Charge to profit or loss (Note 24)	3,235	456
Written-off	–	(1,358)
Transferred to investment property (Note 12)	(858)	(4,115)
Balance at end of the year	<u>7,825</u>	<u>5,448</u>

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

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

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

	S\$'000
Non-current assets classified as held for sale as at July 1, 2017	56,917
Prior year restatement (Notes 15 and 16)	(49,000)
Non-current assets classified as held for sale as at July 1, 2017 (as restated)	7,197
Less: Investment properties and property, plant and equipment sold (Note (i))	(7,197)
Non-current assets classified as held for sale as at June 30, 2018	<u>–</u>

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

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

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

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

The sale transaction was completed on August 15, 2017.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 11 PROPERTY, PLANT AND EQUIPMENT

Group	Computer equipment S\$'000	Machinery S\$'000	Motor vehicles S\$'000	Office equipment and fittings S\$'000	Renovation S\$'000	Construction in progress S\$'000	Total S\$'000
Cost:							
At July 1, 2017	343	1,243	1,829	273	220	28,357	32,265
Additions	13	-	-	-	-	-	13
Disposals	-	(232)	(632)	-	-	-	(864)
At June 30, 2018	356	1,011	1,197	273	220	28,357	31,414
Additions	4	-	-	-	-	-	4
Disposals	-	(628)	(96)	-	-	-	(724)
At June 30, 2019	<b>360</b>	<b>383</b>	<b>1,101</b>	<b>273</b>	<b>220</b>	<b>28,357</b>	<b>30,694</b>
Accumulated depreciation:							
At July 1, 2017	340	934	1,395	254	220	-	3,143
Depreciation for the year	7	127	256	11	-	-	401
Disposals	-	(134)	(547)	-	-	-	(681)
At June 30, 2018	347	927	1,104	265	220	-	2,863
Depreciation for the year	6	19	64	3	-	-	92
Disposals	-	(568)	(73)	-	-	-	(641)
At June 30, 2019	<b>353</b>	<b>378</b>	<b>1,095</b>	<b>268</b>	<b>220</b>	<b>-</b>	<b>2,314</b>
Impairment:							
At July 1, 2017	-	-	-	-	-	15,857	15,857
Impairment loss recognised in the year	-	-	-	-	-	500	500
At June 30, 2018	-	-	-	-	-	16,357	16,357
Impairment loss recognised in the year	-	-	-	-	-	8,000	8,000
At June 30, 2019	-	-	-	-	-	24,357	24,357
Carrying amount:							
At June 30, 2018	9	84	93	8	-	12,000	12,194
At June 30, 2019	<b>7</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>-</b>	<b>4,000</b>	<b>4,023</b>

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

	Group	
	2019 S\$'000	2018 S\$'000
Motor vehicles	6	93
Machinery	-	57

## NOTES TO FINANCIAL STATEMENTS

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

The Group's leasehold land and building is located in Singapore with a lease term of 5.5 years commencing from February 2013. Subsequently, the Group obtained approval-in-principle to extend the lease term approximately for an additional 19 years, subject to fulfilling certain conditions, including capital investment over the land with an amount of at least approximately S\$22 million within 3 years from November 2013. In August 2016, the completion date was extended to June 2017. In September 2016, management was granted time extension to defer the completion date from June 2017 to May 2018. In April 2018, management was granted a further time extension to defer the completion date to November 2019. Accordingly, the Group classified the leasehold land and building under construction-in-progress. Subsequent to the financial year ended June 30, 2019, management is in discussion with the relevant authorities regarding their future plans over the leasehold land.

During the year ended June 30, 2019, an impairment loss of S\$8,000,000 (2018: S\$500,000) was recorded due to a diminution in value of the construction-in-progress based on valuation carried out by RHT Chestertons Valuation and Advisory Pte. Ltd. (2018: United Valuers Pte. Ltd.), independent qualified professional valuers not connected with the Group, who has the appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at on the basis of existing use, and was performed in accordance with International Valuation Standards.

**12 INVESTMENT PROPERTIES**

	<b>Group</b>	
	<b>2019</b> <b>S\$'000</b>	<b>2018</b> <b>S\$'000</b>
<b>At fair value</b>		
Balance at beginning of the year	<b>151,543</b>	129,580
Transfer from properties for sale (Note 9)	<b>13,163</b>	23,003
Sale of investment properties during the year	<b>(948)</b>	(3,900)
Change in fair value included in profit or loss (Notes 23 and 24)	<b>(7,666)</b>	2,860
Balance at end of the year	<b>156,092</b>	151,543

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.

As at June 30, 2019, the fair value of the Group's investment properties amounting to S\$156,092,000 (2018: S\$151,543,000) 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 in the valuation technique used in prior years. In estimating the fair value of the properties, highest and best use of the properties is their current use.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 12 INVESTMENT PROPERTIES (CONTINUED)

### 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, 2019 and 2018 are as follows:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Fair value as at June 30, 2019 S\$'000
<b>2019</b>				
Investment properties	–	–	156,092	156,092
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Fair value as at June 30, 2018 S\$'000
<b>2018</b>				
Investment properties	–	–	151,543	151,543

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

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

Location and name of properties	Type of properties	Valuation technique(s)	Significant unobservable input(s)	Range
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\$3.62 (2018 : S\$4.20)  8.5% (2018 : 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\$200 (2018 : S\$200)  5.5% (2018 : 5.5%)
12 Tai Seng Link Singapore 534233	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$429 (2018 : S\$429)
56 Loyang Way Singapore 508775 <sup>(a)</sup>	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$220 – S\$430 (2018 : S\$250 – S\$440)
2 Buroh Crescent Singapore 627546 <sup>(b)</sup>	Industrial leasehold property	Market comparison	price per square foot <sup>(1)</sup>	S\$150 – S\$450 (2018 : S\$195 – S\$490)

## NOTES TO FINANCIAL STATEMENTS

**12 INVESTMENT PROPERTIES (CONTINUED)****Fair value measurement of the Group's investment properties (Continued)**

- (a) The units are #01-03/04/05/09/10/11/12/13/14/15/22, #02-03/04/10/11/12/13/14/15/16/20/21/22/23/24, #03-04/14/19, #04-01/04/11/12/13/14, #05-03/04/05/06, and #06-01/03/06 (2018 : #01-03/04/05/09/10/11/12/13/14/15, #02-03/09/10/11/12/14/16/22/23/24, #03-04/14/19, #04-01/04/11/12/13/14, #05-03/04/05/06, and #06-01/03).
- (b) The units are #01-18, #02-06, #04-01, #06-02/03/04, #07-02 and #08-01 (2018 : #01-18, #06-02/03/04, and #08-01).
- (1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.
- (2) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

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

The carrying amounts of investment properties shown above comprise properties situated on land in Singapore with remaining lease term as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Lease term within 10 to 50 years	<b>155,092</b>	150,143
Lease term less than 10 years	<b>1,000</b>	1,400
	<b>156,092</b>	151,543

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Gross rental income (Note 22)	<b>16,102</b>	15,305
Direct operating expenses	<b>(6,360)</b>	(6,344)

**13 INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Unquoted equity shares, at cost	<b>143,918</b>	143,918
Less: Impairment loss	<b>(118,918)</b>	(116,918)
	<b>25,000</b>	27,000

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### Movement in impairment loss

	Company	
	2019 S\$'000	2018 S\$'000
Balance at beginning of the year	116,918	57,747
Impairment made during the year	2,000	59,171
Balance at end of the year	118,918	116,918

In 2019, the Company carried out a review of the recoverable amount of its investments in subsidiaries. Arising from the review, an impairment loss of S\$2,000,000 (2018 : S\$59,171,000) was recognised mainly attributable to the reduction in the carrying value of OKH Loyang Pte. Ltd. and Chronoz Investment Holding Pte. Ltd. as a result of its uncertain future cash flow due to challenging market conditions.

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

Name	Country of incorporation and operations	Company's proportion of ownership interest and voting power held		Principal activities
		2019	2018	
		%	%	
OKH Holdings Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Construction activities
OKH Management Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Dormant
OKH Development Pte. Ltd. <sup>(1)</sup>	Singapore	85	85	Dormant
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 and investment properties
OKH Buroh Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Property development and investment properties
OKH Transhub Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Investment holding
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

**Note:**

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

The Group has no significant non-controlling interests as at June 30, 2019 and 2018. Accordingly, no details of non-controlling interests is presented.

## NOTES TO FINANCIAL STATEMENTS

**14 INVESTMENT IN A JOINT VENTURE**

	<b>Group</b>	
	<b>2019</b> <b>S\$'000</b>	<b>2018</b> <b>S\$'000</b>
Unquoted equity shares, at cost	<b>265</b>	265
Share of post-acquisition losses and other comprehensive expenses	<b>(265)</b>	(265)
	<b>—</b>	<b>—</b>

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

<b>Name</b>	<b>Country of incorporation and operation</b>	<b>Proportion of ownership interest and voting power held</b>		<b>Principal activities</b>
		<b>2019</b>	<b>2018</b>	
		<b>%</b>	<b>%</b>	
OKH DLRE JV Pte. Ltd. <sup>(1)</sup>	Singapore	<b>50</b>	50	Generation, transmission, distribution and sale of electricity.

**Note:**

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

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

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

**OKH DLRE JV Pte. Ltd.**

	<b>2019</b> <b>S\$'000</b>	<b>2018</b> <b>S\$'000</b>
Total assets	<b>284</b>	362
Total liabilities	<b>(1,123)</b>	(1,047)
Net liabilities	<b>(839)</b>	(685)
Revenue	<b>258</b>	247
Loss for the year	<b>(154)</b>	(495)
Share of joint venture's (loss) profit for the year	<b>—</b>	—
Unrecognised share of loss for the year	<b>(77)</b>	(248)
Cumulative unrecognised share of loss of a joint venture	<b>(420)</b>	(343)

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 14 INVESTMENT IN A JOINT VENTURE (CONTINUED)

### OKH DLRE JV Pte. Ltd. (Continued)

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

	<b>2019</b>	<b>2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Net liabilities of the joint venture	<b>(839)</b>	(685)
Proportion of the Group's ownership in the joint venture	<b>50%</b>	50%
Share of net liabilities	<b>(420)</b>	(343)
Cumulative unrecognised share of loss of a joint venture	<b>(420)</b>	(343)
Carrying amount of the Group's interest in the joint venture	<b>–</b>	–

## 15 INVESTMENT IN ASSOCIATES

	<b>June 30,</b>	<b>Group</b>	<b>July 1,</b>
	<b>2019</b>	<b>June 30,</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
		<b>(restated)</b>	<b>(restated)</b>
Unquoted equity shares, at cost	<b>30,000</b>	30,000	30,000
Goodwill	<b>3,987</b>	3,987	3,987
Share of post-acquisition profits and other comprehensive income	<b>26,684</b>	15,031	8,466
	<b>60,671</b>	49,018	42,453

## NOTES TO FINANCIAL STATEMENTS

**15 INVESTMENT IN ASSOCIATES (CONTINUED)**

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

Name	Country of incorporation and operation	Proportion of ownership interest			Proportion of voting power held			Principal activities
		2019	2018	2017	2019	2018	2017	
		%	%	%	%	%	%	
<u>Held by OKH</u>								
<u>Transhub Pte. Ltd.</u>								
Pan Asia Logistics Investment Holdings Pte. Ltd. ("PALIH") <sup>(i)</sup>	Singapore	<b>40</b>	40	40	<b>40</b>	40	40	Investment holding
<u>Held by PALIH</u>								
Pan Asia Logistics Investment Pte. Ltd. ("PALI") <sup>(i)</sup>	Singapore	<b>40</b>	40	40	<b>40</b>	40	40	Rental of property warehouse
Pali Senai Sdn. Bhd. <sup>(i)</sup>	Malaysia	<b>40</b>	40	40	<b>40</b>	40	40	Rental of property warehouse
Pali PTP Sdn. Bhd. <sup>(i)</sup>	Malaysia	<b>40</b>	40	40	<b>40</b>	40	40	Rental of property warehouse
Pan Asia Logistics (Korea) Ltd. ("PAL Korea") <sup>(i)</sup>	Korea	<b>40</b>	40	– <sup>(ii)</sup>	<b>40</b>	40	40	Rental of property warehouse
<u>Held by PALI</u>								
Pan Asia Logistics PTP Malaysia Sdn. Bhd. <sup>(i)</sup>	Malaysia	<b>40</b>	40	40	<b>40</b>	40	40	Rental of property warehouse

All of the above associates are accounted for using the equity method in these financial statements.

**Notes:**

(i) Audited by Deloitte & Touche LLP, Singapore for Group consolidation purpose.

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

During the year ended June 30, 2018, PAL Singapore transferred the legal ownership of PAL Korea to PALIH together with the economic and operating interest of the property division. Accordingly, the Group, with significant influence in PALIH, regards this entity as an associate, since year ended June 30, 2017.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 15 INVESTMENT IN ASSOCIATES (CONTINUED)

- (b) Restatement of non-current assets classified as held for sale (Note 10) to investment in associates

The reclassification between investment in associates and non-current assets classified as held for sale is as follows:

	<b>S\$'000</b>
Share of net assets prior to reclassification in 2017	39,859
Goodwill	3,987
Transferred to non-current assets classified as held for sale in 2017	<u>(43,846)</u>
Carrying amount of the Group's interests in the associates as at July 1, 2017 (as previously reported)	–
Share of net assets in 2017 (Restated)	38,466
Goodwill	<u>3,987</u>
Carrying amount of the Group's interests in the associates as at July 1, 2017 (Restated)	<u><u>42,453</u></u>

In 2017, the carrying amount of the Group's interests in associates amounting to S\$43,846,000 was transferred to non-current assets classified as held for sale (Note 32). An impairment loss of S\$3,846,000 was recognised pursuant to the transfer. As the sale was not concluded as at June 30, 2019, the non-current asset classified as held for sale of S\$40,000,000 (Note 10) was reclassified back to investment in associates. The corresponding impairment loss of S\$3,846,000 was also restated. Following which, the results of the associates were equity accounted for in accordance with IAS 28 and the carrying amount of the associates as at June 30, 2017 was S\$42,453,000 resulting in a prior year adjustment of S\$2,453,000.

As a result of the restatement, share of associates' profit amounting to S\$12,889,000 (2018: S\$6,045,000) was recognised in the consolidated profit or loss for the current year.

- (c) Summarised financial information in respect of each of the Group's material associates is set out below. The associates are accounted for using the equity method in the consolidated financial statements.

### Pan Asia Logistics Investment Holdings Pte. Ltd. and its subsidiaries

	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>July 1, 2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Current assets	<b>153,153</b>	23,335	15,458
Non-current assets	<b>206,885</b>	273,407	226,331
Total assets	<b>360,038</b>	296,742	241,789
Current liabilities	<b>76,772</b>	41,936	36,399
Non-current liabilities	<b>141,555</b>	142,228	109,224
Total liabilities	<b>218,327</b>	184,164	145,623
Net assets	<b>141,711</b>	112,578	96,166
Revenue	<b>23,654</b>	20,860	
Profit for the year	<b>32,223</b>	15,113	
Other comprehensive loss for the year	<b>(3,090)</b>	1,299	
Total comprehensive income for the year	<b>29,133</b>	16,412	
Share of associates' profit for the year	<b>12,889</b>	6,045	

## NOTES TO FINANCIAL STATEMENTS

**15 INVESTMENT IN ASSOCIATES (CONTINUED)**

Pan Asia Logistics Investment Holdings Pte. Ltd. and its subsidiaries (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>July 1, 2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Net assets of the associates	<b>141,711</b>	112,578	96,166
Proportion of the Group's ownership in the associates	<b>40%</b>	40%	40%
Share of net assets	<b>56,684</b>	45,031	38,466
Goodwill	<b>3,987</b>	3,987	3,987
Carrying amount of the Group's interests in the associates	<b>60,671</b>	49,018	42,453

**16 AVAILABLE-FOR-SALE INVESTMENT/FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>June 30, 2019</b>	<b>Group June 30, 2018</b>	<b>July 1, 2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
		<b>(restated)</b>	<b>(restated)</b>
Unquoted equity shares:			
Available-for-sale investment	–	9,000	9,000 <sup>(i)</sup>
Financial asset at fair value through profit or loss	<b>9,000</b>	–	–

The investment in unquoted equity shares represents a 15% equity interest of Pan Asia Logistics Holdings Singapore Pte. Ltd.. The investment in unquoted equity shares was completed in September 2014 and accounted for as available-for-sale investment and measured at fair value as at July 1, 2017 and June 30, 2018.

Upon initial adoption of IFRS 9 as detailed in Note 2, the Group's investment in the unquoted equity shares, which was previously recognised as an available-for-sale investment is recognised as a financial asset measured at fair value through profit and loss as at June 30, 2019.

**Note:**

- (i) In 2017, the carrying amount of the Group's available-for-sale investment amounting to S\$16,257,000 was transferred to non-current assets classified as held for sale (Note 32). An impairment loss of S\$7,257,000 was recognised pursuant to the transfer. As disclosed in Note 15(b), the sale was not concluded as at June 30, 2019, and accordingly the non-current asset classified as held for sale of S\$9,000,000 (Note 10) was reclassified back to available-for-sale investment as at July 1, 2017.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 17 BANK LOANS AND OVERDRAFTS

	Group	
	2019 S\$'000	2018 S\$'000
Bank overdrafts (Note 7)	2,748	2,894
Short-term bank loans	20,600	25,864
Current portion of long-term bank loans	791	54,098
Amount due for settlement within 12 months, secured (shown under current liabilities)	<u>24,139</u>	<u>82,856</u>
Long-term bank loans repayable as follows:		
More than one year, but not exceeding two years	791	19,003
More than two years, but not more than five years	56,923	8,316
More than five years	17,270	-
Amount due for settlement after 12 months, secured (shown under non-current liabilities)	<u>74,984</u>	<u>27,319</u>
Total	<u><b>99,123</b></u>	<u><b>110,175</b></u>

In 2018, the Group had not met the loan covenants for balance of loan amounting to S\$18.4 million. The loan was not reclassified to current liabilities as the banker had granted accommodation on the breach of the bank covenant at the end of the reporting period.

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

	Group	
	2019	2018
Bank overdrafts (floating rate)	5.6%	5.6%
Bank loans (floating rate)	3.6%	3.6%

The interest rates for the long-term bank loans are reset for periods ranging from 1 month to 6 months (2018: 1 month to 6 months) based on changes to swap offer rate or the bank's cost of funds.

Following assets are pledged to secure the above bank loans and overdrafts facilities:

	Group	
	2019 S\$'000	2018 S\$'000
Fixed deposits (Note 7)	-	827
Properties for sale (Note 9)	18,937	35,335
Investment properties (Note 12)	<u>155,092</u>	<u>150,143</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

**18 TRADE AND OTHER PAYABLES**

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Trade payables to third parties	509	1,463	3	4
Rental received in advance	1,417	1,410	–	–
Other payables:				
– Third parties	5,120	5,680	30	29
– Subsidiaries (Note 6)	–	–	19,173	19,423
Accrued project costs	2,022	2,771	–	–
Accrued operating expenses	6,560	8,507	5,368	2,836
	<b>15,628</b>	<b>19,831</b>	<b>24,574</b>	<b>22,292</b>

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 (2018: 30 days). No interest is charged on the outstanding balance.

**19 OBLIGATIONS UNDER FINANCE LEASES**

	Group			
	Minimum lease payments		Present values of minimum lease payments	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Amounts payable under finance leases:				
Not later than one year	140	212	117	182
Later than one year and not later than five years	142	319	111	259
	<b>282</b>	<b>531</b>	<b>228</b>	<b>441</b>
Less: Future finance charges	(54)	(90)	–	–
Present values of lease obligations	<b>228</b>	<b>441</b>	<b>228</b>	<b>441</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)			(117)	(182)
Amount due for settlement after 12 months			<b>111</b>	<b>259</b>

The Group leased certain of its motor vehicles and machinery under finance leases and the lease terms range from 3 to 9 years (2018: 3 to 9 years) as at June 30, 2019.

Interest rates underlying all obligations under finance lease are fixed at respective contract dates at 1.9% to 3.3% (2018: 1.7% to 3.3%) as at June 30, 2019.

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

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 20 PROVISIONS

In 2018, the provision for liquidated damages represented the estimated costs of compensation required for not completing certain construction contracts in accordance with the stipulated schedule.

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

	Group	
	2019 S\$'000	2018 S\$'000
At the beginning of the year	900	1,368
Reversal during the year	–	(468)
Payment made during the year	(900)	–
At the end of the year	–	900

In 2018, the Group entered into a settlement agreement with the customer for total liquidated damages of S\$900,000. The liquidated damages amount was fully settled during the year.

## 21 SHARE CAPITAL

	Company			
	2019 Number of ordinary shares '000	2018	2019 S\$'000	2018 S\$'000
Issued and fully paid up:				
At the beginning and end of the year	1,128,657	1,128,657	8,936	8,936

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

Fully paid ordinary shares, which have a par value of US\$0.01 (2018: US\$0.01), carry one vote per share and carry a right to dividend as and when declared by the Company.

## 22 REVENUE

	Group	
	2019 S\$'000	2018 S\$'000
<b>Type of goods and services</b>		
Revenue from construction services	338	331
Revenue from development properties	–	9,633
Rental income	16,102	15,305
	<b>16,440</b>	<b>25,269</b>
<b>Timing of revenue recognition</b>		
At a point in time	–	9,633
Over time	16,440	15,636
	<b>16,440</b>	<b>25,269</b>

## NOTES TO FINANCIAL STATEMENTS

**23 OTHER INCOME**

	Group	
	2019 S\$'000	2018 S\$'000
Gain on disposal of property, plant and equipment	–	107
Gain on sale of investment properties	–	480
Gain on sale of non-current assets held for sale (Note 10)	–	1,603
Fair value gain on investment properties (Note 12)	–	2,860
Discount from suppliers and subcontractors <sup>(i)</sup>	–	180
Interest income	<b>26</b>	70
Grant income	–	5
Reversal of accrued project costs	–	4,440
Liquidated damages income (Note 32)	–	1,617
Extension fee income	–	500
Others	<b>392</b>	392
	<b>418</b>	12,254

**Note:**

- (i) This relates to income derived from goodwill discount received due to the finalisation of the final accounts for the Group's previously completed projects.

**24 OTHER EXPENSES**

	Group	
	2019 S\$'000	2018 S\$'000
Fair value loss on investment properties (Note 12)	<b>7,666</b>	–
Impairment loss on property, plant and equipment (Note 11)	<b>8,000</b>	500
Diminution in value of properties for sale (Note 9)	<b>3,235</b>	456
	<b>18,901</b>	956

**25 FINANCE COSTS**

	Group	
	2019 S\$'000	2018 S\$'000
Interest on bank loans and overdrafts	<b>3,936</b>	4,376
Interest on loans from a shareholder (Note 6)	<b>2,533</b>	1,033
Interest on loan from third party	–	1,906
Interest on obligations under finance leases	<b>35</b>	66
Loan facility fee	<b>159</b>	70
	<b>6,663</b>	7,451

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 26 (LOSS) PROFIT BEFORE INCOME TAX

Except for disclosures elsewhere, (loss) profit before income tax has been arrived at after charging (crediting):

	Group	
	2019 S\$'000	2018 S\$'000
Cost of properties recognised as cost of sales	–	9,107
Contract cost recognised as cost of sales	–	1,794
Depreciation of property, plant and equipment (Note 11)	92	401
Bad debt expense	330	200
Loss (Gain) on changes in fair value of investment properties (Note 12)	7,666	(2,860)
Impairment loss on property, plant and equipment (Note 11)	8,000	500
Diminution in value of properties for sale (Note 9)	3,235	456
Loss (Gain) on sale of investment properties	156	(480)
Employee benefits expense:		
– Directors' remuneration	657	670
– Other than directors	1,506	1,713
Total employee benefits expense	2,163	2,383
Cost of defined contribution plans (included in employee benefits)	116	123
Audit fees paid to auditors of the Company	208	204
Non-audit fees:		
– paid to auditors of the Company	38	38
– paid to other auditors	33	50
Total non-audit fees	71	88

## 27 INCOME TAX EXPENSE (CREDIT)

	Group	
	2019 S\$'000	2018 S\$'000
Under (Over) provision of current tax in prior year	18	(775)

The income tax expense for the Group is calculated at 17% (2018: 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 based.

## NOTES TO FINANCIAL STATEMENTS

**27 INCOME TAX EXPENSE (CREDIT) (CONTINUED)**

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
		<b>(Restated)</b>
(Loss) Profit before income tax	<b>(8,412)</b>	9,873
Tax at Singapore CIT rate	<b>(1,430)</b>	1,678
Tax effect of share of results of associates	<b>(2,191)</b>	(1,028)
Effect of expense (income) that is not deductible (taxable)	<b>3,001</b>	(916)
Effect of tax exemption	–	(12)
Effect of deferred tax assets not recognised	<b>1,049</b>	797
Utilisation of tax losses previously unrecognised as deferred tax asset	<b>(429)</b>	(500)
Under (Over) provision of current tax in prior year	<b>18</b>	(775)
Others	–	(19)
	<b>18</b>	(775)

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

	<b>2019</b>	<b>2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Tax losses at end of year	<b>15,908</b>	12,263
Other temporary differences	<b>1,886</b>	1,886
	<b>17,794</b>	14,149
Deferred tax assets not recognised	<b>3,025</b>	2,405

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, 2019

## 28 (LOSS) EARNINGS PER SHARE

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

	Group	
	2019	2018
	S\$'000	S\$'000
(Loss) Earnings for the purposes of basic and diluted (loss) earnings per share:		(Restated)
– (Loss) Profit for the year attributable to owners of the Company	<u>(8,430)</u>	<u>10,647</u>
<b>Number of shares' 000</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	<u>1,128,657</u>	<u>1,128,657</u>
Basic and diluted (loss) earning per shares (cents)	<u>(0.75)</u>	<u>0.94</u>

Diluted (loss) earnings per share in 2019 and 2018 is the same as basic (loss) earnings per share in 2019 and 2018 respectively as there are no dilutive potential ordinary shares.

## 29 CONTINGENT LIABILITIES AND GUARANTEES

The Group provided corporate guarantees to banks in respect of bank facilities provided to its subsidiaries. The fair values of the corporate guarantees were assessed by management to be insignificant at the inception of the guarantees as the primary securities were mortgaged properties.

## 30 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2019	2018
	S\$'000	S\$'000
Minimum lease payments under operating leases	<u>5,245</u>	<u>5,287</u>

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

	Group	
	2019	2018
	S\$'000	S\$'000
Within one year	<u>5,070</u>	3,570
In the second to fifth year inclusive	<u>8,201</u>	624
After five years	<u>–</u>	2,319
	<u>13,271</u>	<u>6,513</u>

## NOTES TO FINANCIAL STATEMENTS

**30 OPERATING LEASE ARRANGEMENTS (CONTINUED)**

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 6 months to 10 years (2018: 2 to 10 years) and rentals are fixed during the term of the lease.

The Group as lessor

	Group	
	2019 S\$'000	2018 S\$'000
Rental income (Note 22)	<b>16,102</b>	15,305

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

	Group	
	2019 S\$'000	2018 S\$'000
Within one year	<b>14,306</b>	12,728
In the second to fifth year inclusive	<b>17,478</b>	7,594
After five years	<b>40</b>	-
	<b>31,824</b>	20,322

The leases are mainly negotiated for terms between 2 to 5 years (2018: 2 to 5 years) and rentals are fixed during the term of the lease.

**31 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

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

Group	At beginning of year S\$'000	Net financing cash flow S\$'000	Non-cash changes	At end of year S\$'000
			Offset against trade and other receivables S\$'000	
<u>2019</u>				
Bank loans	107,281	(10,906)	-	96,375
Obligations under finance leases	441	(213)	-	228
Loan due to shareholder	52,778	-	-	52,778
	<b>160,500</b>	<b>(11,119)</b>	<b>-</b>	<b>149,381</b>
<u>2018</u>				
Bank loans	139,530	(32,249)	-	107,281
Obligations under finance leases	984	(543)	-	441
Loan due to shareholder	20,000	32,778	-	52,778
Loan due to a third party	20,000	(20,000)	-	-
Loan due to an associate	1,600	-	(1,600)	-
Payable to non-controlling interests	5,493	(1,200)	(4,293)	-
	<b>187,607</b>	<b>(21,214)</b>	<b>(5,893)</b>	<b>160,500</b>

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 32 PRIOR YEARS' ADJUSTMENTS AND COMPARATIVE FIGURES

Certain restatements have been made to the prior year's financial statements as a result of the following:

Investment in associates accounted for retrospectively using the equity method

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

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

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

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

During the year ended June 30, 2018, PAL Holdings and BCP (collectively as the "Purchasers") separately informed in writing that they were each not in the position to proceed with completion. Both parties are liable to pay the Group 3.3% of the purchase price as liquidated damages. The Group recognised the liquidated damages of S\$1,617,000 as other income for the year ended June 30, 2018 (Note 23). The amount due from BCP of S\$297,000 remains uncollected as at year ended June 30, 2018 and 2019.

The delay in 2018 was caused by events and circumstances beyond the Group's control, i.e. default by the Purchasers and management remained committed to the plan to divest the investment in PALIH and PAL Holdings. Following the non-completion and default by the Purchasers, management had taken actions necessary to respond to the changes in circumstances and the investments were being actively marketed at reasonable prices. PALIH and PAL Holdings were available for immediate sale and whilst there were interests shown by some parties, the terms and conditions were still being negotiated. Disposals of these investments were therefore deemed highly probable within the next 12 months and pricing was expected to be not lower than the carrying amount based on discussions with the interested buyers. Accordingly, the investments remained as non-current assets held for sale as at June 30, 2018.

The sale of the investments did not materialise in 2019 and management determined that the criteria under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* for recognition of non-current assets as held for sale is no longer met. As a result, the investment in PALIH is accounted for using the equity method retrospectively from the date of its classification as held for sale. The AFS investment is reclassified from "non-current asset held for sale" to "available-for-sale investment/financial asset at fair value through profit or loss".

As a result, certain line items have been amended in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flow, and the related notes to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

**32 PRIOR YEARS' ADJUSTMENTS AND COMPARATIVE FIGURES (CONTINUED)**

The effects of the restatement on the accounts for the years ended June 30, 2018 and 2017 are as follows:

	<b>Previously reported S\$'000</b>	<b>Group Adjustment S\$'000</b>	<b>Restated S\$'000</b>
<b>June 30, 2018</b>			
<b><u>Statement of financial position</u></b>			
Investment in associates	–	49,018	49,018
Available-for-sale investment	–	9,000	9,000
Non-current assets classified as held for sale			
– Interest in associates	40,000	(40,000)	–
– Interest in PAL Holdings	9,000	(9,000)	–
Translation reserve	2,363	216	2,579
Accumulated losses	14,921	(9,234)	5,687
<b><u>Consolidated statement of profit or loss and other comprehensive income</u></b>			
Share of profits of associates	–	6,045	6,045
Profit before income tax	3,828	6,045	9,873
Profit after income tax	4,603	6,045	10,648
Other comprehensive income	–	520	520
<b>July 1, 2017</b>			
<b><u>Statement of financial position</u></b>			
Investment in associates	–	42,453	42,453
Available-for-sale investment	–	9,000	9,000
Non-current assets classified as held for sale	56,197	(49,000)	7,197
Translation reserve	2,363	736	3,099
Accumulated losses	19,524	(3,189)	(16,335)

**33 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 services: 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 33 SEGMENT INFORMATION (CONTINUED)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. 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 and dormant subsidiaries, interests in joint venture, deferred tax assets and financial asset at fair value through profit or loss (2018 : available-for-sale asset). Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. Segment liabilities include all operating liabilities and consist primarily of financial liabilities other than liabilities held under the Company and income tax payable.

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

### Segment revenues and results

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

	<b>Construction services 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>2019</u>					
<b>Revenue:</b>					
External customers, representing total revenue	338	–	16,102	–	16,440
<b>Results</b>	<b>(8,851)</b>	<b>(5,328)</b>	<b>13,669</b>	<b>(355)</b>	<b>(865)</b>
Unallocated expenses					(884)
Finance costs					(6,663)
<b>Loss before income tax</b>					<b>(8,412)</b>
Income tax expense					(18)
<b>Loss for the year</b>					<b>(8,430)</b>
<u>2018 (restated)</u>					
<b>Revenue:</b>					
External customers, representing total revenue	331	9,633	15,305	–	25,269
<b>Results</b>	452	(2,483)	21,056	(890)	18,135
Unallocated expenses					(811)
Finance costs					(7,451)
<b>Profit before income tax</b>					9,873
Income tax credit					775
<b>Profit for the year</b>					<b>10,648</b>

## NOTES TO FINANCIAL STATEMENTS

**33 SEGMENT INFORMATION (CONTINUED)****Segment assets and liabilities and other segment information**

	<b>Construction services S\$'000</b>	<b>Property development S\$'000</b>	<b>Property investment S\$'000</b>	<b>Total S\$'000</b>
<u>2019</u>				
<b>Segment assets:</b>				
Total segment assets	7,426	23,405	219,092	247,923
Unallocated assets	-	-	-	9,485
<b>Total consolidated assets</b>				<b>259,408</b>
<b>Segment liabilities:</b>				
Total segment liabilities	20,273	46,116	43,049	109,438
Unallocated liabilities	-	-	-	58,319
<b>Total consolidated liabilities</b>				<b>167,757</b>
<b>Other segment information:</b>				
Impairment loss of property, plant and equipment	8,000	-	-	8,000
Diminution in value of completed properties held for sale	-	3,235	-	3,235
Depreciation	89	-	3	92
Loss on change in fair value of investment properties	-	-	7,666	7,666
<u>2018 (restated)</u>				
<b>Segment assets:</b>				
Total segment assets	15,905	56,282	203,408	275,595
Unallocated assets	-	-	-	9,847
<b>Total consolidated assets</b>				<b>285,442</b>
<b>Segment liabilities:</b>				
Total segment liabilities	23,893	60,850	43,189	127,932
Unallocated liabilities	-	-	-	56,193
<b>Total consolidated liabilities</b>				<b>184,125</b>
<b>Other segment information:</b>				
Impairment loss of property, plant and equipment	500	-	-	500
Diminution in value of completed properties held for sale	-	456	-	456
Depreciation	398	-	3	401
Liquidated damages income	-	-	(1,617)	(1,617)
Gain on change in fair value of investment properties	-	-	(2,860)	(2,860)

**Major customer information**

In 2019 and 2018, there are no customers who individually account for 10% or more of the Group's revenue.

## STATISTICS OF SHAREHOLDINGS

As at 18 September 2019

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 18 September 2019

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	3	0.28	49	0.00
100 – 1,000	158	14.44	98,200	0.01
1,001 – 10,000	145	13.25	1,045,183	0.09
10,001 – 1,000,000	718	65.63	119,844,599	10.62
1,000,001 and above	70	6.40	1,007,669,414	89.28
<b>Total</b>	<b>1,094</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 18 September 2019

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
Li Lee Yu	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

**Twenty Largest Shareholders as at 18 September 2019**

	<b>Name of Holders</b>	<b>No. of Shares</b>	<b>%</b>
1	CITIBANK NOMINEES SINGAPORE PTE LTD	520,620,800	46.13
2	UOB KAY HIAN PRIVATE LIMITED	161,354,300	14.30
3	RAFFLES NOMINEES (PTE.) LIMITED	24,091,800	2.13
4	CHONG CHOON MEOW	21,743,760	1.93
5	DBS NOMINEES (PRIVATE) LIMITED	21,722,900	1.92
6	PHILLIP SECURITIES PTE LTD	16,346,300	1.45
7	BON WEEN FOONG	14,989,652	1.33
8	TAN SEOW LENG	13,384,900	1.19
9	YEO KHEE YEOW ANTHONY	12,200,000	1.08
10	SUPER BEND PTE LTD	11,800,000	1.05
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,922,100	0.97
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,814,800	0.78
13	NOVA FURNISHING HOLDINGS PTE LTD	8,500,000	0.75
14	XU YONGSHENG	7,840,000	0.69
15	TOR TECK JIN	7,581,300	0.67
16	TEOH HAI THOW	7,574,900	0.67
17	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	7,435,000	0.66
18	NAI YIONG OO	6,450,000	0.57
19	OCBC SECURITIES PRIVATE LIMITED	6,244,300	0.55
20	STEPHEN YEO MAH AI	5,346,500	0.47
	<b>Total</b>	<b>894,963,312</b>	<b>79.29</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 18 September 2019, 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

JUNE 30, 2019

**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 Thursday, 31 October 2019 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 2019 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 2020, to be paid quarterly in arrears. (2019: S\$186,000) *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 Ong Soon Teik *Resolution 3*
  - (b) Mr Lim Eng Hoe *Resolution 4*

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

Mr Ong will, upon re-election as a Director of the Company, remain as a Non-Executive Lead Independent Director of the Company, Chairman of the Audit Committee, a member of the Nominating Committee and Remuneration Committee. Please refer to Corporate Governance Report on pages 21 to 22 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Mr Lim Eng Hoe is considered independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST.

Mr Lim will, upon re-election as a Director of the Company, remain as a Non-Executive Independent Director of the Company, Chairman of the Remuneration Committee, a member of Audit Committee and Nominating Committee. Please refer to Corporate Governance Report on pages 21 to 22 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

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

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- (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

JUNE 30, 2019

- (IV) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

*(See Explanatory Note 1)*

6. **Authority to grant awards and to issue shares under the OKH Performance Share Plan** *Resolution 7*

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

*(See Explanatory Note 2)*

7. **Renewal of the Share Purchase Mandate** *Resolution 8*

That:

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

## NOTICE OF ANNUAL GENERAL MEETING

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

(the "Share Purchase Mandate");

- (b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier;
- (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting;

- (c) in this ordinary resolution:

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

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

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

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares; and

## NOTICE OF ANNUAL GENERAL MEETING

JUNE 30, 2019

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

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

*(See Explanatory Note 3)*

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

BY ORDER OF THE BOARD

Chew Kok Liang  
Company Secretary  
8 October 2019

### **Explanatory Notes:**

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

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

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

## NOTICE OF ANNUAL GENERAL MEETING

3. Resolution No. 8, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the earliest of (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held, (ii) the date on which the authority conferred by this mandate is revoked or varied by shareholders in general meeting, or (iii) the date on which the Company has purchased the maximum number of shares mandated under this mandate, to purchase or otherwise acquire issued ordinary shares in the capital of the Company by way of Market Purchases or Off-Market Purchases of up to 10% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company. For more information on this resolution, please refer to the Appendix to the Annual Report dated 8 October 2019.

### **Notes:**

- (a) *A registered shareholder entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy need not be a member of the Company.*
- (b) *If a registered shareholder is unable to attend the AGM and wishes to appoint proxy/proxies to attend and vote at the AGM in his stead, then he should complete and sign the relevant Shareholder Proxy Form and deposit the duly completed Shareholder Proxy Form at the office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 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 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 not less than 48 hours before the time appointed for holding the AGM.*
- (d) *If a shareholder who has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members is unable to attend the AGM and wishes to appoint proxy/proxies, he should complete and sign the Depositor Proxy Form and the Shareholder Proxy Form, respectively, for the shares entered against his name in the Depository Register and shares registered in his name in the Register of Members.*
- (e) *A shareholder or depositor who is an individual and wishes to attend the AGM in person need not take any further action and can attend and vote at the AGM without the lodgement of any Shareholder Proxy Form or 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, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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