



ANNUAL  
REPORT 2021



STRIVING  
**UPWARDS**  
MOVING  
**ONWARDS**

# TABLE OF CONTENTS

01

INTEGRATED  
**PROPERTY DEVELOPER IN ASIA**

02

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

04

BOARD OF  
**DIRECTORS**

06

SENIOR  
**MANAGEMENT**

07

FINANCIAL AND  
**OPERATIONS REVIEW**

09

FINANCIAL  
**HIGHLIGHTS**

10

PROPERTY  
**PORTFOLIO**

11

FEATURED  
**PROJECTS**

12

CORPORATE  
**INFORMATION**

13

FINANCIAL  
**CONTENTS**

# 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

### DEAR SHAREHOLDERS,

First and foremost, we hope that you and loved ones are staying healthy and safe as the COVID-19 pandemic becomes endemic. Like everyone, we have had to navigate around the impacts of this pandemic and the unprecedented resulting effects. Nevertheless, we are committed to ensuring business continuity while protecting our people.

On behalf of the Board of OKH Global Ltd ("OKH" or the "Company" and its subsidiaries, the "Group"), we would like to present to you OKH's Annual Report for the financial year ended 30 June 2021 ("FY2021").

As highlighted in our joint message to shareholders last year, we have undertaken various cost-cutting measures to conserve our financial resources as part of our initiatives to mitigate the business impact of the evolving COVID-19 situation and enhance the operational resilience of our business. As part of these measures, the Group's directors fees were reduced by 10%, while the management team took a pay cut of 5% from May 2020 to September 2021.

We are pleased to see our efforts taking shape and in FY2021, the Group made a turnaround with a net profit of S\$3.6 million on the back of revenue rising by 5.8% year-on-year to S\$16.1 million attributed to higher leasing activities from the Group's property investment segment, which comprises mainly industrial properties in Singapore.

While our business model comprises property investment, property development and construction services, we have strategically focused on strengthening the Group's recurring income base over the past few years to reduce our gearing and strengthen our balance sheet.



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

The Group generated net cash from operations of approximately S\$9.0 million during FY2021 and as at 30 June 2021, the Group's total assets stood at approximately S\$213.4 million while total liabilities decrease to approximately S\$141.7 million.

As at 30 June 2021, the Group's equity attributable to owners of the Company increased to approximately S\$71.4 million with net asset value per ordinary share of approximately S\$0.06.

The Singapore economy has recovered from the COVID-19 pandemic but there are still uncertainties and challenges as the COVID-19 situation continues to evolve.

According to data released by JTC in July 2021, prices of industrial properties gained 1.8 per cent quarter on quarter, while rentals edged up 0.6 per cent in the second quarter. Prices and rents are up 1.6 per cent and 0.3 per cent respectively compared with the previous year.



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



Between 2022 and 2024, an additional three million square meters of industrial space is expected to be completed. This amounts to an average annual supply of about 1.4 million square meters from now until end-2024. As a comparison, the average annual supply and demand of industrial space were around 0.7 million square meters and 0.8 million square meters respectively over the past three years,

To unlock value in our property investment portfolio, we will continue to evaluate new opportunities to enhance the occupancy rates of our properties and monetise some of the assets under our property portfolio.

### A NOTE OF APPRECIATION AND THANKS

Our progress thus far would not have been possible without the support, understanding and cooperation of our stakeholders.

On behalf of our Board, we would like to express our appreciation to our employees who have made exemplary responses to the challenges resulting from the pandemic and this is a reaffirmation of their commitment and dedication.

To our valued customers, business partners and bankers, thank you for your continued support and understanding.

We also would like to extend our thanks to our fellow directors for their insights, guidance and support as the pandemic evolves.

Last but not least, we would like to express our gratitude to our shareholders for your confidence and support in us.

In these unprecedented and rapidly changing times, we are seeing encouraging results from our business strategy and we have clear priorities ahead.

Despite the challenges of the pandemic, we are confident that we will emerge a stronger and more agile company.

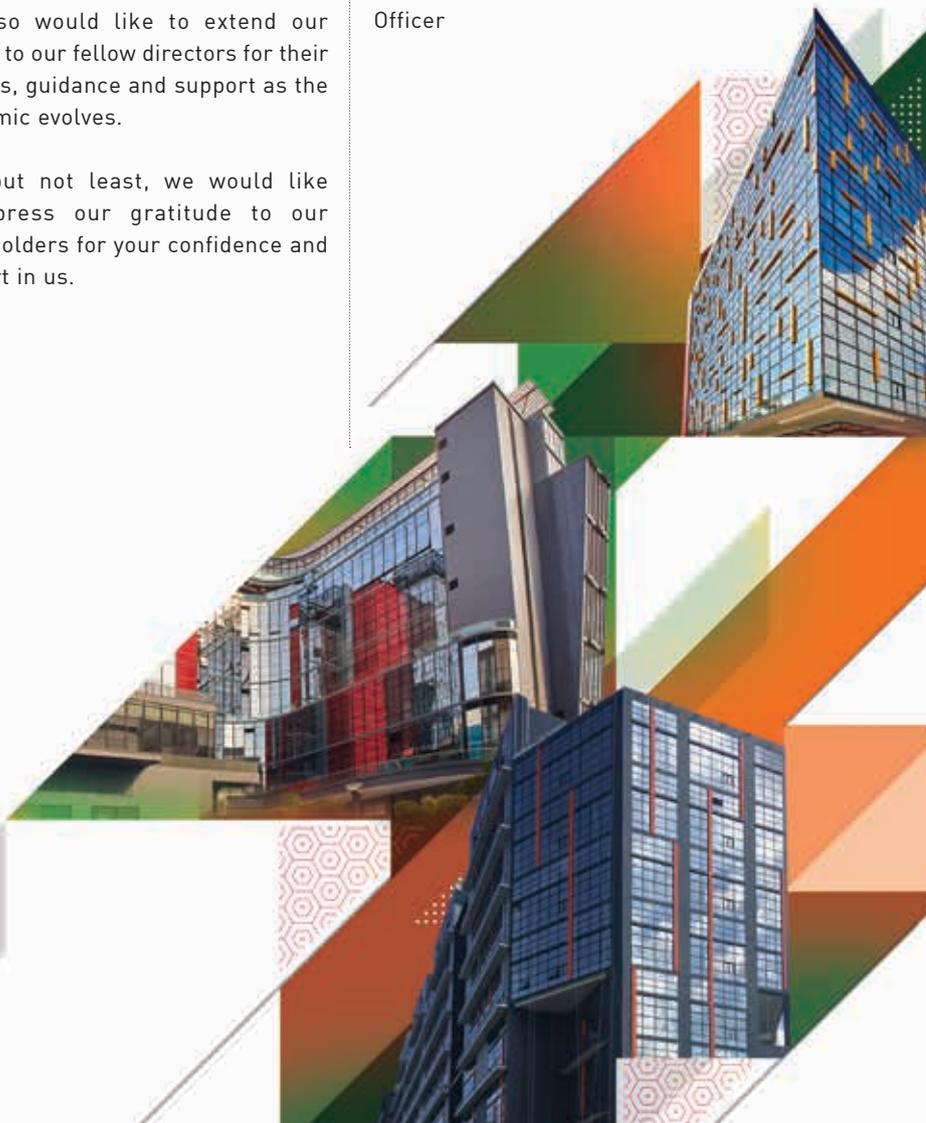
Thank you, and best wishes for a healthy and prosperous new year ahead.

### MRS. CELINE TANG

Non-Executive Chairman

### MR. LOCK WAI HAN

Executive Director & Chief Executive Officer



## BOARD OF DIRECTORS



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

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

Mrs. Tang 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 is also currently serving as the Executive Director of Haiyi Holdings Pte Ltd ("Haiyi"), where she oversees its daily operations and decision-making since 2003. 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. She has been a Director of APIC, a diversified international investment holding company with businesses throughout the US and China, since 2001.

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 and a philanthropist who actively drives sports related charity activities. Mr. and Mrs Tang are the owners of Aloha Sea Sports Club, which rents out equipment for water sports and conducts a wide range of water sport courses. All profits generated from the centre are donated for the development of sailing in Singapore. During the Covid-19 pandemic, Mr. and Mrs. Tang also extended S\$3 million through the Haiyi Group of companies to SME Help Fund, which was set up to assist local small and medium enterprises in a bid to alleviate their temporary cashflow issues during the coronavirus outbreak.

Possessing a strong belief in giving back to the society, Mrs. Tang sponsors student scholarships and grants, and supports activities in several Singapore schools such as West Spring Secondary School, JuYing Secondary School and Crest Secondary School.



### **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 Titano-Magnetite Mining Company Limited, a related corporation of Chuan Wei from 2012 to March 2013. Prior to this, Ms. Ng was the chief financial officer of SGX-ST Mainboard listed company, Sapphire Corporation Limited since 2007 and a financial controller with Unigold International Pte Ltd from 2004 to 2006. She started her career with Deloitte & Touche LLP and held the position of audit manager when she left in 2003.

Ms. Ng holds a Bachelor of Accountancy from Nanyang Technological University.

## BOARD OF DIRECTORS



### 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 KHAY WEE

*Chief Financial Officer*

Mr. Ng was appointed as the Chief Financial Officer of the Group in April 2021. Prior to the current appointment, he was the Financial Controller of the Group since October 2016. 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).

# FINANCIAL AND OPERATIONS REVIEW

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

## OUR FINANCIAL PERFORMANCE

**Revenue:** For FY2021, the Group posted revenue of approximately S\$16.13 million in FY2021 as compared to S\$15.25 million in FY2020, due to increased leasing activities in FY2021 while rental rebates were given to eligible tenants as mandated by the COVID-19 (Temporary Measures) (Amendment) Act ("Act") in FY2020 contributed to the lower revenue in FY2020.

The Group's business activities comprise construction services, property development and property investment, however majority of the Group's revenue in FY2021 was attributed to the rental income generated from the property investment segment.

**Gross profit:** The Group recorded a higher gross profit of approximately S\$15.04 million in FY2021 as compared to approximately S\$13.89 million in FY2020. The higher gross profit in FY2021 was largely attributed to the increase in revenue and cost of sales decreasing by approximately S\$0.27 million in FY2021 due to lesser repair and maintenance work undertaken in FY2021 as compared to FY2020, savings in utilities expenses also contributed to the decrease in cost of sales for FY2021. As a result, the Group's gross profit margin was higher at 93.2% in FY2021 as compared to 91.1% in FY2020.

**Other income:** The Group's other income in FY2021 dipped to approximately S\$1.34 million, which was mainly derived from S\$0.93 million of grant income as compared to other income of approximately S\$4.81 million in FY2020. Amongst others, the decline was largely attributed to the absence of one-off income in FY2021 derived from the gain on disposal of investment properties of approximately S\$1.10 million, grant income of approximately S\$1.62 million and the dividend income from the Group's investment in a financial asset at fair value through profit or loss.

**Other expenses:** The Group's other expenses in FY2021 decreased to approximately S\$5.71 million as compared to S\$25.10 million in FY2020. The decrease in other expenses was mainly attributed to the lower diminution of value of properties for sale and fair value loss on the Group's investment properties as the industrial property market segment is gradually recovering from the economic impact of COVID-19 pandemic.

**Loss allowance on trade and other receivables:** The Group's impairment loss on trade and other receivables decreased to approximately S\$0.18 million in FY2021 from S\$1.20 million in FY2020 mainly due to lower impairment loss on amount due from a joint venture made in FY2021 as lesser cost was incurred on behalf of the joint venture.

**General and administrative expenses:** The Group's general and administrative expenses decreased by 28.2% to S\$4.87 million in FY2021 from approximately S\$6.78 million in FY2020. The decrease was largely due to lesser grant expenses for rental rebates provided to tenants in FY2021, lower bad debt expenses and lower staff and related costs.

**Finance costs:** The Group's finance costs decreased by 34.0% to S\$3.87 million in FY2021 from approximately S\$5.87 million in FY2020. The decrease was due to the lower outstanding bank loans and shareholder loans in FY2021 due to repayments made in FY2020.

**Share of profits (losses) of associates:** The Group's share of profits of associate increased to S\$1.88 million in FY2021 from a share of losses of S\$1.43 million in FY2020 mainly due to lower fair value changes in the valuations of its associates' investment properties as the industrial property market segment gradually recovers from the COVID-19 pandemic.

**Income tax expense:** For FY2021, the Group did not incur any income tax expense as compared to S\$0.69 million recorded in FY2020.

**Profit for the year:** Overall, the Group registered a total profit of approximately S\$3.63 million in FY2021 as compared to a loss of S\$22.36 million in FY2020.

# FINANCIAL AND OPERATIONS REVIEW

## OUR FINANCIAL POSITION

As at 30 June 2021, the Group's total current assets stood at approximately S\$16.75 million as compared to S\$22.90 million as at 30 June 2020. The decrease in total current assets was largely attributed the reclassification of units in properties for sale to investment properties as these properties were being leased out, and the diminution of value of properties for sale but partially offset by higher cash and bank balances.

The Group's total non-current assets stood at approximately S\$196.65 million as at 30 June 2021 as compared to approximately S\$191.29 million as at 30 June 2020.

The increment was a result of the transfer of units in properties for sale to investment properties and increase in investment in associates due to equity accounting for the share of profits of associates. The increment was partially offset by fair value loss on the Group's investment properties and the sale of one unit of investment property.

As at 30 June 2021, the Group's total current liabilities increased to approximately S\$90.17 million as compared to approximately S\$53.27 million as at 30 June 2020. This was largely attributed to the reclassification of bank loans from

non-current liabilities to current liabilities as the maturity date of the bank loans is within one year of 30 June 2021. The increase was partially offset by the lower lease liabilities balance due to repayment during the year.

The Group's total non-current liabilities decreased to approximately S\$51.57 million as at 30 June 2021 as compared to approximately S\$93.63 million as at 30 June 2020. The decrease was largely due to reclassification of bank loans from non-current liabilities to current liabilities and lower lease liabilities balance.

## OUR CASHFLOW HIGHLIGHTS

The Group recorded a net increase in cash and cash equivalents of approximately S\$3.44 million during FY2021 and the Group's cash and cash equivalents stood at approximately S\$10.62 million as at 30 June 2021.

### NET CASH FROM OPERATING ACTIVITIES

For the financial year ended 30 June 2021, the Group generated net cash inflow from operating activities of

approximately S\$9.01 million as compared to a net cash of approximately S\$5.34 million in for the corresponding period in the preceding financial year. The net cash inflow was primarily due to the collection from rental of investment properties and lower interest paid.

### NET CASH FROM INVESTING ACTIVITIES

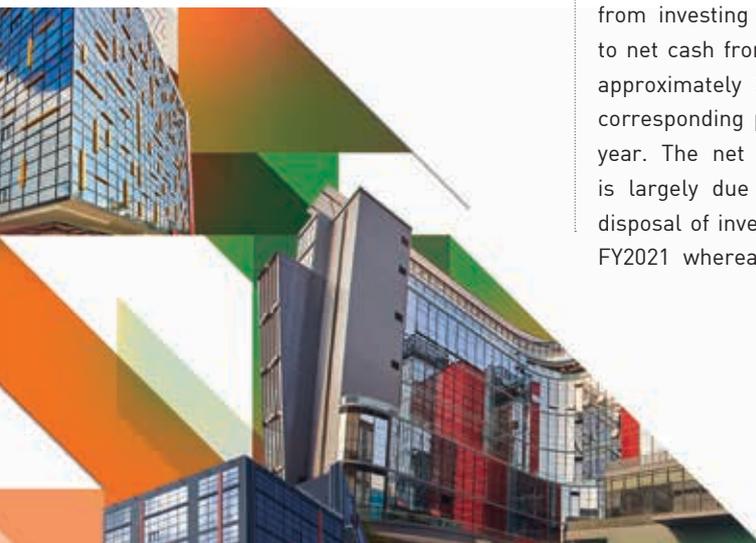
The Group recorded net cash inflow of approximately S\$0.95 million for FY2021 from investing activities as compared to net cash from investing activities of approximately S\$30.82 million in the corresponding period in the preceding year. The net cash inflow in FY2021 is largely due to proceeds from the disposal of investment property during FY2021 whereas the higher net cash

from investing activities in the prior year is due to the sale of more investment properties, disposal of property, plant and equipment and dividends received from the Group's investment in associates and a financial asset at fair value through profit or loss.

### NET CASH OUTFLOW FROM FINANCING ACTIVITIES

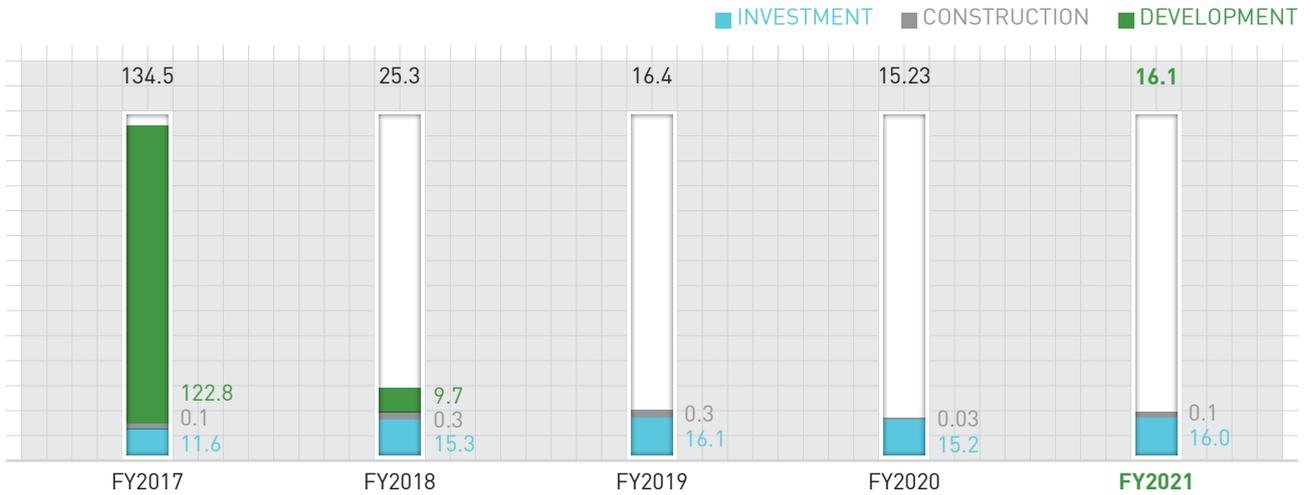
The Group recorded net cash used in financing activities of approximately S\$6.52 million during FY2021 as compared to a net cash used of S\$30.98 million in the corresponding period last year. The net cash used was largely due to the repayment of bank loans and lease liabilities.

Further details of the Group's financial statements in FY2021 can be found in the next few sections of this annual report.

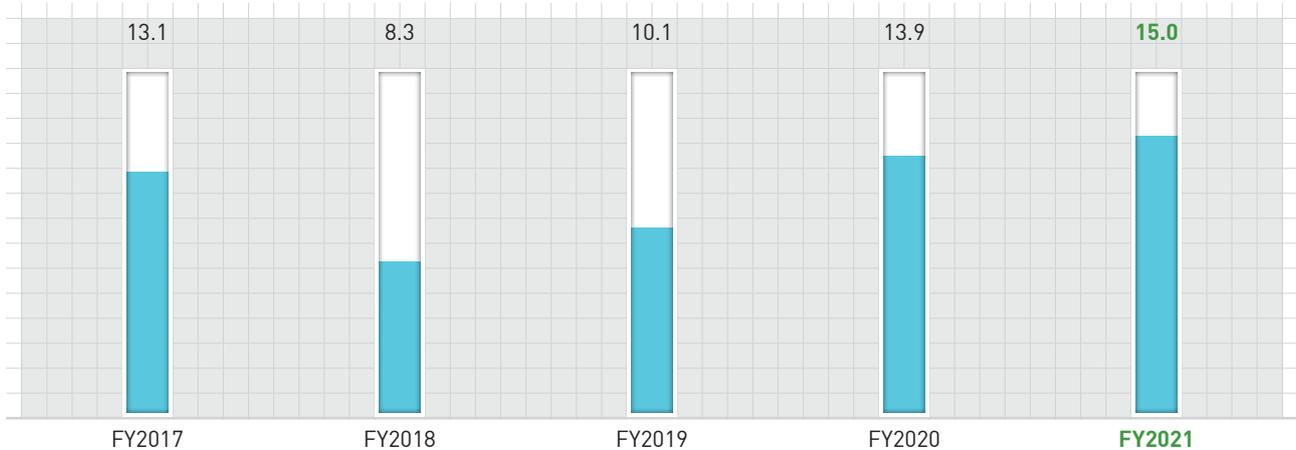


FINANCIAL  
HIGHLIGHTS

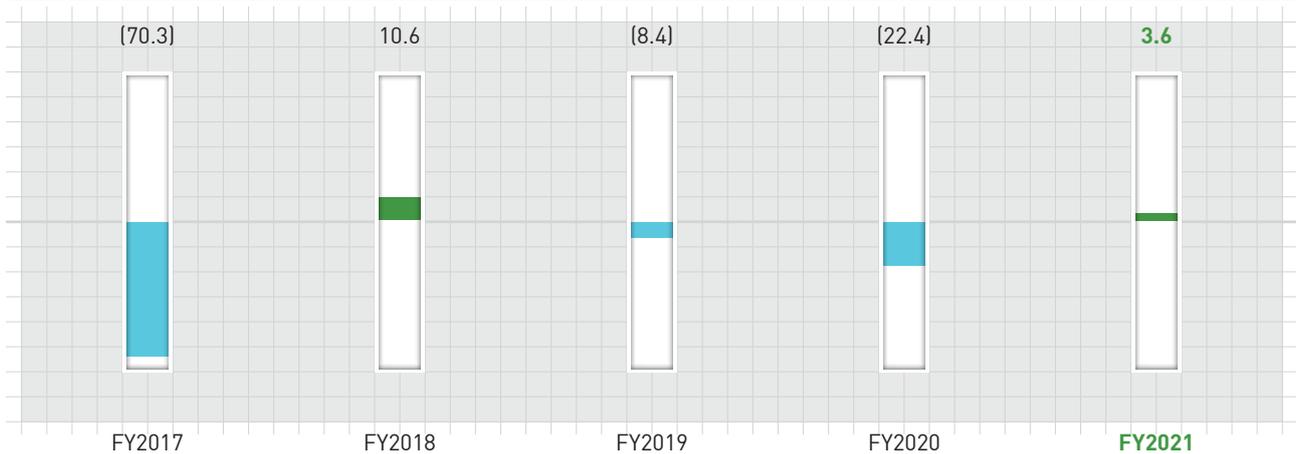
## REVENUE (S\$'Million)



## GROSS PROFIT (S\$'Million)



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



PROPERTY  
PORTFOLIO

## DEVELOPMENT AND INVESTMENT PROPERTIES



## COMPLETED

<b>NAME OF PROPERTY</b>	Ace @ Buroh
<b>LOCATION</b>	2 Buroh Crescent, Singapore 627546
<b>DESCRIPTION</b>	A 9-storey B2 rampup industrial building for strata sale/lease
<b>TENURE</b>	30 years leasehold from 2013
<b>ESTIMATED GROSS FLOOR AREA (SQ.FT.)</b>	475,780
<b>OWNERSHIP</b>	12 units with certified strata area (w/o void) of 165,295 sq ft



## COMPLETED

<b>NAME OF PROPERTY</b>	Loyang Enterprise
<b>LOCATION</b>	56 Loyang Way, Singapore 508775
<b>DESCRIPTION</b>	A 6-storey B2 rampup industrial building for strata sale/lease
<b>TENURE</b>	30 years leasehold from 2013
<b>ESTIMATED GROSS FLOOR AREA (SQ.FT.)</b>	555,000
<b>OWNERSHIP</b>	43 units with certified strata area (w/o void) of 217,330 sq ft



## COMPLETED

<b>NAME OF PROPERTY</b>	12 Tai Seng Link
<b>LOCATION</b>	12 Tai Seng Link, Singapore 534233
<b>DESCRIPTION</b>	A 10-storey B2 industrial building for lease
<b>TENURE</b>	30 years leasehold from 2012
<b>ESTIMATED GROSS FLOOR AREA (SQ.FT.)</b>	116,681
<b>OWNERSHIP</b>	100% equity interest



## COMPLETED

<b>NAME OF PROPERTY</b>	The Herencia
<b>LOCATION</b>	46 & 58 Kim Yam Road, Singapore 239351 and 239359
<b>DESCRIPTION</b>	A two-part commercial building for offices and education institution for lease
<b>TENURE</b>	3+3+3 years leasehold from 2013
<b>ESTIMATED GROSS FLOOR AREA (SQ.FT.)</b>	220,186
<b>OWNERSHIP</b>	100% equity interest

## FEATURED PROJECTS

### PROJECTS FOR SALE/LEASE



#### LOYANG ENTERPRISE

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

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

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

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



#### ACE @ BUROH

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

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

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

### PROJECTS FOR LEASE



#### 12 TAI SENG LINK

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

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



#### THE HERENCIA

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

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

## AUDIT COMMITTEE

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

## NOMINATING COMMITTEE

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

Ms. Siau Kuei Lian  
Ms. Teo Chia Hui

## 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

*IN.CORP CORPORATE SERVICES PTE. LTD.*  
*(formerly known as 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*





# FINANCIAL **CONTENTS**

14  
STATEMENT ON  
**CORPORATE GOVERNANCE**

36  
DIRECTORS'  
**STATEMENT**

40  
INDEPENDENT  
**AUDITOR'S REPORT**

47  
STATEMENTS OF  
**FINANCIAL POSITION**

48  
CONSOLIDATED STATEMENT OF  
**PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

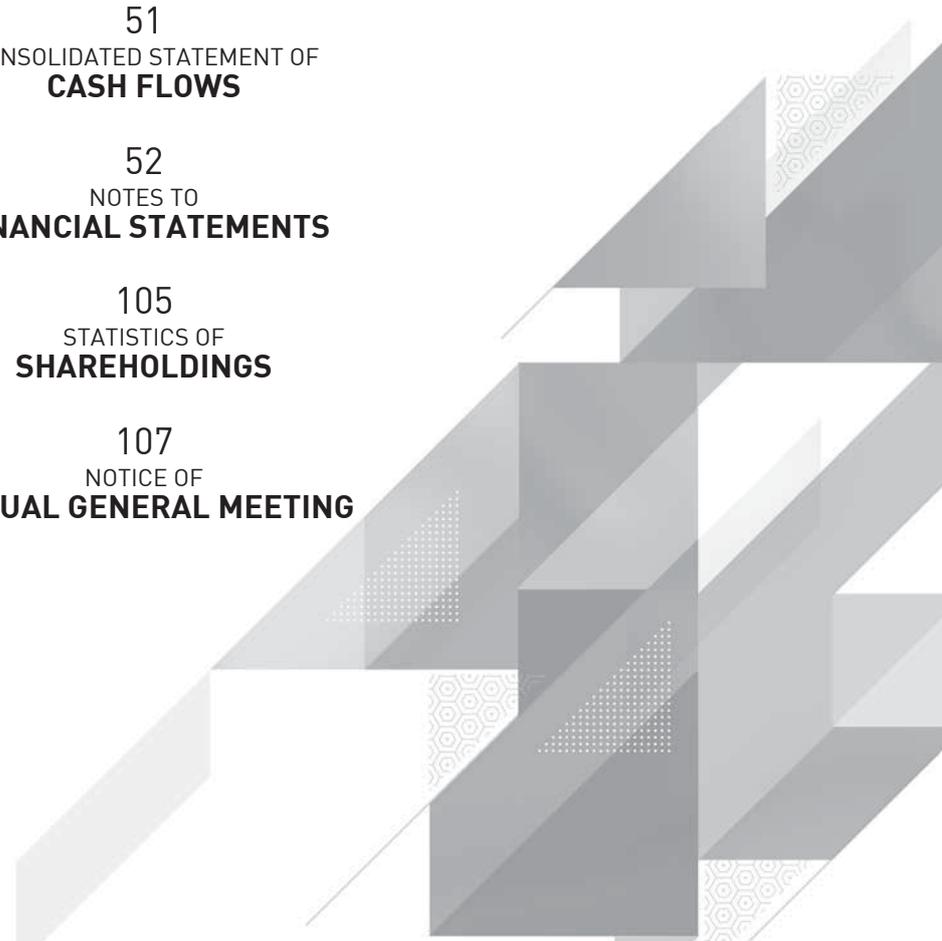
49  
STATEMENTS OF  
**CHANGES IN EQUITY**

51  
CONSOLIDATED STATEMENT OF  
**CASH FLOWS**

52  
NOTES TO  
**FINANCIAL STATEMENTS**

105  
STATISTICS OF  
**SHAREHOLDINGS**

107  
NOTICE OF  
**ANNUAL GENERAL MEETING**



# STATEMENT ON CORPORATE GOVERNANCE

## INTRODUCTION

The Directors and Management of OKH Global Ltd. (“the Company”) and its subsidiaries (collectively “the Group”) are committed to uphold good corporate governance. This commitment and continuous support of the Code of Corporate Governance 2018 (“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.

For the financial year ended 30 June 2021 (“FY2021”), the Group has conformed to the Principles of the Code and strives to comply with the Provisions set out in the Code and where it has deviated from the Provisions set out in the Code, appropriate explanations are provided.

## BOARD MATTERS

### The Board’s Conduct of Affairs

**Principle 1: *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.***

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 manage 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. The Board puts in place a code of conduct and ethics, set desired organisational culture and ensures proper accountability within the Group. Where a Director faces a conflict of interest, he or she would recuse himself or herself from discussions and decisions involving the issues of conflict.

## STATEMENT ON CORPORATE GOVERNANCE

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 in accordance to Rule 210(5)(a) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") 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 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 2021 ("FY2021") 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	5	2	2
<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	5/5	2/2	2/2
Mr Lim Eng Hoe	4/4	5/5	2/2	2/2
Ms Ng Kheng Choo	4/4	5/5	1/2	2/2

## STATEMENT ON CORPORATE GOVERNANCE

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.

The Management provides the Board with complete and adequate information in advance of meetings to enable the Directors to make timely decisions, effectively discharge its duties and make a balanced and informed assessment of the performance, position and prospects of the Company.

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, 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.

## STATEMENT ON CORPORATE GOVERNANCE

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

The Directors also have separate and independent access to the Company Secretary(ies). The role of the Company Secretaries and/or their 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 Secretaries and/or their representatives attend all Board and Board Committees' meetings. The decision in appointment and removal of the Company Secretary(ies) 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.

### Board Composition and Guidance

**Principle 2: *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company***

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

#### Non-Executive Chairman

Mrs Celine Tang

#### Executive Director and CEO

Mr Lock Wai Han

#### Non-Executive and Independent Directors

Mr Ong Soon Teik

Mr Lim Eng Hoe

Ms Ng Kheng Choo

The Board considers an "Independent Director" as one who has no relationship with the Company, its related companies, its substantial shareholders of not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the Company, or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement 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 was drawn up based on the definitions and guidelines set forth in the Code and the Nominating Committee Guide issued by Singapore Institute of Directors. The Directors are required to disclose to the Board any such relationship as and when 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 otherwise.

The NC has reviewed the forms completed by each Director and is satisfied that all the Independent Directors of the Company are independent in accordance with Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of SGX-ST. In this respect, the Company complies with Provision 2.2 of the Code where Non-Executive and Independent Directors make up a majority of the Board where the Chairman of the Board is not independent.

## STATEMENT ON CORPORATE GOVERNANCE

To facilitate a more effective review of Management, the Non-Executive and Independent Directors communicate on an ad-hoc basis without the presence of the Management and Executive Director to discuss the performance of the Management and any matters of concern. The current Board composition complies with the Provision 2.3 of the Code where Non-Executive Directors make up a majority of the Board.

In reviewing the independence of Mr Ong Soon Teik who has served on the Board beyond nine (9) years from the date of his first appointment, Mr Ong Soon Teik 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 SGX-ST Listing Manual has been revised such that with effect from 1 January 2022, a director will not be independent if he/she has served for an aggregate of more than 9 years and his/her continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the Company, and associates of such directors and chief executive officer (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting shall remain in force until the earlier of (a) the retirement or resignation of that director; or (b) the conclusion of the third AGM of the Company. Accordingly, Mr Ong Soon Teik who has served as an Independent Director for an aggregate period of more than 9 years will submit himself to a Two-Tier Voting process in accordance with Rule 210(5)(d)(iii) of the revised SGX-ST Listing Manual.

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.

Notwithstanding that the Company has not adopted a formal board diversity policy, the Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. 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.

## STATEMENT ON CORPORATE GOVERNANCE

Although all the Directors have an equal responsibility for the Group's operations, the role of the Non-Executive 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 Non-Executive 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 Non-Executive Director and/or Non-Executive and Independent Directors are encouraged to meet periodically without the presence of the Executive Director and/or the Management and led by the Lead Independent Director. The Lead Independent Director will provide feedback to the Chairman of the Board after such meetings, where appropriate. The Non-Executive Director and Non-Executive and 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 is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

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 to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. As the highest-ranking executive officer, Mr Lock Wai Han, the CEO is 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, a majority of which comprises Non-Executive and 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 Chief Financial Officer has failed to resolve issues or for which such contact is inappropriate. Such concerns may be sent to his e-mail address at [ongst100@gmail.com](mailto:ongst100@gmail.com).

# STATEMENT ON CORPORATE GOVERNANCE

## Board Membership

**Principle 4:** *The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of 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 Provision 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 review the Board succession plans for directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- (b) 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);
- (c) to determine annually whether a Director is independent;
- (d) to review the training and professional development programmes for the Board;
- (e) where a Director has multiple board representations and other principal commitments, to decide whether the Director is able to and has adequately carried out his/her duties as Director, taking into account the competing time commitments that he/she faces when serving on multiple boards and other principal commitments, and to decide the maximum number of listed company board representations which any director may hold; and
- (f) to decide on the process for evaluation of the performance of the Board, the Board Committees and Directors.

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

The details of Mr Lock Wai Han and Mr Ong Soon Teik who will retire by rotation at the forthcoming AGM to be held on 26 November 2021 are disclosed in the Directors' Profile on pages 4 to 5 of this Annual Report.

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

## STATEMENT ON CORPORATE GOVERNANCE

Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which will come into effect on 1 January 2022 states that the continued appointment of an independent director who has served an aggregate period of more than nine (9) years (whether before or after listing) will be subject to a two-tier voting process. The continued appointment of such person as an independent director has to be approved in separate resolutions by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer, and associates of such directors and chief executive officer. For the purpose of the resolution referred to in (b), the directors and the chief executive officer, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following: (i) the retirement or resignation of that director; or (ii) the conclusion of the third AGM of the company following the passing of the resolutions.

Accordingly, Mr Ong Soon Teik who has served as an Independent Director for an aggregate period of more than 9 years will submit himself to a Two-Tier Voting process at the forthcoming AGM in accordance with Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which will take effect on 1 January 2022.

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.

## STATEMENT ON CORPORATE GOVERNANCE

Key information regarding the Directors is set out below:

<b>Name of Director</b>	<b>Date of First Appointment</b>	<b>Date of Last Re-election</b>	<b>Present Directorships or Chairmanships in Other Listed Companies and Major Appointments</b>	<b>Past Directorships or Chairmanships in Other Listed Companies and Major Appointments over the preceding three years</b>
Celine Tang	2 August 2016	30 November 2020	<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 (retiring and seeking re-election at the forthcoming AGM)	<ul style="list-style-type: none"> <li>• Media Literacy Council</li> <li>• President, ACSOBA</li> <li>• ARA Trust Management (Suntec) Ltd.</li> <li>• Chip Eng Seng Corporation Ltd</li> <li>• The Hour Glass Limited</li> </ul>	–
Ong Soon Teik	29 March 2010	31 October 2019 (retiring and seeking re-election at the forthcoming AGM)	–	–
Lim Eng Hoe	31 October 2013	31 October 2019	–	–
Ng Kheng Choo	2 August 2016	30 November 2020	–	<ul style="list-style-type: none"> <li>• ISOTeam Ltd</li> <li>• Eagle Hospitality REIT Management Pte Ltd</li> <li>• Eagle Hospitality Business Trust Management Pte Ltd</li> </ul>

## STATEMENT ON CORPORATE GOVERNANCE

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:

<b>Name of Director</b>	<b>Lock Wai Han</b>	<b>Ong Soon Teik</b>
Date of appointment	5 October 2016	29 March 2010
Date of last re-appointment	26 October 2018	31 October 2019
Age	54	62
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, who has reviewed and considered Mr Lock's performance as an Executive Director and Chief Executive Officer of the Company	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
Whether appointment is executive, and if so, the area of responsibility	Executive, 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	Non-Executive
Job title	Executive Director and Chief Executive Officer	Lead Independent Director, Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee
Professional qualifications	<ul style="list-style-type: none"> <li>Bachelor and Master of Arts (Engineering) from the University of Cambridge, UK</li> <li>Master of Science (Management) from Leland Stanford Junior University, USA</li> </ul>	<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 Macquarie University</li> <li>Master of Accounting from Curtin University</li> <li>LLB (Hons.) Law from University of London</li> </ul>
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> <li>China CEO of CapitaMalls Asia from June 2011 to August 2013</li> <li>Executive Director and Group CEO of Rowsley Ltd from 1 November 2013 to 31 December 2015</li> <li>Executive Director and Chief Executive Officer of the Company since 5 October 2016</li> </ul>	<ul style="list-style-type: none"> <li>Executive Director of Asiamine Holding Pte Ltd from 2011 to 2013</li> </ul>

## STATEMENT ON CORPORATE GOVERNANCE

<b>Name of Director</b>	<b>Lock Wai Han</b>	<b>Ong Soon Teik</b>
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	<b>Present Directorship:</b> ARA Trust Mgt (Suntec) Ltd Chip Eng Seng Corporation Ltd The Hour Glass Limited Media Literacy Council OKH Management Pte Ltd OKH (Woodlands) Pte Ltd Galaxia Development Pte Ltd OKH Loyang Pte Ltd OKH Transhub Pte Ltd Chronoz Investment Pte Ltd OKH Capital Pte Ltd OKH Holdings Pte Ltd OKH Development Pte Ltd OKH DLRE JV Pte Ltd OKH Buroh Pte Ltd Majuven Pte Ltd Majuven Fund 1 Ltd Majuven GP2 Ltd Equalbase Pte Ltd (f.k.a. Pan Asia Logistics Investments Holdings Pte Ltd) ACS OBA Mgt Comm	<b>Other Principal Commitment:</b> Nil  <b>Present Directorship:</b> Victoria Limited  <b>Past Directorship (for the past 5 years):</b> Nil

# STATEMENT ON CORPORATE GOVERNANCE

Name of Director	Lock Wai Han	Ong Soon Teik
	ACS Board of Governors ACS (Independent) BOM ACS (International) BOM ACS Foundation	
	<b>Past Directorship (for the past 5 years):</b> Singapore Sports Schools Ltd OKH China Pte. Ltd. OKH Spaze Pte. Ltd. Green Energy Pte. Ltd. Foxx Media Pte. Ltd.	

Mr Lock Wai Han and Mr Ong Soon Teik had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the Listing Manual.

## Board Performance

**Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.***

The Board has implemented a formal annual process for assessment of the effectiveness of the Board as a whole, each Board Committee and individual Director. 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 assessment of the Board's performance focused on a set of performance criteria for the Board evaluation which includes the Board structure, strategy and performance, governance on Board risk management & internal controls, information to the Board, Board procedures, top management and Directors' standard of conduct, etc.

The assessment criteria for each Board Committee focuses on the nature of the respective roles and responsibilities of the AC, NC and RC.

The annual assessment of individual Directors considers, among others, each Director's attendance as well as generation of constructive debate/participation for meetings of the Board and Board Committees, contribution, initiative, responsiveness of Director, knowledge of senior management and Company's business, and the Directors' self-assessment.

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 FY2021. 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.

Following the review of FY2021, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

# STATEMENT ON CORPORATE GOVERNANCE

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**Principle 6:** *There should be a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

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

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

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

The RC is responsible:

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

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 FY2021.

# STATEMENT ON CORPORATE GOVERNANCE

## Level and Mix of Remuneration

**Principle 7:** *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

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 and 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 and Independent Directors are not over-compensated to the extent that their independence may be compromised. The Directors' fees payable to the Non-Executive and Independent 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.

# STATEMENT ON CORPORATE GOVERNANCE

## Disclosure of Remuneration

**Principle 8:** *The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

The remuneration of the Directors and the CEO and the key management personnel (who are not Directors or the CEO) of the Group, for the financial year ended 30 June 2021, are disclosed below.

The breakdown of each Directors' and key management personnel's remuneration of the Group for the financial year ended 30 June 2021 is as follows:

Board of Directors	Salary	Bonus/ Commissions	Benefits in Kind	Directors' Fees	Total
	S\$	S\$	S\$	S\$	S\$
Celine Tang	-	-	-	-	-
Lock Wai Han	379,997	-	82,723	-	462,720
Ong Soon Teik	-	-	-	60,300	60,300
Lim Eng Hoe	-	-	-	46,800	46,800
Ng Kheng Choo	-	-	-	60,300	60,300

Key Management Personnel	Salary	Bonus/ Commissions	Benefits in Kind	Total
	%	%	%	%
<b>Below S\$250,000</b>				
Ng Khay Wee	71	5	24	100
Tan Geok Chye <sup>1</sup>	86	8	6	100

**Note:**

<sup>1</sup> Mr Tan Geok Chye resigned on 31 May 2021.

The Company has only 2 key management personnel (who are not Directors or the CEO) for the financial year ended 30 June 2021. 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 2021.

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 2021.

There is no employee who is an immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeds S\$100,000 for the financial year ended 30 June 2021.

The RC has reviewed and approved the remuneration packages of the Executive Director 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 Executive Director and key management personnel are adequate but not excessively remunerated. The RC will consider and deliberate on the performance conditions to which Executive Director's and key management personnel's entitlement to short term and long term incentive schemes are subject and make the necessary disclosures, if any.

# STATEMENT ON CORPORATE GOVERNANCE

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

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

**Principle 9:** *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

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 2021 and management confirmations to assess the effectiveness of the Group's internal control systems.

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

The AC and the Board also 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.

## STATEMENT ON CORPORATE GOVERNANCE

For FY2021, the Board has received assurances from the Executive Director, who is also the Chief Executive Officer, and the Chief Financial Officer of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are adequate and sufficiently effective.

The AC have reviewed the report issued by the external auditors and their recommendations, the various management controls put in place, and reports from the internal auditors, the Board, with concurrence from the AC, are satisfied with the Group's internal controls and are of the opinion that the internal controls maintained by the Group in addressing critical and significant risks relating to financial, operational, compliance and information technology risks and risk management systems are adequate and effective as at 30 June 2021 for the type and volume of business that the Group currently operates. 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 recognises that the risk management and internal control systems established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that all internal control systems contain inherent limitations and no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

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

### **Audit Committee**

#### ***Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.***

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 or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

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;

## STATEMENT ON CORPORATE GOVERNANCE

- (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 the assurance from the CEO and the CFO on the financial records and financial statements;
- (e) 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;
- (f) 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;
- (g) 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;
- (h) 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;
- (i) 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;
- (j) 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
- (k) 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 Group outsources its internal audit function to KPMG Services Pte. Ltd. ("Internal Auditors"). The AC approved the engagement, evaluation, and compensation of the internal auditors of the Company. 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

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

Following the review, the AC is of the view that the internal audit function has adequate resources to perform its functions, is independent from the activities that it audits and has appropriate standing within 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 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 2021:-

<b>Services</b>	<b>Amount (SGD)</b>
Audit service	255,000
Non-audit service – Tax Compliance	37,100
Total	292,100

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 2021. 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.

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 for FY2021.

The Company's existing auditors, Deloitte & Touche LLP, has been auditors of the Group since financial year ended 30 June 2013. The Directors are of the view that a change of auditors would be a good corporate governance practice as it would enable the Company to benefit from fresh perspectives. Therefore, the Directors are of the opinion that it would be in the best interests of the Company to consider a rotation in the auditors of the Company. The AC had recommended, and the Board had approved the nomination of BDO LLP as the Company's external auditors for the financial year ending 30 June 2022 subject to the approval of shareholders at the forthcoming AGM to be held on 26 November 2021. For further details, please refer to the Appendix to the Annual Report dated 3 November 2021.

## STATEMENT ON CORPORATE GOVERNANCE

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 FY2021 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/she 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, where applicable.

### SHAREHOLDER RIGHTS AND ENGAGEMENT

#### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS, ENGAGEMENT WITH SHAREHOLDERS, AND ENGAGEMENT WITH STAKEHOLDERS

**Principle 11:** *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

**Principle 12:** *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

**Principle 13:** *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

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

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

## STATEMENT ON CORPORATE GOVERNANCE

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

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

To keep shareholders and stakeholders of the Company updated on the latest announcements, press releases and stock details of the Company, the shareholders and potential investors or stakeholders have 24-hour access to the Company's website. In addition, the shareholders and potential investors or stakeholders 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 and stakeholders.

The Company will be issuing its sustainability report for FY2021 by end of November 2021 to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy. The Company's strategy and key areas of focus in relation to stakeholder engagement and the management of stakeholder relationships can also be found in its sustainability report.

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 will not be published on the Company's website but will be made 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.

Amid the Covid-19 pandemic and pursuant to the applicable laws and regulations then in force, the AGM of the Company for FY2020 was held by way of electronic means ("eAGM"). Shareholders were unable to attend the AGM in person, but may participate at the eAGM by watching and/or listening to the proceedings via a "live" webcast. Shareholders were also given the opportunities to submit their questions related to the resolutions to be tabled for approval in advance of the eAGM. There were no questions submitted by shareholders. Nonetheless, the responses to queries from Securities Investors

## STATEMENT ON CORPORATE GOVERNANCE

Association Singapore were published via SGXNet prior to the eAGM. In addition, the minutes of eAGM was published within one month from the eAGM via SGXNet. The Company will be holding eAGM for FY2021.

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 FY2021.

### 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 FY2021, 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 FY2021:-

<b>Name of interested party</b>	<b>Nature of relationship</b>	<b>Aggregate value of all interested person transaction during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)</b> <b>S\$'000</b>	<b>Aggregate value of all interested person transaction conducted under shareholders' mandate pursuant to Rule 920</b> <b>S\$'000</b>
<b><u>Haiyi Holdings Pte Ltd</u></b>			
Interest on loan	Controlling shareholder	2,090	-

### 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 its half yearly and 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, 2021.

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 47 to 104 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at June 30, 2021, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

### 1 DIRECTORS

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

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

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

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

### 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

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

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

The directors' interest in the shares of the Company at July 21, 2021 were the same at June 30, 2021.

## DIRECTORS' STATEMENT

### 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, 2020 and 2021, 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 and independent directors.

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

# DIRECTORS' STATEMENT

## 5 AUDIT COMMITTEE (CONTINUED)

The AC met five 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.

## DIRECTORS' STATEMENT

### 5 **AUDIT COMMITTEE** (CONTINUED)

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 that BDO LLP, be nominated for appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

### 6 **AUDITORS**

The retiring auditors, Deloitte & Touche LLP will not be seeking re-appointment as the Company intends to nominate BDO LLP to be the external auditor for the ensuing year. The appointment of BDO LLP is subject to shareholders' approval at the forthcoming Annual General Meeting.

ON BEHALF OF THE DIRECTORS

.....  
Lock Wai Han

.....  
Ong Soon Teik

October 27, 2021

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the 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, 2021, 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 47 to 104.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at June 30, 2021 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 in accordance with 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

### Going concern

Refer to Note 5(c)(iv) to the financial statements, during the year ended June 30, 2021, the Group reported a profit before tax of S\$3,630,000 and as of that date, the Group's current liabilities exceeded its current assets by S\$73,424,000.

As at June 30, 2021, the Group has not complied with a financial covenant relating to bank loans amounting to S\$37,902,000, of which loan amounting to S\$17,302,000, is contractually due in 2024 and hence, was reclassified to current liabilities while the remaining loan is repayable on demand and therefore remains due within 12 months from the end of the reporting period.

Following the breach of loan covenants for two consecutive years, management has restructured its loans with the bank subsequent to June 30, 2021. The loan covenant relating to the security margin has been revised to a blended loan to value ratio based on two of the Group's properties and should not exceed a certain percentage of the combined outstanding loan amounts. Based on the total outstanding bank loans and fair values of the two properties as at June 30, 2021, the Group is in compliance with the loan covenant relating to the revised blended loan to value ratio.

In addition, the Group has (i) two bank loans amounting to S\$24,192,000 and S\$15,728,000 which are due in July 2021 and December 2021 respectively; and (ii) loans due to a major shareholder amounting to S\$43,537,000 which are due in July 2022.

At the date of this report, the repayment terms of the two bank loans above totalling S\$39,920,000 have been extended from July 2021 to July 2024 and from December 2021 to quarterly repayment of a fixed sum commencing in December 2021 and remaining lump sum payment in December 2024.

These conditions, along with other matters set forth in Note 5(c)(iv) to the financial statements, expose the Group to an increased liquidity risk in relation to its ability to repay its indebtedness as and when they fall due.

## How the matter was addressed in the audit

Our audit procedures focused on evaluating the judgements used by management in their going concern assessment. These procedures included:

- Obtaining an understanding of the Group's relevant controls in reviewing and assessing the reasonableness of the Group's cash flow forecast, including the historical accuracy of the cash flow forecasts prepared by management;
- Obtaining the Group's month by month consolidated cash flow forecast prepared by management up to October 31, 2022 (the "Cash Flows Forecast") based on the latest available financial information and;
  - understanding the basis and challenging the underlying key assumptions applied in the Cash Flow Forecasts, including the potential financial impact arising from COVID-19 and performing sensitivity analysis on those key assumptions; and
  - obtaining documentary support for assumptions applied in the Cash Flows Forecast, where appropriate.
- Reviewing management's assessment of compliance with loan covenants;
- Reviewing the new facility letters provided by the banks in respect of the revised loan covenant and repayment terms; and
- Assessing the adequacy and appropriateness of the related disclosures in the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

## **Key audit matters**

### Going concern (continued)

Notwithstanding the above and along with other matters set out in Note 5(c)(iv) to the financial statements, the directors and management are of the view that the Group will be able to continue its operations on a going concern basis for up to October 31, 2022 and there is no material uncertainty related to going concern, having assessed that the following sources of funding will remain available to the Group:

- (a) the lender will not withdraw all the banking facilities currently being utilised by the Group for the period up to October 31, 2022;
- (b) management is confident of extending the repayment due date for loans due to a major shareholder amounting to S\$43,537,000;
- (c) money market loans obtained from the bank less any required repayments up to October 31, 2022 will continue to be rolled over for the entire cash flow projection period; and
- (d) net cash inflows from operating activities for the period up to October 31, 2022.

### Valuation of investment properties

*Refer to Notes 4 and 12 to the financial statements.*

As at June 30, 2021, the Group has investment properties amounting to S\$128,600,000.

Investment properties represent a significant proportion of the assets in the Group's statement of financial position.

The Group's investment properties, which are located in Singapore, are measured at fair value.

The fair values of the investment properties are based on the valuation performed by an independent professional valuer (the "Valuer").

## **How the matter was addressed in the audit**

We performed the following key procedures:

- We obtained an understanding of the Group's process of appointing the Valuer and reviewed the scope of work of the Valuer;
- We discussed with management to understand their basis used in determining the fair values of the Group's investment properties;

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

## Key audit matters

### Valuation of investment properties (continued)

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.

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 profit or loss for the year ended June 30, 2021.

### Valuation of investment in associates and unquoted equity shares

*Refer to Notes 4, 15 and 16 to the financial statements.*

As at June 30, 2021, the Group has investment in associates and unquoted equity shares at fair value through profit or loss amounting to S\$59,014,000 and S\$9,000,000 respectively.

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 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.

## How the matter was addressed in the audit

- 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 used by the Valuer for the respective investment properties, taking into account the nature of each investment property, and assumptions used, including the impact of COVID-19, in determining market value of the investment properties;
- 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;
- We assessed the appropriateness of the accounting of right-of-use assets identified as investment properties in accordance with IFRS 16; and
- We also assessed the adequacy and appropriateness of the Group's disclosures.

Our audit focused on the valuation of the investment properties in the Associate Group which included the following key procedures performed together with the component auditors, amongst others:

- In respect of the independent market valuation reports obtained by the Associate Group, we considered the competency, independence and objectivity of the Valuer. We also assessed the appropriateness of the valuation techniques used by the Valuer for the respective investment properties, taking into account the nature of each investment property, and assumptions used, including the impact of COVID-19, in determining market value of the investment properties;
- We involved our valuation specialist to evaluate whether the valuation methodology is appropriate and assumptions are consistent with generally accepted valuation practices, and the accuracy of the calculations in the valuation models; and
- We also assessed the adequacy and appropriateness of the Group's disclosures.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

## **Key audit matters**

### Valuation of investment in associates and unquoted equity shares (continued)

The fair values of the investment properties are based on the valuation performed by independent professional valuers (the "Valuer") which involves significant judgement as this is dependent on a number of key assumptions (including discount rate, capitalisation rate amongst others) used in the valuation as well as the valuation methodologies.

The valuer has reported the valuation of the Associate Group's overseas investment properties based on "material valuation uncertainty" arising from the COVID-19 pandemic and a higher degree of caution should be exercised when relying on the valuation.

Additionally, the Group has an investment in unquoted equity shares which is accounted for as a financial asset measured at fair value through profit or loss as at June 30, 2021.

The above 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 correspondingly dependent on the fair values of the Associate Group's investment properties as highlighted above.

## **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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **How the matter was addressed in the audit**

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

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 are responsible for overseeing the Group's financial reporting process.

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKH GLOBAL LTD.

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

October 27, 2021

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021

	Note	Group		Company	
		2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	7	10,617	7,182	79	105
Trade and other receivables	8	3,540	3,679	36,213	34,408
Properties for sale	9	2,592	12,036	-	-
Total current assets		16,749	22,897	36,292	34,513
<b>Non-current assets</b>					
Property, plant and equipment	10	38	34	-	-
Investment properties	12	128,600	125,863	-	-
Investments in subsidiaries	13	-	-	10,000	10,000
Investment in a joint venture	14	-	-	-	-
Investment in associates	15	59,014	56,395	-	-
Financial asset at fair value through profit or loss	16	9,000	9,000	-	-
Total non-current assets		196,652	191,292	10,000	10,000
<b>Total assets</b>		<b>213,401</b>	<b>214,189</b>	<b>46,292</b>	<b>44,513</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank loans	17	77,822	38,696	-	-
Trade and other payables	18	8,888	9,508	19,041	19,074
Lease liabilities	19	3,308	4,802	-	-
Income tax payable		155	260	-	-
Total current liabilities		90,173	53,266	19,041	19,074
<b>Non-current liabilities</b>					
Bank loans	17	-	40,842	-	-
Other payables	18	8,004	5,914	8,004	5,914
Lease liabilities	19	29	3,337	-	-
Loans due to a shareholder	6	43,537	43,537	43,537	43,537
Total non-current liabilities		51,570	93,630	51,541	49,451
<b>Capital, reserves and non-controlling interests</b>					
Share capital	20	27,916	27,916	8,936	8,936
Share premium		69,304	69,304	72,155	72,155
Contributed surplus		12,063	12,063	126,389	126,389
Translation reserve		(4,141)	(4,582)	(1,491)	(1,491)
Other reserve		(182)	(476)	-	-
Accumulated losses		(33,602)	(37,232)	(230,279)	(230,001)
Equity attributable to owners of the Company		71,358	66,993	(24,290)	(24,012)
Non-controlling interests		300	300	-	-
Net equity (Capital deficiency)		71,658	67,293	(24,290)	(24,012)
<b>Total liabilities and equity (net of capital deficiency)</b>		<b>213,401</b>	<b>214,189</b>	<b>46,292</b>	<b>44,513</b>

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED JUNE 30, 2021

	Note	Group	
		2021 S\$'000	2020 S\$'000
Revenue	21	16,132	15,254
Cost of sales		(1,094)	(1,362)
Gross profit		15,038	13,892
Other income	22	1,336	4,810
Other expenses	23	(5,707)	(25,099)
Loss allowance on trade and other receivables		(180)	(1,199)
General and administrative expenses		(4,868)	(6,777)
Finance costs	24	(3,873)	(5,870)
Share of profits (losses) of associates	15	1,884	(1,433)
Profit (Loss) before income tax	25	3,630	(21,676)
Income tax expense	26	-	(687)
<b>Profit (Loss) for the year, representing profit (loss) attributable to owners of the Company</b>		<b>3,630</b>	(22,363)
Other comprehensive income (loss)			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Share of other comprehensive income (losses) of associates		735	(1,243)
<b>Other comprehensive income (loss) for the year, net of tax</b>		<b>735</b>	(1,243)
<b>Total comprehensive income (loss) for the year, representing total comprehensive income (loss) attributable to owners of the Company</b>		<b>4,365</b>	(23,606)
<b>Earnings (Loss) per share in Singapore cents:</b>			
- Basic and diluted	27	0.32	(1.98)

See accompanying notes to financial statements.

## STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2021

	Share capital (Note 20) S\$'000	Share premium (Note i) S\$'000	Contributed surplus (Note iii) S\$'000	Translation reserve (Note ii) S\$'000	Other reserve (Note iv) S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total S\$'000
<u>Group</u>									
<b>Balance as at July 1, 2019</b>	27,916	69,304	12,063	(3,815)	-	(14,869)	90,599	300	90,899
<b>Total comprehensive loss for the year:</b>									
Loss for the year	-	-	-	-	-	(22,363)	(22,363)	-	(22,363)
Other comprehensive loss for the year	-	-	-	(767)	(476)	-	(1,243)	-	(1,243)
Total	-	-	-	(767)	(476)	(22,363)	(23,606)	-	(23,606)
<b>Balance as at June 30, 2020</b>	27,916	69,304	12,063	(4,582)	(476)	(37,232)	66,993	300	67,293
<b>Total comprehensive income for the year:</b>									
Profit for the year	-	-	-	-	-	3,630	3,630	-	3,630
Other comprehensive income for the year	-	-	-	441	294	-	735	-	735
Total	-	-	-	441	294	3,630	4,365	-	4,365
<b>Balance as at June 30, 2021</b>	27,916	69,304	12,063	(4,141)	(182)	(33,602)	71,358	300	71,658

See accompanying notes to financial statements.

**STATEMENTS OF CHANGES IN EQUITY**

YEAR ENDED JUNE 30, 2021

	<b>Share capital (Note 20) S\$'000</b>	<b>Share premium (Note i) S\$'000</b>	<b>Contributed surplus (Note iii) S\$'000</b>	<b>Translation reserve (Note ii) S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total S\$'000</b>
<u>Company</u>						
<b>Balance as at July 1, 2019</b>	8,936	72,155	126,389	(1,491)	(209,155)	(3,166)
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(20,846)	(20,846)
<b>Balance as at June 30, 2020</b>	8,936	72,155	126,389	(1,491)	(230,001)	(24,012)
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(278)	(278)
<b>Balance as at June 30, 2021</b>	<b>8,936</b>	<b>72,155</b>	<b>126,389</b>	<b>(1,491)</b>	<b>(230,279)</b>	<b>(24,290)</b>

Notes:

- (i) The Bermuda Companies Act provides that where a company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called "the share premium account" and the provisions of The Bermuda Companies Act relating to a reduction of share capital shall, except as provided in Section 40 of The Bermuda Companies Act, apply as if the share premium account were paid up share capital for the Company. The share premium account may be applied by the Company in paying for issue of bonus shares, paying for expenses on issue of shares or debentures of the Company and paying premium on redemption of shares and debentures of the Company.
- (ii) 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.
- (iv) Other reserve represents the Group's share of its associates' other comprehensive income (apart from translation reserve (Note (ii) above)).

See accompanying notes to financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2021

	Group	
	2021 S\$'000	2020 S\$'000
<b>Operating activities</b>		
Profit (Loss) for the year	3,630	(22,363)
Adjustments for:		
Income tax expense	-	687
Bad debts expense	-	156
Loss allowance on amount due from outside parties	80	-
Loss allowance on amount due from a joint venture	100	1,199
Loss (Gain) on sale of investment properties	40	(1,099)
Depreciation of property, plant and equipment	11	26
Interest expense	3,873	5,870
Changes in fair value of investment properties	5,611	23,174
Diminution in value of properties for sale	96	1,925
Dividend income from financial asset at fair value through profit or loss	-	(240)
Reversal of payables and accruals	(134)	(1,085)
Interest income	(1)	(28)
Share of (profits) losses of associates	(1,884)	1,433
Operating cash flows before movement in working capital	11,422	9,655
Trade and other receivables	(41)	(90)
Trade and other payables	(486)	(394)
Cash generated from operations	10,895	9,171
Interest paid	(1,783)	(3,401)
Income tax paid	(105)	(427)
Net cash from operating activities	9,007	5,343
<b>Investing activities</b>		
Purchase of property, plant and equipment	(15)	(11)
Proceeds from disposal of property, plant and equipment	-	4,000
Proceeds from sale of investment properties	960	24,968
Dividend received from an associate	-	1,600
Dividend income from financial asset at fair value through profit or loss	-	240
Interest received	1	19
Net cash from investing activities	946	30,816
<b>Financing activities</b>		
Repayment of bank loans	(1,716)	(16,837)
Repayment of lease liabilities	(4,802)	(4,147)
Decrease in fixed deposits pledged	-	1,000
Repayment of loans due to a shareholder	-	(11,000)
Net cash used in financing activities	(6,518)	(30,984)
Net increase in cash and cash equivalents	3,435	5,175
Cash and cash equivalents at beginning of year	7,182	2,007
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>10,617</b>	<b>7,182</b>

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 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, 2021 were authorised for issue by the Board of Directors on October 27, 2021.

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

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

On July 1, 2020, the Group and the Company 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.

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

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform – Phase 2*<sup>(1)</sup>
- Annual Improvement to IFRSs 2018-2020<sup>(2)</sup>
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of liabilities as Current or Non-current*<sup>(3)</sup>
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*<sup>(3)</sup>
- Amendments to IAS 8 *Definition of Accounting Estimates*<sup>(3)</sup>
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture*<sup>(4)</sup>

(1) Effective for annual periods beginning on or after January 1, 2021

(2) Effective for annual periods beginning on or after January 1, 2022

(3) Effective for annual periods beginning on or after January 1, 2023

(4) Effective date is deferred indefinitely

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 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]

Management anticipates that the adoption of the above IFRSs 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.

### **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16: *Interest Rate Benchmark Reform – Phase 2***

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.

The changes in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

On modification of financial assets, financial liabilities and lease liabilities, a practical expedient is available to allow for modifications required by the reform as a direct consequence and made on an economically equivalent basis to be accounted for by updating the effective interest rate prospectively. All other modifications are accounted for using current IFRS requirements. A similar practical expedient is provided for lessee accounting applying IFRS 16.

Amendments to IFRS 7 outline disclosure requirements to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments apply to all entities and are not optional and are effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. The amendments must be applied retrospectively, however, the amendments provide relief from restating comparative information. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

Management is still in the process of assessing the impact arising from the amendments.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 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”).

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 leasing transactions that are within the scope of IFRS 16 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.

**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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

### Financial assets

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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").

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial assets (Continued)

#### 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 fair value through other comprehensive income ("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.

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).

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial assets (Continued)

#### 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.

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

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial assets (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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial assets (Continued)

#### 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.

#### 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments

#### Classification as debt or equity

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

#### Equity instruments

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

#### Financial liabilities

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

Bank loans and loans due to a shareholder 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.

**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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

#### 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 on a straight-line basis over the lease term.

##### The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- \* fixed lease payments (including in-substance fixed payments), less any lease incentives;
- \* the exercise price of purchase options, if the lessee is reasonably certain to exercise the options.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- \* the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- \* the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- \* a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

#### The Group as lessee (Continued)

##### *Right-of-use assets recognised as investment property*

The right-of-use assets recognised as investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, the right-of-use assets recognised as investment property is 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.

Such right-of-use assets are included in investment properties in the statement of financial position.

##### *All other right-of-use assets*

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent possible, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (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 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.

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, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (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 IAS 36 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 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

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

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

**REVENUE RECOGNITION** – Revenue is measured 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 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.
- (ii) Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

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

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

**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.

**GOVERNMENT GRANTS** – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

**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 by the end of the reporting period.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

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

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

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

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

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities and equity instruments (Continued)

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

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

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

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

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

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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 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***

Apart from the going concern assumptions set out in Note 5(c)(iv) to the financial statements and those involving estimations (see below), management has not made any judgements in the process of applying the Group's accounting policies that will have a significant effect on the amounts recognised in the financial statements.

### ***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 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 the investment properties, 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 taking into consideration impact of COVID-19. 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 investment properties.

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 particularly during COVID-19. 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

### ***Key sources of estimation uncertainty*** (Continued)

#### Valuation of investments in associate 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 and 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 values of the underlying investment properties held by the Associate Group, 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 valuation of the Associate Group’s overseas investment properties is reported on the basis of “material valuation uncertainty” which does not invalidate the valuation but implies that a higher degree of caution should be placed on valuation than would normally be the case.

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 particularly during COVID-19. Consequently, the actual results and the realisation of these properties could differ significantly from the estimated fair values determined. 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 carrying amounts of the current 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.
- \* Investee’s non-current assets mainly relates to investment properties measured at fair value, whereby third party qualified valuers are engaged to perform the valuation.
- \* Investee’s non-current liabilities mainly comprise bank loans which carrying amount approximates its fair value.

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 investments in associates and unquoted equity shares are disclosed in Notes 15 and 16 to the financial statements respectively.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

### ***Key sources of estimation uncertainty*** (Continued)

#### Carrying amounts of properties for sale

The aggregate carrying amount of properties for sale is disclosed in Note 9 and 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 including COVID-19 consideration.

#### Impairment in investments in subsidiaries

The Group assesses annually whether its investments in subsidiaries has any indication of impairment in accordance with its accounting policy. Management has carried out a review of the recoverable amount of the investment in subsidiaries having regard to the existing performance and the carrying value of the net tangible assets of the respective subsidiaries. Management has estimated that the net tangible assets of the respective subsidiaries approximate their fair values less cost to sell as the investment properties, if any, recorded in these subsidiaries' books are already measured at fair value. The remaining assets which are largely current together with the current liabilities approximate their respective fair values and non-current liabilities relate mainly to bank loans. Allowance for impairment is provided for, where necessary.

As at the end of the reporting period, total allowance for impairment loss of S\$133,918,000 (2020: \$133,918,000) have been made for investments in subsidiaries based on the market conditions reflecting the recoverability of the net assets in subsidiaries as disclosed in Note 13.

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

**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	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<b><u>Financial assets</u></b>				
At amortised cost:				
Cash and bank balances	10,617	7,182	79	105
Trade and other receivables	2,871	2,839	36,168	34,363
At fair value through profit or loss:				
Financial asset at fair value through profit or loss	9,000	9,000	-	-
	<b>22,488</b>	19,021	<b>36,247</b>	34,468
<b><u>Financial liabilities</u></b>				
At amortised cost:				
Bank loans	77,822	79,538	-	-
Trade and other payables	15,368	14,067	27,045	24,988
Loans due to a shareholder	43,537	43,537	43,537	43,537
Lease liabilities	3,337	8,139	-	-
	<b>140,064</b>	145,281	<b>70,582</b>	68,525

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

In 2021 and 2020, the Group and the Company do not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

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

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

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

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

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

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

#### (i) Foreign exchange risk management

The Group is exposed to minimal foreign exchange rate risk as the financial assets and 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 fair value interest rate risk relates primarily to fixed deposits (Note 7), loans due to a shareholder (Note 6) and lease liabilities (Note 19). The Group's exposure to cash flow interest rate risk relates primarily to its variable-rate borrowings (Note 17). The Group manages interest by using a mixture of fixed and variable rate debts.

#### *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 profit before income tax for the year ended June 30, 2021 would have decreased/increased by S\$389,000 (2020: loss before tax would have increased/decreased by S\$398,000).

#### (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.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

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

## (iii) Credit risk management (Continued)

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.

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:

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
<u>2021</u>						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	2,134	(80)	2,054
Other receivables	8	(b)	12-month ECL	817	-	817
Other receivables	8	(b)	Lifetime ECL	1,299	(1,299)	-
				<b>4,250</b>	<b>(1,379)</b>	<b>2,871</b>
<u>2020</u>						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	1,480	-	1,480
Other receivables	8	(b)	12-month ECL	1,359	-	1,359
Other receivables	8	(b)	Lifetime ECL	1,199	(1,199)	-
				<b>4,038</b>	<b>(1,199)</b>	<b>2,839</b>

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

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

## (iii) Credit risk management (Continued)

<u>Company</u>	<u>Note</u>	<u>Internal credit rating</u>	<u>12-month or lifetime ECL</u>	<u>Gross carrying amount S\$'000</u>	<u>Loss allowance S\$'000</u>	<u>Net carrying amount S\$'000</u>
<u>2021</u>						
Other receivables	8	(b)	12-month ECL	<u>36,168</u>	<u>-</u>	<u>36,168</u>
<u>2020</u>						
Other receivables	8	(b)	12-month ECL	<u>34,363</u>	<u>-</u>	<u>34,363</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 except for the amount due from joint venture which is determined to be in default.

## (iv) Liquidity risk management

During the year ended June 30, 2021, the Group reported a profit before tax amounting to S\$3,630,000 (2020: loss before tax amounting to S\$21,676,000) and as of that date, the Group's current liabilities exceeded its current assets by S\$73,424,000 (2020: S\$30,369,000). As at June 30, 2021, the Group has not complied with a financial covenant relating to bank loans amounting to S\$37,902,000, of which loan amounting to S\$17,302,000, is contractually due in 2024 and hence, was reclassified to current liabilities while the remaining loan is repayable on demand and therefore remains due within 12 months from the end of the reporting period.

Following the breach of loan covenants for two consecutive years, management has restructured its loans with the bank subsequent to June 30, 2021. The loan covenant relating to the security margin has been revised to a blended loan to value ratio based on two of the Group's properties and should not exceed a certain percentage of the combined outstanding loan amounts. Based on the total outstanding bank loans and fair values of the two properties as at June 30, 2021, the Group is in compliance with the loan covenant relating to the revised blended loan to value ratio.

In addition, the Group has two bank loans amounting to S\$24,192,000 and S\$15,728,000 which are due in July 2021 and December 2021 respectively. This is disclosed in Note 17 to the financial statements. The Group also has loans amounting to S\$43,537,000 payable to a major shareholder which are due in July 2022.

At the date of this report, the repayment terms of the two bank loans above totalling S\$39,920,000 has been extended from July 2021 to July 2024 and from December 2021 to quarterly repayment of a fixed sum commencing in December 2021 and remaining lump sum payment in December 2024.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

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

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

Consequently, the Group is exposed to an increased liquidity risk in relation to its ability to repay its indebtedness as and when they fall due.

In view of these circumstances, the directors and management of the Company have given careful consideration of the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient financial resources to continue its operations on a going concern basis at least for the next 12 months from the date of authorisation of these financial statements. For this purpose, management has prepared a month by month consolidated cash flows forecast up to October 31, 2022 (the "Cash Flows Forecast") based on the latest available financial information and applied the following judgement and assumptions:

- (a) the lender will not withdraw all the banking facilities currently being utilised by the Group for the period up to October 31, 2022. The directors and management are confident that the lender will continue to support the Group in consideration of the following:
  - (i) the Group will be in compliance with the loan covenant relating to the revised blended loan to value ratio during the period up to October 31, 2022;
  - (ii) the loans are secured against two of the investment properties (Note 12), the fair values of the investment properties are higher than the outstanding loan amounts as at June 30, 2021 and the properties continue to earn rental income with occupancy of 95% and 100% as at June 30, 2021; and
  - (iii) the lender continues to support the Group on the credit facilities by way of rolling over these facilities currently being utilised and most recently in October 2021 as well as revising the loan covenant and extending the repayment date as mentioned above;
- (b) successful extension of repayment due date for loans due to a major shareholder amounting to S\$43,537,000 due in July 2022 given that the shareholder has extended in the past; and
- (c) the Group is able to generate sufficient cash inflows from operating activities for the period up to October 31, 2022 to repay portion of the bank loans when due.

Based on the above assessment, the directors and management are of the view there is no material uncertainty related to going concern, and 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. Consequently, the financial statements for the year ended June 30, 2021 have been prepared on a going concern basis and there is no material uncertainty related to going concern.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 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*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.

<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>2021</u>						
Non-interest bearing	-	15,368	-	-	-	15,368
Lease liabilities	3.58	3,354	36	-	(53)	3,337
Other fixed rate instruments	4.80	2,094	43,715	-	(2,272)	43,537
Other variable interest rate instruments	2.00	78,478	-	-	(656)	77,822
		<b>99,294</b>	<b>43,751</b>	<b>-</b>	<b>(2,981)</b>	<b>140,064</b>
<u>2020</u>						
Non-interest bearing	-	14,067	-	-	-	14,067
Lease liabilities	3.58	5,010	3,390	-	(261)	8,139
Other fixed rate instruments	4.80	2,094	43,715	-	(2,272)	43,537
Other variable interest rate instruments	3.58	41,547	41,193	-	(3,202)	79,538
		<b>62,718</b>	<b>88,298</b>	<b>-</b>	<b>(5,735)</b>	<b>145,281</b>

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 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>Company</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>2021</u>						
Non-interest bearing	-	27,045	-	-	-	27,045
Other fixed rate instruments	4.80	2,094	43,715	-	(2,272)	43,537
		<b>29,139</b>	<b>43,715</b>	<b>-</b>	<b>(2,272)</b>	<b>70,582</b>
<u>2020</u>						
Non-interest bearing	-	24,988	-	-	-	24,988
Other fixed rate instruments	4.80	2,094	43,715	-	(2,272)	43,537
		<b>27,082</b>	<b>43,715</b>	<b>-</b>	<b>(2,272)</b>	<b>68,525</b>

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 is determined based on the net asset value approach, with fair value hierarchy categorised as level 3 as disclosed in Note 4 to the financial statements.

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, 2021

## 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 Company, 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 years ended June 30, 2021 and 2020 for the facilities that have been utilised by the Group (Note 17) except for a financial covenant which was not met. Accordingly, the non-current portion of the loan amounting to S\$17,302,000 (2020: S\$18,096,000) was reclassified as current liabilities. Subsequent to the end of reporting period, the breach of the said covenant was cured via restructuring of the loans due to the lender.

The Group reviews the capital structure on an annual basis. The Group's overall strategy remains unchanged from 2020.

## 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.

As at June 30, 2021, the Company has three (2020: three) loans due to a shareholder, Haiyi Holdings Pte. Ltd., as follows:

- (i) An unsecured loan of S\$3,000,000 (2020: S\$3,000,000) which bears interest of 4.8% per annum (2020: 4.8% per annum). The loan is due for repayment in July 2022.
- (ii) A secured loan of S\$30,537,000 (2020: S\$30,537,000) which bears interest of 4.8% per annum (2020: 4.8% per annum). The loan is due for repayment in July 2022. The loan is secured on the Group's entire shareholding in Equalbase Pte. Ltd. ("EBPL"), formerly known as Pan Asia Logistics Investment Holdings Pte. Ltd. and Deltanvil Pte. Ltd. ("DAPL"), formerly known as Pan Asia Logistics Holdings Singapore Pte. Ltd. (Notes 15 and 16).
- (iii) A secured loan of S\$10,000,000 (2020: S\$10,000,000) which bears interest of 4.8% per annum (2020: 4.8% per annum). The loan is due for repayment in July 2022. The loan is secured on the Group's entire shareholding in Equalbase Pte. Ltd. ("EBPL") (Note 15).

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

Management is of the view that the carrying amounts of the loans due to shareholder recognised in the financial statements approximate their respective fair values 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>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Shareholder</u>		
Interest on loans due to a shareholder	<b>2,090</b>	2,433
<u>Related parties – entities in which directors have interests in</u>		
Rental commission	-	16

### ***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>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Short-term benefits	<b>907</b>	1,054
Post-employment benefit	<b>33</b>	43
	<b>940</b>	1,097

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, 2021

**7 CASH AND BANK BALANCES**

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Cash at bank	<b>10,115</b>	6,680	<b>79</b>	105
Fixed deposits	<b>502</b>	502	-	-
Cash and cash equivalents in the consolidated statement of cash flows	<b>10,617</b>	7,182	<b>79</b>	105

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

As at June 30, 2021, fixed deposits bore an effective interest rate of 0.05% (2020: 0.1%) per annum and for tenure of three (2020: three) months.

Included in the cash at bank of the Group is an amount of approximately S\$4,220,000 (2020: S\$2,136,000), 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	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Trade receivables from outside parties	<b>2,134</b>	1,480	-	-
Other deposits	<b>137</b>	216	<b>3</b>	3
Advance payments to suppliers	<b>166</b>	174	<b>45</b>	45
Deferred expenses	<b>503</b>	666	-	-
Other receivables from:				
- Third parties	<b>680</b>	1,143	<b>20</b>	20
- Subsidiaries (Notes 6 and 13)	-	-	<b>36,145</b>	34,340
- Joint venture (Notes 6 and 14)	<b>1,299</b>	1,199	-	-
	<b>4,919</b>	4,878	<b>36,213</b>	34,408
Less: Loss allowance	<b>(1,379)</b>	(1,199)	-	-
	<b>3,540</b>	3,679	<b>36,213</b>	34,408

The average credit period for trade receivables is approximately 14 to 60 days (2020: 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.

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

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

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

Considerations in respect of rental income are received in accordance with the terms of the related tenancy agreement, certain portions are received on or before the date of tenancy period 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.

Except for amount due from joint venture, 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. During the financial year ended June 30, 2021, the Group made a loss allowance of S\$100,000 (2020: S\$1,199,000) arising from receivable from its joint venture as the joint venture continued to incur losses for the financial year ended June 30, 2021, the Group is of the view that the above receivable from its joint venture is no longer recoverable, and accordingly, assessed to be credit-impaired.

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 be recoverable 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.

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.

2021	Group Trade receivables – days past due				Total S\$'000
	Not past due S\$'000	< 3 months S\$'000	3 – 6 months S\$'000	6 – 12 months S\$'000	
Expected credit loss rate	***%	***%	***%	20%	
Estimated total gross carrying amount at default collectively assessed	1,271	390	78	395	2,134
Lifetime ECL	-	-	-	(80)	(80)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 8 TRADE AND OTHER RECEIVABLES (CONTINUED)

2020	Group Trade receivables – days past due				Total S\$'000
	Not past due S\$'000	< 3 months S\$'000	3 – 6 months S\$'000	6 – 12 months S\$'000	
Expected credit loss rate	%	%	%	%	
Estimated total gross carrying amount at default collectively assessed	744	524	14	198	1,480
Lifetime ECL	-	-	-	-	-

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

The movements in credit loss allowance are as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Balance at beginning of the year	1,199	-
Loss allowance recognised in profit or loss during the year on:		
- Trade receivables from outside parties (Note 25)	80	-
- Other receivables from joint venture (Note 25)	100	1,199
Balance at end of the year	1,379	1,199

## 9 PROPERTIES FOR SALE

	Group	
	2021 S\$'000	2020 S\$'000
Cost incurred for properties for sale	311,141	311,141
Less: Allowance for diminution in value	(892)	(8,394)
Cost of units of property recognised as cost of sales, to date	(182,943)	(182,943)
Transferred to investment property, to date (Note 12)	(124,714)	(107,768)
Net properties for sale	2,592	12,036

Movement in the allowance of diminution in value

	Group	
	2021 S\$'000	2020 S\$'000
Balance at beginning of the year	8,394	7,825
Charge to profit or loss (Note 23)	96	1,925
Transferred to investment property (Note 12)	(7,598)	(1,356)
Balance at end of the year	892	8,394

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

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 10 PROPERTY, PLANT AND EQUIPMENT

<b>Group</b>	<b>Computer equipment S\$'000</b>	<b>Machinery S\$'000</b>	<b>Motor vehicles S\$'000</b>	<b>Office equipment and fittings S\$'000</b>	<b>Renovation S\$'000</b>	<b>Construction in progress S\$'000</b>	<b>Total S\$'000</b>
Cost:							
At July 1, 2019	386	383	1,101	273	220	28,357	30,720
Additions	11	-	-	-	-	-	11
Disposals	(2)	-	-	-	-	(28,357)	(28,359)
At June 30, 2020	395	383	1,101	273	220	-	2,372
Additions	15	-	-	-	-	-	15
At June 30, 2021	410	383	1,101	273	220	-	2,387
Accumulated depreciation:							
At July 1, 2019	353	378	1,095	268	220	-	2,314
Depreciation for the year	15	5	6	-	-	-	26
Disposals	(2)	-	-	-	-	-	(2)
At June 30, 2020	366	383	1,101	268	220	-	2,338
Depreciation for the year	10	-	-	1	-	-	11
At June 30, 2021	376	383	1,101	269	220	-	2,349
Impairment:							
At July 1, 2019	-	-	-	-	-	24,357	24,357
Disposal	-	-	-	-	-	(24,357)	(24,357)
At June 30, 2020 and 2021	-	-	-	-	-	-	-
Carrying amount:							
At June 30, 2020	29	-	-	5	-	-	34
At June 30, 2021	34	-	-	4	-	-	38

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 11.

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

**11 RIGHT-OF-USE ASSETS**

The Group leases computer equipment and motor vehicles. The lease term ranges from 1 – 4 years.

	<b>Motor vehicles S\$'000</b>	<b>Computer equipment S\$'000</b>	<b>Total S\$'000</b>
Cost:			
At July 1, 2019, June 30, 2020 and June 30, 2021	6	26	32
Accumulated depreciation:			
At July 1, 2019	–	–	–
Depreciation for the year	6	6	12
At June 30, 2020	6	6	12
Depreciation for the year	–	6	6
At June 30 2021	6	12	18
Carrying amount:			
At June 30, 2020	–	20	20
At June 30, 2021	–	14	14

**12 INVESTMENT PROPERTIES**

	<b>Group</b>	
	<b>2021 S\$'000</b>	<b>2020 S\$'000</b>
<b>At fair value</b>		
Balance at beginning of the year	<b>125,863</b>	167,930
Transfer from properties for sale (Note 9)	<b>9,348</b>	4,976
Sale of investment properties during the year	<b>(1,000)</b>	(23,869)
Change in fair value included in profit or loss (Note 23)	<b>(5,611)</b>	(23,174)
Balance at end of the year	<b>128,600</b>	125,863

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.

The right-of-use asset presented as investment properties has a carrying amount of S\$2,500,000 (2020: S\$6,000,000) as at June 30, 2021.

As at June 30, 2021, the fair value of the Group's investment properties amounting to S\$128,600,000 (2020: S\$125,863,000) has been arrived at on the basis of a valuation carried out by United Valuers Pte. Ltd., independent qualified professional valuers not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

**12 INVESTMENT PROPERTIES (CONTINUED)**

The valuations of completed investment properties are determined by:

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

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

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

Details of the Group's investment properties and information about the fair value hierarchy as at June 30, 2021 and 2020 are as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value as at</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>June 30, 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<u>2021</u>				
Investment properties	-	-	<b>128,600</b>	<b>128,600</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<u>2020</u>				
Investment properties	-	-	125,863	125,863

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

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 12 INVESTMENT PROPERTIES (CONTINUED)

### Fair value measurement of the Group's investment properties (Continued)

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

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\$3.84 (2020: S\$3.93)  8.5% (2020: 8.5%)
12 Tai Seng Link Singapore 534233	Industrial leasehold property	Market comparison	Price per square foot <sup>(1)</sup>	S\$369 (2020: S\$386)
56 Loyang Way Singapore 508775 <sup>(a)</sup>	Industrial leasehold property	Market comparison	Price per square foot <sup>(1)</sup>	S\$188 – S\$378 (2020: S\$188 – S\$378)
2 Buroh Crescent Singapore 627546 <sup>(b)</sup>	Industrial leasehold property	Market comparison	Price per square foot <sup>(1)</sup>	S\$130 – S\$330 (2020: S\$132 – S\$380)

(a) The units are #01-03/04/05/09/10/11/12/13/14/15/20/21/22, #02-03/04/10/11/12/13/14/15/16/19/20/21/22/23, #03-04/14/19, #04-01/04/11/12/13/14, #05-03/04/05/06, and #06-01/03/06 (2020: #01-03/04/05/09/10/11/12/13/14/15/21/22, #02-03/04/10/11/12/13/14/15/16/20/21/22/23, #03-04/14/19, #04-01/04/11/12/13/14, #05-03/04/05/06, and #06-01/03/06).

(b) The units are #01-18, #02-06, #04-01, #05-04, #06-02/03/04, #07-01/02 and #08-01/02 (2020: #01-07/18, #02-06, #04-01, #06-02/03/04, #07-02 and #08-01/02).

(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).

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

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

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>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Lease term within 10 to 50 years	<b>126,100</b>	119,863
Lease term less than 10 years	<b>2,500</b>	6,000
	<b>128,600</b>	125,863

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>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Gross rental income (Note 21)	<b>16,031</b>	15,229
Direct operating expenses	<b>(1,094)</b>	(1,314)

**13 INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Unquoted equity shares, at cost	<b>143,918</b>	143,918
Less: Impairment loss	<b>(133,918)</b>	(133,918)
	<b>10,000</b>	10,000

**Movement in impairment loss**

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Balance at beginning of the year	<b>133,918</b>	118,918
Impairment made during the year	<b>-</b>	15,000
Balance at end of the year	<b>133,918</b>	133,918

In 2021, the Company carried out a review of the recoverable amount of its investments in subsidiaries. Arising from the review, an impairment loss of S\$Nil (2020: S\$15,000,000) was recognised. The impairment loss recognised in 2020 was mainly attributable to the reduction in the recoverable amount of OKH Holdings Pte. Ltd. as a result of its uncertain future cash flow due to challenging market conditions.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

## Movement in impairment loss (Continued)

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

Name	Country of incorporation and operation	Company's proportion of ownership interest		Principal activities
		Company's proportion		
		2021 %	2020 %	
OKH Holdings Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Construction services
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	Dormant

Notes:

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

The Group has no significant non-controlling interests as at June 30, 2021 and 2020. Accordingly, no details of non-controlling interests is presented.

## 14 INVESTMENT IN A JOINT VENTURE

	Group	
	2021 S\$'000	2020 S\$'000
Unquoted equity shares, at cost	265	265
Share of post-acquisition losses and other comprehensive expenses	(265)	(265)
	-	-

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

**14 INVESTMENT IN A JOINT VENTURE (CONTINUED)**

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

Name	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2021	2020	
		%	%	
OKH DLRE JV Pte. Ltd. <sup>(1)</sup>	Singapore	50	50	Generation, transmission, distribution and sale of electricity

Note:

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

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.**

	2021 S\$'000	2020 S\$'000
Total assets	277	315
Total liabilities	(1,418)	(1,300)
Net liabilities	(1,141)	(985)
Revenue	251	249
Loss for the year	(156)	(146)
Share of joint venture's loss for the year	-	-
Unrecognised share of loss for the year	(78)	(73)
Cumulative unrecognised share of loss of a joint venture	(571)	(493)

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:

	2021 S\$'000	2020 S\$'000
Net liabilities of the joint venture	(1,141)	(985)
Proportion of the Group's ownership in the joint venture	50%	50%
Share of net liabilities	(571)	(493)
Cumulative unrecognised share of loss of a joint venture	(571)	(493)
Carrying amount of the Group's interest in the joint venture	-	-

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 15 INVESTMENT IN ASSOCIATES

	Group	
	2021 S\$'000	2020 S\$'000
Unquoted equity shares, at cost	30,000	30,000
Goodwill	3,987	3,987
Share of post-acquisition profits and other comprehensive income, net dividend received	25,027	22,408
	<b>59,014</b>	<b>56,395</b>

(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
		2021	2020	2021	2020	
		%	%	%	%	
<u>Held by OKH Transhub Pte. Ltd.</u>						
Equalbase Pte. Ltd. (formerly known as Pan Asia Logistics Investment Holdings Pte. Ltd.) ("EBPL") <sup>(i)</sup>	Singapore	40	40	40	40	Investment holding
<u>Held by EBPL</u>						
Equalbase Tuas Pte. Ltd. (formerly known as Pan Asia Logistics Investment Pte. Ltd.) ("ETPL") <sup>(i)</sup>	Singapore	40	40	40	40	Rental of property warehouse
Equalbase Senai Sdn. Bhd (formerly known as Pali Senai Sdn. Bhd.) <sup>(i)</sup>	Malaysia	40	40	40	40	Rental of property warehouse
Equalbase PTP Sdn. Bhd (formerly known as Pali PTP Sdn. Bhd.) <sup>(i)</sup>	Malaysia	40	40	40	40	Rental of property warehouse
Pan Asia Logistics (Korea) Ltd. ("PAL Korea") <sup>(i)</sup>	Korea	40	40	40	40	Provision of warehouse services
Equalbase Development Pte. Ltd. <sup>(i)</sup>	Singapore	40	-	40	-	Property management services
<u>Held by ETPL</u>						
Pan Asia Logistics PTP Malaysia Sdn. Bhd. <sup>(i)</sup>	Malaysia	40	40	40	40	Rental of property warehouse

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

Note:

(i) Audited by RSM Chio Lim LLP, Singapore and a member firm of RSM International.

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

**15 INVESTMENT IN ASSOCIATES (CONTINUED)**

- (b) 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.

Equalbase Pte. Ltd. and its subsidiaries

	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Current assets	<b>62,380</b>	73,939
Non-current assets	<b>199,367</b>	201,982
Total assets	<b>261,747</b>	275,921
Current liabilities	<b>23,740</b>	26,740
Non-current liabilities	<b>100,440</b>	118,160
Total liabilities	<b>124,180</b>	144,900
Net assets	<b>137,567</b>	131,021
Revenue	<b>18,692</b>	20,042
Profit (Loss) for the year	<b>4,710</b>	(3,582)
Other comprehensive income (loss) for the year	<b>1,836</b>	(3,108)
Total comprehensive income (loss) for the year	<b>6,546</b>	(6,690)
Share of associates' profit (losses) for the year	<b>1,884</b>	(1,433)
Dividends received from the associate during the year	<b>-</b>	1,600

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

	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Net assets of the associates	<b>137,567</b>	131,021
Proportion of the Group's ownership in the associates	<b>40%</b>	40%
Share of net assets	<b>55,027</b>	52,408
Goodwill	<b>3,987</b>	3,987
Carrying amount of the Group's interests in the associates	<b>59,014</b>	56,395

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

**16 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Unquoted equity shares:		
Financial asset at fair value through profit or loss	<b>9,000</b>	9,000

The investment in unquoted equity shares represents a 15% equity interest of Deltanvil Pte. Ltd. (formerly known as Pan Asia Logistics Holdings Singapore Pte. Ltd.). The investment in unquoted equity shares was acquired in September 2014 and is recognised as a financial asset measured at fair value through profit or loss.

**17 BANK LOANS**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Amount due for settlement within 12 months, secured (shown under current liabilities)	<b>77,822</b>	38,696
Long-term bank loans repayable as follows:		
More than one year, but not exceeding two years	-	24,442
More than two years, but not more than five years	-	16,400
More than five years	-	-
Amount due for settlement after 12 months, secured (shown under non-current liabilities)	-	40,842
Total	<b>77,822</b>	79,538

As at June 30, 2021, the Group had not complied with a financial covenant relating to a bank loan amounting to S\$37,902,000 of which S\$17,302,000 is contractually due in 2024 and hence, was reclassified to current liabilities. However, as at the date of authorisation of these financial statements, breach of the said covenant was cured as explained in Note 5 c) iv).

As at June 30, 2020, the Group had not complied with a financial covenant relating to a bank loan amounting to S\$38,696,000 of which S\$18,096,000 is contractually due in 2024 and hence, was reclassified to current liabilities. However, in October 2020, the lender had granted an accommodation on the breach of the said covenant on a one-off basis.

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
Bank loans (floating rate)	<b>2.00%</b>	3.58%

The interest rates for the long-term bank loans are reset for periods ranging from 1 month to 6 months (2020: 1 month to 6 months) based on changes to swap offer rate or the bank's cost of funds.

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

**17 BANK LOANS (CONTINUED)**

Following assets are pledged to secure the above bank loans:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Properties for sale (Note 9)	<b>2,592</b>	12,036
Investment properties (Note 12)	<b>126,100</b>	119,863

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

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

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

**18 TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Trade payables to third parties	<b>153</b>	766	<b>3</b>	3
Rental received in advance	<b>1,524</b>	1,355	-	-
Other payables:				
- Third parties	<b>5,049</b>	5,097	<b>38</b>	31
- Subsidiaries (Note 6)	-	-	<b>18,816</b>	18,864
Accrued project costs	<b>1,093</b>	1,227	-	-
Accrued operating expenses	<b>9,073</b>	6,977	<b>8,188</b>	6,090
	<b>16,892</b>	15,422	<b>27,045</b>	24,988
Current	<b>8,888</b>	9,508	<b>19,041</b>	19,074
Non-current	<b>8,004</b>	5,914	<b>8,004</b>	5,914
	<b>16,892</b>	15,422	<b>27,045</b>	24,988

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 (2020: 30 days). No interest is charged on the outstanding balance.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 19 LEASE LIABILITIES

	Group	
	2021 S\$'000	2020 S\$'000
Maturity analysis:		
Year 1	3,354	5,010
Year 2	32	3,354
Year 3	4	32
Year 4	-	4
	<b>3,390</b>	8,400
Less: Unearned interest	<b>(53)</b>	(261)
	<b>3,337</b>	8,139
Analysed as:		
Current	3,308	4,802
Non-current	29	3,337
	<b>3,337</b>	8,139

The Group does not face a significant liquidity risk with regards to its lease liabilities.

The Group's weighted average incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position is 3.58% (2020: 3.58%) per annum.

**Reconciliation of liabilities arising from financing activities**

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

Group	July 1, 2020	Net financing	June 30, 2021
	S\$'000	cash flow S\$'000	S\$'000
2021			
Bank loans	79,538	(1,716)	77,822
Lease liabilities	8,139	(4,802)	3,337
	<b>87,677</b>	<b>(6,518)</b>	<b>81,159</b>

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 19 LEASE LIABILITIES (CONTINUED)

## Reconciliation of liabilities arising from financing activities (Continued)

Group	July 1, 2019 S\$'000	Net financing cash flow S\$'000	Other changes S\$'000	Non-cash changes	
				Reclassification to payables S\$'000	June 30, 2020 S\$'000
2020					
Bank loans	96,375	(16,837)	-	-	79,538
Lease liabilities	12,845	(4,147)	-	(559)	8,139
Loans due to shareholder	52,778	(11,000)	1,759 <sup>(a)</sup>	-	43,537
	<u>161,998</u>	<u>(31,984)</u>	<u>1,759</u>	<u>(559)</u>	<u>131,214</u>

(a) The balance represents accrued interest payable which was capitalised and added to the principal amount of loans due to shareholder.

## 20 SHARE CAPITAL

	Company			
	2021 Number of ordinary shares '000	2020 Number of ordinary shares '000	2021 S\$'000	2020 S\$'000
Issued and fully paid up:				
At the beginning and end of the year	<u>1,128,657</u>	<u>1,128,657</u>	<u>8,936</u>	<u>8,936</u>

The cost of acquisition in the consolidated financial statements, amounting to S\$27,916,000 (2020: S\$27,916,000), 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 (2020: US\$0.01), carry one vote per share and carry a right to dividend as and when declared by the Company.

## 21 REVENUE

	Group	
	2021 S\$'000	2020 S\$'000
<b>Type of goods and services</b>		
Revenue from construction services	101	25
Rental income	12,564	11,961
Rental related income	3,467	3,268
	<u>16,132</u>	<u>15,254</u>
<b>Timing of revenue recognition</b>		
At a point in time	101	-
Over time	3,467	3,293
	<u>3,568</u>	<u>3,293</u>

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

**22 OTHER INCOME**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Gain on sale of investment properties	-	1,099
Interest income	1	28
Grant income <sup>(a)</sup>	930	1,616
Reversal of payables and accruals	134	1,085
Dividend income from financial asset at fair value through profit or loss	-	240
Others	271	742
	<b>1,336</b>	<b>4,810</b>

(a) Grant income represents support given by the Singapore government under the Jobs Support Scheme and rental relief framework under the COVID-19 (Temporary Measures) (Amendment) Act.

**23 OTHER EXPENSES**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Fair value loss on investment properties (Note 12)	5,611	23,174
Diminution in value of properties for sale (Note 9)	96	1,925
	<b>5,707</b>	<b>25,099</b>

**24 FINANCE COSTS**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Interest on bank loans	1,575	3,052
Interest on loans from a shareholder (Note 6)	2,090	2,433
Interest on lease liabilities	208	385
	<b>3,873</b>	<b>5,870</b>

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 25 PROFIT (LOSS) BEFORE INCOME TAX

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

	Group	
	2021 S\$'000	2020 S\$'000
Depreciation of property, plant and equipment (Note 10)	11	26
Bad debts expense	-	156
Loss allowance on amount due from outside parties (Note 8)	80	-
Loss allowance on amount due from a joint venture (Note 8)	100	1,199
Changes in fair value of investment properties (Note 12)	5,611	23,174
Diminution in value of properties for sale (Note 9)	96	1,925
Loss (Gain) on sale of investment properties	40	(1,099)
Grant income	(930)	(1,616)
Grant expenses <sup>(a)</sup>	-	1,183
Employee benefits expense:		
- Directors' remuneration	614	659
- Other than directors	1,417	1,608
Total employee benefits expense	<u>2,031</u>	<u>2,267</u>
Cost of defined contribution plans (included in employee benefits)	129	126
Audit fees paid to auditors of the Company	255	175
Non-audit fees:		
- paid to auditors of the Company	37	34
- paid to other auditors	28	28
Total non-audit fees	<u>65</u>	<u>62</u>

(a) Grant expenses represent support given by the Singapore government under the rental relief framework under the COVID-19 (Temporary Measures) (Amendment) Act, which the Group is required to pass on to its tenants. During the current year, the Group has recognised rental rebate of S\$400,000 for the leased building under the Rental Relief Framework which is mandated to be passed down to eligible tenants in profit or loss as negative variable rent.

## 26 INCOME TAX EXPENSE

	Group	
	2021 S\$'000	2020 S\$'000
Current year tax expense	-	260
Under provision of current tax in prior year	-	427
	<u>-</u>	<u>687</u>

The income tax expense for the Group is calculated at 17% (2020: 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

JUNE 30, 2021

### 26 INCOME TAX EXPENSE (CONTINUED)

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Profit (Loss) before income tax	<b>3,630</b>	(21,676)
Tax at Singapore CIT rate	<b>617</b>	(3,685)
Tax effect of share of results of associates	<b>(320)</b>	244
Effect of expense that is not deductible	<b>325</b>	4,801
Effect of tax exemption	<b>-</b>	(18)
Effect of deferred tax assets not recognised	<b>106</b>	74
Utilisation of tax losses previously unrecognised as deferred tax asset	<b>(261)</b>	(1,400)
Underprovision of current tax in prior year	<b>-</b>	427
Others	<b>(467)</b>	244
	<b>-</b>	687

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

	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Tax losses at end of year	<b>18,954</b>	19,869
Other temporary differences	<b>1,886</b>	1,886
	<b>20,840</b>	21,755
Deferred tax assets not recognised	<b>3,543</b>	3,698

The realisation of the future tax benefit from tax loss carry forwards 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.

No deferred tax asset has been recognised due to the unpredictability of future taxable profits.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 27 EARNINGS (LOSS) PER SHARE

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Profit (Loss) for the purposes of basic and diluted earnings (loss) per share:		
– Profit (Loss) for the year attributable to owners of the Company	<b>3,630</b>	(22,363)
<b>Number of shares '000</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	<b>1,128,657</b>	1,128,657
Basic and diluted earnings (loss) per share (cents)	<b>0.32</b>	[1.98]

Diluted earnings (loss) per share in 2021 and 2020 is the same as basic earnings (loss) per share in 2021 and 2020 respectively as there are no dilutive potential ordinary shares.

## 28 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.

A subsidiary of the associate is involved in a legal proceeding with a contractor for delays in completion of construction and defects rectification of an investment property. On February 21, 2020, an arbitration proceeding amounting to RM31,772,000 (equivalent to approximately S\$10,591,000) was initiated against the associate of which amount owing to the contractor has been recorded up to RM26,386,000 (equivalent to approximately S\$8,796,000) at the end of the reporting period. Subsequently, the associate also counter-claimed against the contractor for an estimated amount of RM22,538,000 (equivalent to approximately S\$7,422,000).

In addition, another third party had commenced a legal action against the associate for a direct payment pursuant to the Construction Industry Payment and Adjudication Act 2012 (“CIPAA”) and ordered an adjudication amount of RM3,387,000 (equivalent to approximately S\$1,129,000).

As at end of the reporting period, management is of the view that the outcome of the claims cannot be predicted with certainty as the legal proceeding is still in process. Accordingly, no further adjustments were made in relation to the claims.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 29 OPERATING LEASE ARRANGEMENTS

### The Group as lessee

At June 30, 2021, the Group is committed to S\$135,620 (2020: S\$121,496) for short-term leases.

### The Group as lessor

Operating leases, in which the Group is the lessor, relate to land, office, warehouse premises and certain office equipment owned by the Group with lease terms between 1 year to 5 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

	Group	
	2021 S\$'000	2020 S\$'000
Maturity analysis of operating lease payments:		
Year 1	13,142	14,023
Year 2	4,012	8,512
Year 3	1,908	1,762
Year 4	70	701
Year 5	-	236
Total	19,132	25,234

## 30 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.

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 (losses) 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 30 SEGMENT INFORMATION (CONTINUED)

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than assets held under the Company and dormant subsidiaries, interests in joint venture, deferred tax assets and financial asset at fair value through profit or loss. 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>2021</u>					
<b>Revenue:</b>					
External customers, representing total revenue	101	-	16,031	-	16,132
<b>Results</b>	<b>(125)</b>	<b>(124)</b>	<b>8,593</b>	<b>(142)</b>	<b>8,202</b>
Unallocated expenses					(699)
Finance costs					(3,873)
<b>Profit before income tax</b>					<b>3,630</b>
Income tax expense					-
<b>Profit for the year</b>					<b>3,630</b>
<u>2020</u>					
<b>Revenue:</b>					
External customers, representing total revenue	25	-	15,229	-	15,254
<b>Results</b>	<b>(739)</b>	<b>(3,844)</b>	<b>(10,518)</b>	<b>(272)</b>	<b>(15,373)</b>
Unallocated expenses					(433)
Finance costs					(5,870)
<b>Loss before income tax</b>					(21,676)
Income tax expense					(687)
<b>Loss for the year</b>					<b>(22,363)</b>

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## 30 SEGMENT INFORMATION (CONTINUED)

## Segment assets and liabilities and other segment information

	Construction services S\$'000	Property development S\$'000	Property investment S\$'000	Total S\$'000
<u>2021</u>				
<b>Segment assets:</b>				
Total segment assets	1,503	2,592	199,578	203,673
Unallocated assets				9,728
<b>Total consolidated assets</b>				<b>213,401</b>
<b>Segment liabilities:</b>				
Total segment liabilities	1,671	-	88,021	89,692
Unallocated liabilities				52,051
<b>Total consolidated liabilities</b>				<b>141,743</b>
<b>Other segment information:</b>				
Loss on disposal of investment properties	-	-	(40)	(40)
Diminution in value of completed properties held for sale	-	(96)	-	(96)
Depreciation	(11)	-	-	(11)
Changes in fair value of investment properties	-	-	(5,611)	(5,611)
Loss allowance on amount due from joint venture	(100)	-	-	(100)
Loss allowance on trade receivables	(13)	-	(67)	(80)
<u>2020</u>				
<b>Segment assets:</b>				
Total segment assets	2,012	15,843	186,574	204,429
Unallocated assets				9,760
<b>Total consolidated assets</b>				<b>214,189</b>
<b>Segment liabilities:</b>				
Total segment liabilities	1,845	43,143	52,110	97,098
Unallocated liabilities				49,798
<b>Total consolidated liabilities</b>				<b>146,896</b>
<b>Other segment information:</b>				
Gain on disposal of investment properties	-	-	1,099	1,099
Diminution in value of completed properties held for sale	-	(1,925)	-	(1,925)
Depreciation	(26)	-	-	(26)
Changes in fair value of investment properties	-	-	(23,714)	(23,714)
Loss allowance on amount due from joint venture	(1,199)	-	-	(1,199)

## Major customer information

In 2021 and 2020, there are no customers who individually account for 10% or more of the Group's revenue.

# STATISTICS OF SHAREHOLDINGS

AS AT 11 OCTOBER 2021

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 11 October 2021

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	3	0.28	49	0.00
100 – 1,000	161	15.15	99,600	0.01
1,001 – 10,000	133	12.51	943,383	0.08
10,001 – 1,000,000	696	65.47	123,018,099	10.90
1,000,001 and above	70	6.59	1,004,596,314	89.01
<b>Total</b>	<b>1,063</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 11 October 2021

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**

AS AT 11 OCTOBER 2021

**Twenty Largest Shareholders as at 11 October 2021**

	<b>Name of Holders</b>	<b>Number of Shares</b>	<b>%</b>
1	CITIBANK NOMINEES SINGAPORE PTE LTD	506,750,000	44.90
2	UOB KAY HIAN PRIVATE LIMITED	159,356,700	14.12
3	TAN SEOW LENG	31,676,200	2.81
4	DBS NOMINEES (PRIVATE) LIMITED	29,064,500	2.58
5	BON WEEN FOONG	25,880,552	2.29
6	CHONG CHOON MEOW	21,743,760	1.93
7	PHILLIP SECURITIES PTE LTD	17,801,100	1.58
8	HSBC (SINGAPORE) NOMINEES PTE LTD	12,440,300	1.10
9	YEO KHEE YEOW ANTHONY	12,200,000	1.08
10	SUPER BEND PTE LTD	11,800,000	1.05
11	XU YONGSHENG	11,000,000	0.97
12	RAFFLES NOMINEES (PTE.) LIMITED	9,532,400	0.84
13	NOVA FURNISHING HOLDINGS PTE LTD	8,500,000	0.75
14	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	7,435,000	0.66
15	NAI YIONG OO	6,450,000	0.57
16	SIM MONG CHUAN MERVYN (SHEN MAOQUAN)	6,000,000	0.53
17	ONG WEE MENG	5,400,000	0.48
18	LIM CHIN HOCK	5,000,000	0.44
19	WEE BOO TEE	5,000,000	0.44
20	NG CHONG LAY	4,783,000	0.42
	<b>Total</b>	<b>897,813,512</b>	<b>79.54</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 11 October 2021, approximately 44.56% of the total number of issued shares listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires at least 10% of the total number of issued shares of the Company to be held in the hands of the public.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of OKH Global Ltd. (the “Company”) will be held at by way of electronic means on Friday, 26 November 2021 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 2021 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 2022, to be paid quarterly in arrears. [2021: S\$172,050] *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 Lock Wai Han *Resolution 3*

(b) Mr Ong Soon Teik *Resolution 4*

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

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 and Remuneration Committees. Please refer to Corporate Governance Report on pages 23 to 25 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

4. **The Proposed Change of Auditors** *Resolution 5*

That Messrs BDO LLP be and is hereby appointed as the Company’s Auditors in place of Messrs Deloitte & Touche LLP, to hold office until the conclusion of the next annual general meeting of the Company, and that the Directors be authorised to fix their remuneration.

*(See Explanatory Note 1)*

# NOTICE OF ANNUAL GENERAL MEETING

## 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
- (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;

## NOTICE OF ANNUAL GENERAL MEETING

- (b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustment in accordance with (II)(a) and (II)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of this Resolution.

- (iii) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and
- (iv) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

*(See Explanatory Note 2)*

### 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 3)*

# NOTICE OF ANNUAL GENERAL MEETING

## 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 or the special trading counter on the SGX-ST trading system, through one or more duly licensed stock brokers 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"),

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;

## NOTICE OF ANNUAL GENERAL MEETING

(c) in this ordinary resolution:

“Average Closing Price” means the average of the closing market prices of the Shares over the last consecutive 5 Market Days, on which transactions in the Shares were recorded on the SGX-ST, immediately before the date of the Market Purchase 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 listing rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and 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;

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

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

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

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

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

*(See Explanatory Note 4)*

8. That contingent upon the passing of Ordinary Resolution 4 above, shareholders to approve Mr Ong’s continued appointment as an Independent Director in accordance with Rule 210(5)(d)(iii) of the SGX-ST Listing Manual, and such Resolution shall remain in force until the earlier of the following: (i) Mr Ong’s retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution.

*Resolution 9*

*(See Explanatory Note 5)*

## NOTICE OF ANNUAL GENERAL MEETING

9. That contingent upon the passing of Ordinary Resolutions 4 and 9 above, shareholders (excluding Directors and the Chief Executive Officer (“CEO”) of the Company, and the respective associates of such Directors and CEO) to approve Mr Ong’s continued appointment as an Independent Director in accordance with Rule 210(5)(d)(iii) of the SGX-ST Listing Manual, and such Resolution shall remain in force until the earlier of the following: (i) Mr Ong’s retirement or resignation; or (ii) the conclusion of the third AGM following the passing of this Resolution. *Resolution 10*

*(See Explanatory Note 5)*

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

BY ORDER OF THE BOARD

Siau Kuei Lian / Teo Chia Hui  
Company Secretaries  
3 November 2021

### **Explanatory Notes:**

1. The Ordinary Resolution 5 in item 4 above relates to the appointment of Messrs BDO LLP as the Auditors of the Company, in place of the retiring Auditors, Deloitte & Touche LLP, and to hold office until the conclusion of the next annual general meeting of the Company. In accordance with Rule 1203(5) of the Listing Manual of the SGX-ST:
- (a) the outgoing auditors of the Company, Messrs Deloitte & Touche LLP, have confirmed in writing that they are not aware of any professional reasons why the new auditors Messrs BDO LLP, should not accept appointment as auditors of the Company;
  - (b) the Company confirms that there were no disagreements with Messrs Deloitte & Touche LLP on accounting treatments within the last 12 months;
  - (c) the Company confirms that, save as disclosed in the Appendix to shareholders dated 3 November 2021 to the Annual Report of the Company in connection with the Proposed Change of Auditors (the “**Appendix**”) it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the shareholders of the Company;
  - (d) the specific reasons for the Proposed Change of Auditors are set out in Section 2.1 of the Appendix. The Proposed Change of Auditors is not due to the dismissal of Deloitte & Touche LLP or due to Messrs Deloitte & Touche LLP declining to continue to service as the Auditors of the Company; and
  - (e) the Company confirmed that it has complied with Rule 712, 715 and Rule 716 of the Listing Manual in relation to the proposed appointment of Messrs BDO LLP as its new auditors.

For further information in relation to the Proposed Change of Auditors, please refer to the Appendix which is circulated to Shareholders together with the Company’s annual report for the financial year ended 30 June 2021.

2. 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.

## NOTICE OF ANNUAL GENERAL MEETING

3. 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.
4. 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 3 November 2021.
5. Resolutions 9 and 10 are to subject the continued appointment of Mr Ong Soon Teik who has served as an Independent Director for an aggregate period of more than 9 years to a two-tier voting process in accordance with Rule 210(5)(d)(iii) of the Listing Manual which will take effect on 1 January 2022.

For the purpose of Resolution 10, in accordance with Rule 210(5)(d)(iii) of the Listing Manual, the Directors and the CEO of the Company, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given.

The Board of the Company and the Nominating Committee have evaluated the participation of Mr Ong Soon Teik at Board and Board Committees meetings and determined that Mr Ong continues to possess independent thinking and the ability to exercise objective judgement on corporate matters independently.

Resolutions 9 and 10, if passed, will enable Mr Ong Soon Teik to continue his appointment as Independent Director (unless the appointments have been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which will take effect on 1 January 2022) and Provision 2.1 of the Code of Corporate Governance 2018, and the approvals shall remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company. Otherwise, Mr Ong shall be deemed non-independent pursuant to Rule 210(5)(d)(iii) with effect from 1 January 2022. Accordingly, he will be re-designated as Non-Executive Non-Independent Directors with effect from 1 January 2022.

In the event of the re-designation arising from the above which resulted in independent directors comprising of less than one-third of the Board pursuant to Rule 210(5)(c) of the Listing Manual (which take effect on 1 January 2022), the Company shall endeavour to fill the vacancy within two months, but in any case not later than three months.

### Notes:

1. Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing regulations to hold a physical meeting. Due to the current COVID-19 situation and the Company's efforts to keep physical interactions and COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and the member will NOT be allowed to attend the AGM in person. Shareholders must submit any questions they may have by 12 noon on 19 November 2021.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in this Notice of AGM. The Notice of AGM is also made available on SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements> and the Company's website at the following URL: <https://www.okh.com.sg>.
3. Shareholders (including a depositor registered and holding shares through The Central Depository (Pte) Limited) who pre-register may participate at the Annual General Meeting by:-
  - (a) watching the AGM proceedings via a "live" audio-video webcast via mobile phone, tablet or computer or listening to the proceedings through a "live" audio-only feed via telephone ("**Live Webcast/Live Audio Feed**");
  - (b) submitting questions related to the resolutions to be tabled for approval in advance of the Annual General Meeting at <https://globalmeeting.bigbangdesign.co/okh/> ("**Pre-registration Website**"); and/or
  - (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the Annual General Meeting.
4. Shareholders submitting questions are required to state: (a) their full name; and (b) their identification/registration number, failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

## NOTICE OF ANNUAL GENERAL MEETING

5. A shareholder (including a depositor registered and holding shares through The Central Depository (Pte) Limited) of the Company entitled to vote at the Meeting must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Annual General Meeting.
6. If a registered shareholder wishes to appoint the Chairman of the Meeting as proxy, he must complete, sign and return the duly completed Shareholder Proxy Form personally or by post, be deposited at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, not less than 48 hours before the time appointed for holding the Annual General Meeting.
7. A depositor registered and holding shares through The Central Depository (Pte) Limited wishes to appoint the Chairman of the Meeting as proxy, must complete, sign and return the duly completed Depositor Proxy Form personally or by post, be deposited at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, not less than 48 hours before the time appointed for holding the Annual General Meeting.
8. 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 wishes to appoint the Chairman of the Meeting as proxy, must 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. The duly completed Depositor Proxy Form and the Shareholder Proxy Form must return personally or by post, be deposited at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, not less than 48 hours before the time appointed for holding the Annual General Meeting.

### Important notes to shareholders:

- A. The key dates which shareholders should take note of are set out in the table below:-

Key dates	Actions
3 November 2021, 10.00 a.m.	Shareholders may begin to pre-register at Pre-registration Website for the Company to authenticate his/her/its status as members.  To pre-register the Live Webcast/Live Audio Feed, kindly access the Pre-registration Website, using either the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox.  Corporate shareholder must also submit the Corporate Representative Certificate to the Company at <a href="mailto:shareregistry@incorp.asia">shareregistry@incorp.asia</a>
By 12 noon on 19 November 2021	Deadlines for registered shareholders to submit questions related to the resolutions to be tabled for approval in advance
By 2.30 p.m. on 24 November 2021	Deadlines for shareholders to: <ul style="list-style-type: none"> <li>• pre-register for Live Webcast/Live Audio Feed;</li> <li>• submit the Corporate Representative Certificate (for Corporate shareholder only); and</li> <li>• submit proxy forms.</li> </ul>
By 2.30 p.m. on 25 November 2021	Following the authentication of his/her/its status as a shareholders, such shareholder will receive an email with instructions on how to access the Live Webcast/Live Audio Feed of the proceedings of the AGM (the " <b>Confirmation Email</b> ").  Shareholders who do not receive the Confirmation Email by 2.30 p.m. on 25 November 2021, but have registered by the 24 November 2021 deadline should contact the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte Ltd. for assistance at <a href="mailto:shareregistry@incorp.asia">shareregistry@incorp.asia</a> (between 2.30 p.m. to 6.00 p.m.) with (i) the full name of the shareholder; and (ii) his/her/its identification/registration number.
25 November 2021	The Company to address and publish its responses to those substantial and relevant questions received from members via the Company's website and SGXNet.
2.30 p.m. on 26 November 2021	To access the Live Webcast/Live Audio Feed of the proceedings of the Annual General Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

*B. Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change its Meeting arrangements at short notice. Shareholders should check the Company's website at the URL <https://www.okh.com.sg> or Company's announcements on SGXNet for the latest updates on the status of the Annual General Meeting, if any.*

### **PERSONAL DATA PRIVACY**

Where a member of the Company submits an instrument appointing the Chairman 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 the appointment of the Chairman as proxy 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.

This page has been intentionally left blank





OKH GLOBAL LIMITED

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

