



OKH GLOBAL LIMITED



Strengthening Foundations, Pursuing Possibilities



ANNUAL REPORT 2020

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Integrated Property Developer in Asia

Established in 1998 and headquartered in Singapore, OKH Global Ltd. (“OKH Global” or “the Company”) and its subsidiaries (collectively, the “Group”) is an integrated property developer with a strategic focus on logistics and industrial properties. Interlinking strategic investments with our capabilities in property development, the Group aims to further strengthen our business presence in Asia and beyond.

Our Values

TEAMWORK

Every employee plays an essential role in our company. We achieve success by promoting a collaborative work environment in which everyone is committed to achieve our corporate goals based on open and honest communications while showing care and support for each other.

PROFESSIONALISM

Our professionalism is the foundation of our corporate performance. We apply both our extensive industry knowledge and technical competence to competitive advantage and conduct ourselves at all times in a manner which we strive for excellence in our work and add value to what we do.

INTEGRITY

We remain accountable at all times to all our stakeholders, both internal and external. Through unquestionable honesty, openness and fairness, we take pride in conducting ourselves morally, legally and ethically while delivering excellence to our customers.

INNOVATION

In every aspect of our business, we embrace innovation and creativity by challenging conventional practices and inspiring continuous improvement to stay at the forefront of sustainable solutions.

EFFICIENCY

We incorporate effective use of technology, develop performance measures, communicate outcomes and results and implement necessary changes to provide fast and high quality services at low transactional costs.

RESPECT

We take pride in the diversity of our workplace and address our disparities professionally. We view differences of opinion as opportunities that can be used to improve our businesses and acknowledge the contributions of each individual regardless of their background and treat people as we would like to be treated ourselves.



Joint Message by Non-Executive Chairman and Executive Director & CEO



MRS. CELINE TANG
Non-Executive Chairman

MR. LOCK WAI HAN
Executive Director &
Chief Executive Officer

Dear Shareholders,

On behalf of the Board of OKH Global Ltd (“OKH” or the “Company” and its subsidiaries, the “Group”), we will like to present to you OKH’s Annual Report for the financial year ended 30 June 2020 (“FY2020”).

As the global COVID-19 pandemic continues to evolve and create challenges for communities and businesses worldwide, we hope that you and your loved ones are safe and well.

Our top priority is the health and safety of our employees, customers, and business partners. As necessary, we have modified our operations to be in line with our core priorities and business continuity plans amid the outbreak.

With the macro-economic growth linked closely to the Group’s business activities, the current state of the industrial real estate market in Singapore continues to remain challenging due to the ongoing COVID-19 outbreak and the subsequent slowdown in the Singapore economy is also expected to affect the demand for industrial properties in near term.

To mitigate the business impact of the evolving COVID-19 situation, the Group has implemented cost-cutting measures to conserve our financial resources and as part of these measures, directors fees were reduced by 10% for one year, while the management team took a pay cut of 5% for one year as well.

Despite the challenging market environment, the Group successfully completed the sale of two of its properties for a total consideration of S\$28 million during FY2020.

The first property transaction relates to a three-storey workers’ dormitory, Seatown Dormitory, at 69 Tuas South Avenue 1 Seatown Industrial Centre Singapore 637509, which was sold for S\$24 million.

The second property transaction relates to a land parcel located at No. 5 Pioneer Sector Lane, Singapore 628323, that was sold for S\$4 million. The land was previously acquired in 2013 to construct a warehouse for fabrication and assembly works and storage of construction materials. With the scaling down of the Group’s construction business activities, the construction of the warehouse was discontinued.

With a portfolio of investment properties as well as properties for sale, the Group will continue to assess the opportunities to monetize our property assets and optimising our business activities to reduce our gearing and strengthen our balance sheet.

Business Review in FY2020

While the Group’s business activities comprise construction services, property development and property investment, almost all of the Group’s revenue of approximately S\$15.25 million in FY2020 was contributed by rental income from the property investment segment.

With the sale of Seatown Dormitory during FY2020, the Group’s rental income registered in FY2020 was lower as compared to the Group’s revenue of S\$16.44 million in FY2019. In addition, the dip in the Group’s revenue was due to rental rebates given to eligible tenants as mandated by the COVID-19 (Temporary Measures) (Amendment) Act (“Act”).

The Group recorded a higher gross profit of approximately S\$13.89 million in FY2020 as compared to approximately S\$10.08 million in FY2019, which was largely attributed to the adoption of IFRS 16 that reflect the different classifications of Group’s property assets and as a result, the Group’s gross profit margin was higher at 91.1% in FY2020 as compared to 61.3% in FY2019.

The Group’s other income increased to approximately S\$4.81 million in FY2020 as compared to S\$0.42 million in FY2019. The increment was largely attributed to the one-off income derived from the gain on disposal of investment properties of approximately S\$1.10 million, grant income of approximately S\$1.62 million, gain from surrendering of an insurance policy and the dividend income from the Group’s investment in a financial asset at fair value through profit or loss.

Joint Message by Non-Executive Chairman and Executive Director & CEO

Given that the current challenging state of Singapore's industrial real estate market amidst the current COVID-19 pandemic, our annual year end valuation exercise performed by independent professional valuers reflected the diminution of value of properties for sale and fair value loss on the Group's investment properties. As such, the Group's other expenses increased to approximately S\$25.10 million in FY2020 as compared to S\$18.90 million in FY2019.

The Group's general and administrative expenses increased by 8.7% from approximately S\$6.24 million in FY2019 to S\$6.78 million in FY2020. The increment was largely due to grant expenses for rental rebates provided to eligible tenants amounting to S\$1.18 million in FY2020, while there was no such rental rebates in FY2019. The increment in general and administrative expenses was partially offset by lower property tax and professional fees in FY2020.

As the Group progressively pared down bank borrowings, the Group's finance costs decreased by 11.9% from approximately S\$6.66 million in FY2019 to S\$5.87 million in FY2020.

The Group recorded a share of losses of S\$1.43 million in FY2020 from associate mainly due to lower valuations reflected by the current challenging state of industrial property market segment amidst the current COVID-19 pandemic and the absence of a one-off fair value gain recognised in FY2019 on the associate's asset located in Korea based on an agreed upon selling price.

Overall, the Group registered a total loss of approximately S\$22.36 million in FY2020 (of which approximately \$25.1 million was due to the diminution of value of properties for sale and fair value loss on the Group's investment properties) as compared to a loss of S\$8.43 million in FY2019.

With a focus on boosting the Group's recurring income base, the Group generated net cash inflow from operating activities of approximately S\$4.92 million during FY2020 from the rental of investment properties.

Notably, the Group recorded net cash inflow of approximately S\$30.82 million for FY2020 from investing activities as compared to net cash inflow of approximately S\$0.89 million in the corresponding period last year. The net cash inflow in FY2020 was largely due to proceeds from the disposal of investment properties and 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.

With the repayment of bank loans, loans due to a shareholder and lease liabilities, the Group recorded a net cash outflow of approximately S\$30.56 million from financing activities in FY2020 as compared to a net cash outflow of S\$11.29 million in the corresponding period last year.

On the balance sheet front, we have continued our prudent and discipline approach to further strengthen our financial foundation and liquidity position.

As at 30 June 2020, the Group's total assets stood at approximately S\$214.19 million, of which total non-current assets accounted for approximately S\$191.29 million and total current assets accounted for approximately S\$22.90 million. The Group's investment properties stood at approximately S\$125.86 million as at 30 June 2020.

The Group's total liabilities continue to decline in FY2020 and as at 30 June 2020, stood at approximately S\$146.90 million as compared to S\$167.76 million as at 30 June 2019.

As at 30 June 2020, the equity attributable to owners of the Company stood at approximately S\$67.0 million with net asset value per ordinary share of approximately S\$0.06.

A Note of Thanks

On behalf of the Board, we would like to express our deepest gratitude to our employees for their efforts, commitment and sacrifices they have made during this unprecedented period.

At the same time, we would like to acknowledge the contributions by fellow directors for their insights and prudent counsel as we navigate the challenges of the pandemic.

Last but not least, we would like to express our appreciation for the steadfast and loyal support of our shareholders, bankers and business associates.

Looking ahead, we are taking positive steps to fortify the Group's financial foundation as we adapt to the "new-normal" economy and identify new market opportunities for our business model.

Thank You!

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 served as the Managing Director of Haiyi Holdings Pte Ltd since 2003 and oversees its daily operations and decision-making. She has served as the Executive Director of Tang Dynasty Pte Ltd since its inception in 1995 and has been instrumental in growing the trading and investment company to its scale today. Prior to that, Mrs. Tang was the Assistant Judicial Officer of Shantou Longhu District Court, China. 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.



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. She also serves on the board of listed companies in Singapore.

Ms. Ng holds a Bachelor of Accountancy from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

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

Financial Controller

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

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

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

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

MR. TAN GEOK CHYE

Head of Construction Services

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

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

Financial and Operations Review

Our Financial Performance

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

Almost all of the Group's revenue of approximately S\$15.23 million in FY2020 was attributed to rental income from the property investment segment.

As compared to S\$16.10 million in FY2019, the decrease in the reported revenue for FY2020 was attributed largely to the Group's property investment segment due to the sale of an investment property, Seatown Dormitory, during the year, resulting in less rental income for the Group. The decrease was also due to rental rebates given to eligible tenants as mandated by the COVID-19 (Temporary Measures) (Amendment) Act ("Act").

The Group recorded a higher gross profit of approximately S\$13.89 million in FY2020 as compared to approximately S\$10.08 million in FY2019, largely attributed to the adoption of IFRS 16. Prior to the adoption of IFRS 16, the annual rental expense for the investment property was classified as "cost of sales". Upon the adoption of IFRS 16, a right-of-use asset and a corresponding lease liability for the investment property had to be recognised. As the right-of-use asset meets the definition of an investment property, it is measured at fair value at initial recognition and is subsequently measured at fair value at the end of each reporting period. Any revaluation change is recognised in "Other Expenses". As a result, the Group's gross profit margin was higher at 91.1% in FY2020 as compared to 61.3% in FY2019.

The Group's other income for FY2020 was higher at approximately S\$4.81 million as compared to S\$0.42 million in FY2019. Amongst others, the increase was largely attributed to the one-off income derived from the gain on disposal of investment properties of approximately S\$1.10 million, grant income of approximately S\$1.62 million, gain from surrendering of an insurance policy and the dividend income from the Group's investment in a financial asset at fair value through profit or loss.

In FY2020, the Group's other expenses increased to approximately S\$25.10 million as compared to S\$18.90 million in FY2019. The increase was mainly attributed to the diminution of value of properties for sale and fair value loss on the Group's investment properties. The lower valuations reflected the current challenging state of industrial property market segment amidst the current COVID-19 pandemic.

Impairment loss on trade and other receivables is approximately S\$1.20 million in FY2020 as the joint venture continued to incur losses in FY2020 and the Group is of the view that the receivable from its joint venture is no longer recoverable, and accordingly, credit-impaired. There was no impairment loss on trade and other receivables in FY2019.

The Group's general and administrative expenses increased by 8.7% from approximately S\$6.24 million in FY2019 to S\$6.78 million in FY2020. The increase was largely due to grant expenses for rental rebates provided to eligible tenants amounting to S\$1.18 million in FY2020 (FY2019 : S\$Nil) and higher staff and related costs. The increase was partially offset by lower property tax and professional fees in FY2020.

The Group's finance costs decreased by 11.9% from approximately S\$6.66 million in FY2019 to S\$5.87 million in FY2020. The decrease was due to the lower outstanding bank loans as a result of repayments made during the year.

The Group's share of profits of associate decreased from S\$12.89 million in FY2019 to a share of losses of S\$1.43 million in FY2020 mainly due to lower valuations reflected by the current challenging state of industrial property market segment amidst the current COVID-19 pandemic and the absence of a one-off fair value gain recognised on the associate's asset located in Korea based on an agreed selling price.

For FY2020, the Group's income tax expense amounted to S\$0.69 million as compared to S\$0.02 million in FY2019 due to the adjustments for underprovision of tax in prior year and a subsidiary of the Group recording a taxable profit in FY2020.

As a result of the foregoing, the Group registered a total loss of approximately S\$22.36 million in FY2020 as compared to a loss of S\$8.43 million in FY2019.

Financial and Operations Review

Our Financial Position

As at 30 June 2020, total current assets stood at approximately S\$22.90 million as compared to S\$29.62 million as at 30 June 2019. The decrease in total current assets was largely attributed to the reclassification of 3 units of properties for sale to investment properties due to them being leased out, and the diminution of value of properties for sale, the decrease was partially offset by higher cash and bank balances.

Total non-current assets stood at approximately S\$191.29 million as at 30 June 2020 as compared to approximately S\$229.79 million as at 30 June 2019. The decrease was a result of the sale of the Group's investment properties and land classified as property, plant and equipment during the year. Fair value loss on the Group's investment properties as a result of the current challenging state of the global economy due to the COVID-19 pandemic further contributed to the lower non-current assets balance as at 30 June 2020. The decrease was also attributed to a lower balance for investment in associates due to the share of losses and dividend received during the year. The decrease was partially offset by the transfer of 3 units of properties for sale to investment properties.

As at 30 June 2020, total current liabilities increased to approximately S\$53.27 million as compared to approximately S\$39.88 million as at 30 June 2019. This was largely attributed to a reclassification of a bank loan from non-current liabilities to current liabilities and lease liabilities of S\$4.80 million as a result of the adoption of IFRS 16 and the increase in income tax payable.

Total non-current liabilities decreased to approximately S\$93.63 million as at 30 June 2020 as compared to approximately S\$127.87 million as at 30 June 2019. The decrease was largely due to repayment of bank loans and loans due to a shareholder. The decrease was partially offset by additional lease liabilities of S\$3.34 million as a result of the adoption of IFRS 16.

Our Cashflow Highlights

Net cash from operating activities

For the financial year ended 30 June 2020, the Group generated net cash inflow from operating activities of approximately S\$4.92 million as compared to a net cash inflow of approximately S\$9.71 million in FY2019. The net cash inflow was primarily due to the collection from rental of investment properties.

Net cash from investing activities

The Group recorded net cash inflow of approximately S\$30.82 million for FY2020 from investing activities as compared to net cash inflow of approximately S\$0.89 million in the corresponding period last year. The net cash inflow in FY2020 was largely due to proceeds from the disposal of investment properties and 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.

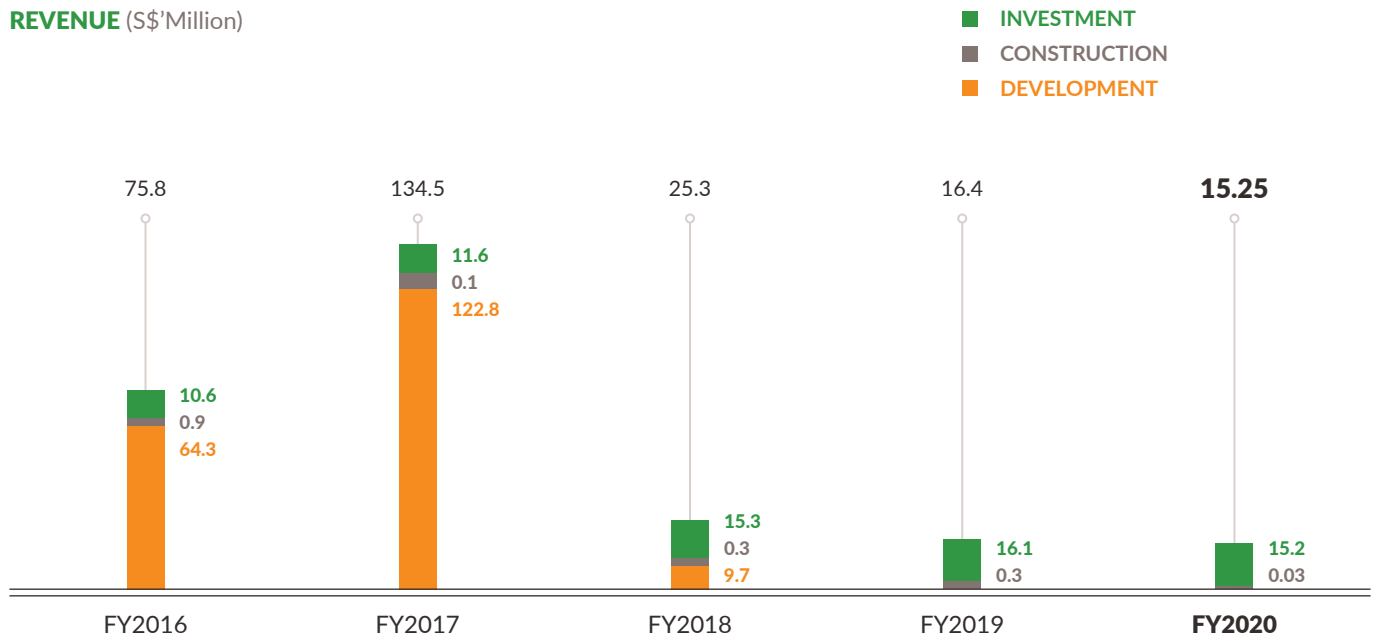
Net cash outflow from financing activities

The Group recorded net cash outflow of approximately S\$30.56 million from financing activities in FY2020 as compared to a net cash outflow of S\$11.29 million in the corresponding period last year. The net cash outflow was largely due to a repayment of bank loan, loans due to a shareholder and lease liabilities. The outflow was slightly offset by the decrease in fixed deposit pledged.

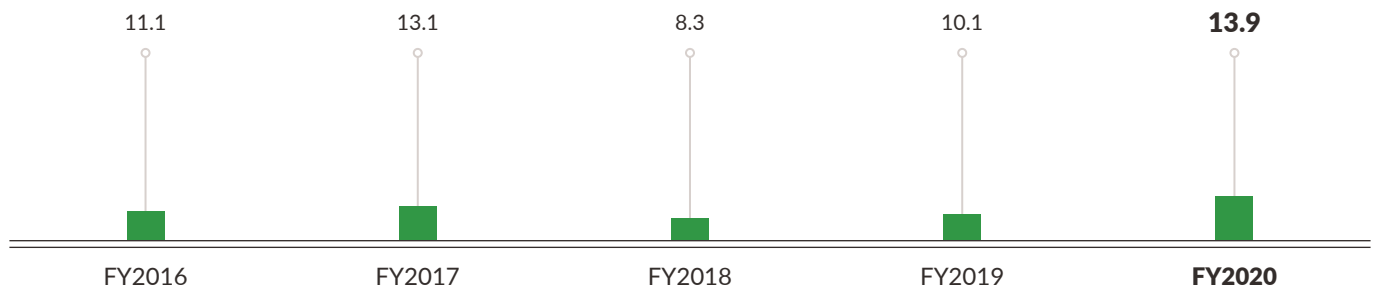
Further details of the Group's financial statements in FY2020 can be found in the next few sections of this Annual Report.

Financial Highlights

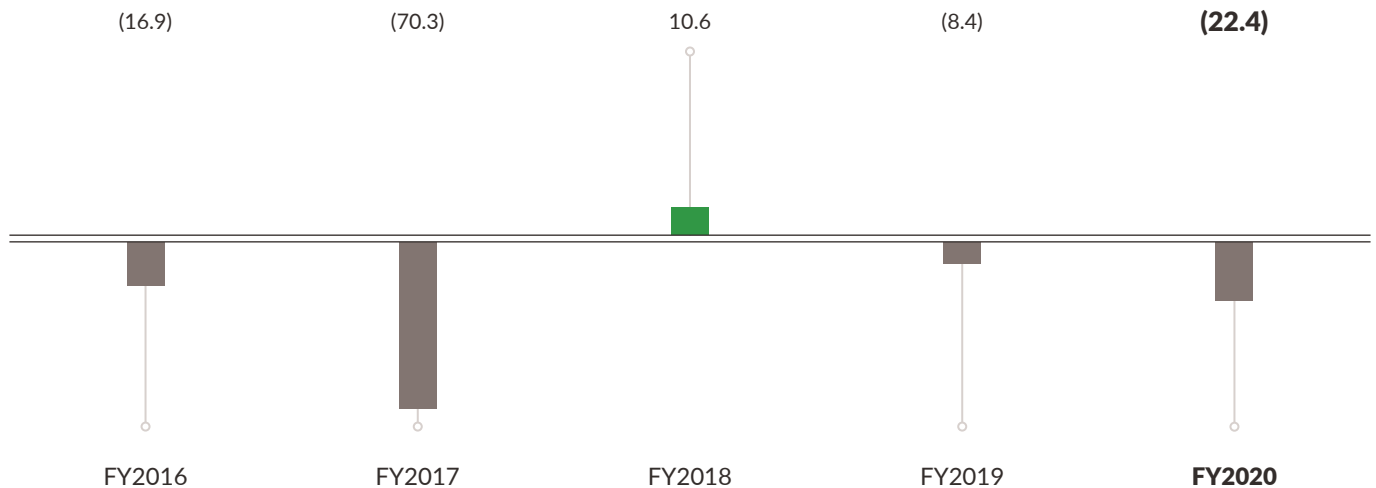
REVENUE (S\$'Million)



GROSS PROFIT (S\$'Million)



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



Property Portfolio

Development and Investment Properties

COMPLETED



NAME OF PROPERTY	Ace @ Buroh	Loyang Enterprise	12 Tai Seng Link	The Herencia
LOCATION	2 Buroh Crescent, Singapore 627546	56 Loyang Way, Singapore 508775	12 Tai Seng Link, Singapore 534233	46 & 58 Kim Yam Road, Singapore 239351 and 239359
DESCRIPTION	A 9-storey B2 rampup industrial building for strata sale/lease	A 6-storey B2 rampup industrial building for strata sale/lease	A 10-storey B2 industrial building for lease	A two-part commercial building for offices and education institution for lease
TENURE	30 years leasehold from 2013	30 years leasehold from 2013	30 years leasehold from 2012	3+3+3 years leasehold from 2013
ESTIMATED GROSS FLOOR AREA (SQ.FT.)	475,780	555,000	116,681	220,186
OWNERSHIP	13 units with certified strata area (w/o void) of 166,368 sq ft	43 units with certified strata area (w/o void) of 217,330 sq ft	100% equity interest	100% equity interest

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

Mr. Chew Kok Liang
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

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

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PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited



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Statement on Corporate Governance

INTRODUCTION

The Directors and Management of OKH Global Ltd. ("the Company") and its subsidiaries (collectively "the Group") are committed to uphold good corporate governance. This commitment and continuous support of the Code of Corporate Governance 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 2020 ("FY2020"), 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 2020 (“FY2020”) and the attendance of each Director where relevant is as follows:–

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

Statement on Corporate Governance

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.

Statement on Corporate Governance

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.

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 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 5 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 Financial Controller has failed to resolve issues or for which such contact is inappropriate. Such concerns may be sent to his e-mail address at ongst100@gmail.com.

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 Mrs Celine Tang and Ms Ng Kheng Choo who will retire by rotation at the forthcoming AGM to be held on 30 November 2020 are disclosed in the Directors' Profile on pages 4 to 5 of this Annual Report.

Statement on Corporate Governance

The NC has recommended and the Board has approved to table for shareholders' approval the re-election of Mrs Celine Tang and Ms Ng Kheng Choo, who are retiring at the forthcoming AGM as Directors of the Company. Mrs Celine Tang and Ms Ng Kheng Choo have abstained from voting on any resolution related to their re-election.

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

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

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

Key information regarding the Directors is set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Present Directorships or Chairmanships in Other Listed Companies and Major Appointments	Past Directorships or Chairmanships in Other Listed Companies and Major Appointments over the preceding three years
Celine Tang	2 August 2016	30 October 2017 (retiring and seeking re-election at the forthcoming AGM)	<ul style="list-style-type: none"> • Singhaiyi Group Ltd. • Chip Eng Seng Corporation Ltd 	–
Lock Wai Han	5 October 2016	26 October 2018	<ul style="list-style-type: none"> • Media Literacy Council • Singapore Sports School Ltd • ARA Trust Management (Suntec) Ltd. • Chip Eng Seng Corporation Ltd 	<ul style="list-style-type: none"> • Rowsley Ltd. • Secura Group Ltd
Ong Soon Teik	29 March 2010	31 October 2019	–	–
Lim Eng Hoe	31 October 2013	31 October 2019	–	–
Ng Kheng Choo	2 August 2016	26 October 2018 (retiring and seeking re-election at the forthcoming AGM)	<ul style="list-style-type: none"> • ISOTeam Ltd 	<ul style="list-style-type: none"> • Eagle Hospitality REIT Management Pte Ltd • Eagle Hospitality Business Trust Management Pte Ltd

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:

Name of Director	Celine Tang	Ng Kheng Choo
Date of appointment	2 August 2016	2 August 2016
Date of last re-appointment	30 October 2017	26 October 2018
Age	53	46
Country of principal residence	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board has accepted the NC's recommendation, after taking into consideration of Mrs Tang's credentials, experience and overall contribution since she was appointed as a Director of the Company	The Board has accepted the NC's recommendation, after taking into consideration of Ms Ng's credentials, experience and overall contribution since she was appointed as a Director of the Company
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title	Non-Executive Chairman	Independent Director, Chairman of Nominating Committee, Member of Audit Committee and Remuneration Committee
Professional qualifications	Bachelor's Degree in Literature from China People's University for Police Officers (now known as People's Public Security University of China)	Bachelor of Accountancy from Nanyang Technological University

Statement on Corporate Governance

Name of Director	Celine Tang	Ng Kheng Choo
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> • Group Managing Director of SingHaiyi Group Ltd since December 2013 • Managing Director of Haiyi Holdings Pte. Ltd. since 2003 • Non-Executive Chairman of Chip Eng Seng Corporation Ltd. since October 2018 	<ul style="list-style-type: none"> • Independent Non-Executive Director of ISO Team Ltd since June 2013 • Group Chief Operating Officer of SingHaiyi Group Ltd from July 2014 to September 2016 • Eagle Hospitality REIT Management Pte Ltd from October 2019 to March 2020 • Eagle Hospitality Business Trust Management Pte Ltd from October 2019 to March 2020 • Chief Financial Officer of SingHaiyi Group Ltd from July 2013 to July 2014 • General Manager for the investment in Singapore for Sichuan Chuan Wei Group Ltd from November 2012 to July 2013 • Head of Investor Relations of China-Vanadium Titano-Magnetite Mining Company Limited from January 2012 to March 2013 • Chief Financial Officer of Sapphire Corporation Ltd from March 2007 to April 2011
Shareholding interest in the listed issuer and its subsidiaries	Mrs Tang is deemed to have an interest in 500,000,000 shares of the Company held by Haiyi Holdings Pte. Ltd.	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	Is one of the shareholders of the controlling shareholder of the Company, Haiyi Holdings Pte. Ltd.	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

Statement on Corporate Governance

Name of Director	Celine Tang	Ng Kheng Choo
Other Principal Commitments Including Directorships	<p>Other Principal Commitment: Group Managing Director of SingHaiyi Group Ltd. Managing Director of Haiyi Holdings Pte Ltd</p> <p>Present Directorship: Chip Eng Seng Corporation Ltd SingHaiyi Group Ltd. Anchorvale Residences Pte Ltd Angel Investment Management Pte Ltd Ariva Hospitality Pte. Ltd. Ariva Pte. Ltd. Atbara Holdings Private Limited CJ Hospitality Pte. Ltd. Corporate Bridge International Pte Ltd Corporate Bridge Pte Ltd Corporate Residence Pte Ltd Gordon Tang Foundation Limited Haiyi Electrotech Pte Ltd. Haiyi Holdings Pte Ltd Haiyi Properties Pte Ltd Haiyi Sea Sports Centre Pte Ltd Haiyi Wealth Pte Ltd Hotel Investment (Hainan) Pte Ltd Huajiang International Corporation Pte Ltd Huajiang Properties II Pte. Ltd. Huajiang Properties Pte. Ltd. New Port Duty Free Pte. Ltd. Park Mall Pte. Ltd. Pearl Properties V Pte Ltd Phoenix 99 Pte Ltd Phoenix Real Estate Pte Ltd SingHaiyi Capital Pte Ltd Sing-Haiyi Crystal Pte. Ltd. SingHaiyi Development Pte Ltd Sing-Haiyi Gold Pte Ltd Sing-Haiyi Huajiang Amber Pte Ltd SingHaiyi Huajiang Sun Pte Ltd SingHaiyi Investments Pte Ltd SingHaiyi Land Pte. Ltd. SingHaiyi Properties Pte Ltd</p>	<p>Other Principal Commitment: Nil</p> <p>Present Directorship: ISOTeam Ltd VIT Consultancy Pte Ltd Beehive Asset Management Pte Ltd</p> <p>Past Directorship (for the past 5 years): Eagle Hospitality REIT Management Pte Ltd Eagle Hospitality Business Trust Management Pte Ltd</p>

Statement on Corporate Governance

Name of Director	Celine Tang	Ng Kheng Choo
	SingHaiyi Realtors Pte Ltd	
	SingHaiyi Realty Pte Ltd	
	SingHaiyi Travel Holdings Pte Ltd	
	Sing-Haiyi Treasure Pte Ltd	
	SingXpress Kaylim Pte Ltd	
	SingXpress Land (Pasir Ris) Pte Ltd	
	SingXpress Property Development Pte Ltd	
	SXL Model Production Pte Ltd	
	Tampines EC Pte Ltd	
	Tang Dynasty Fund Pte Ltd	
	Tang Dynasty Pte Ltd	
	SingHaiyi Properties (Hungary) Kft	
	American Pacific International Capital Inc	
	SingHaiyi US Operations Inc	
	SingHaiyi Tri-Country Mall Inc.	
	Tri-Country Mall LLC	
	SingHaiyi Vietnam Town Inc	
	Vietnam Town Property LLC	
	SingHaiyi Ocean Landing Inc	
	Ocean Landing LLC	
	Senz Holdings Limited	
	Asset Century International Limited	
	Golden Gulf Enterprises Limited	
	ARA Fund Management (AAHF I) Limited	
	AAHF I GP Limited	
	AAHF JV Company Limited	
	Asia Marvel Holdings Limited	
	Park Mall Holdings Limited	
	Park Mall Investment Limited	
	Past Directorship (for the past 5 years):	
	Singapore Hotel & Property Investment Pte. Ltd.	

Ms Ng Kheng Choo, a former director of Eagle Hospitality REIT Management Pte Ltd, is assisting with the joint investigation into current and former directors, and officers responsible for managing Eagle Hospitality Trust, in connection with suspected breaches of disclosure requirements under section 203 of the Securities and Futures Act (Cap. 289) conducted by Monetary Authority of Singapore and Commercial Affairs Department of the Singapore Police Force had responded positive to item (k) listed in Appendix 7.4.1 of the Listing Manual.

Save for the above, Mrs Celine Tang and Ms Ng Kheng Choo had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the Listing Manual.

Statement on Corporate Governance

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 FY2020. 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 FY2020, 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.

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.

Statement on Corporate Governance

The RC is responsible:

- (a) to recommend to the Board a general framework of remuneration for Directors and key management personnel (including the CEO and other persons having authority and responsibility for planning, directing and controlling activities of the Company and Group), and to determine specific remuneration packages for each Executive Director as well as key management personnel. The RC's recommendations 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 FY2020.

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.

Statement on Corporate Governance

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

The service 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.

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 2020, are disclosed below.

The breakdown of each Directors' and key management personnel's remuneration of the Group for the financial year ended 30 June 2020 is as follows:

Board of Directors	Salary	Bonus / Commissions	Benefits in Kind	Directors' Fees	Total
	\$	\$	\$	\$	\$
Celine Tang	-	-	-	-	-
Lock Wai Han	396,663	50,000	96,660	-	543,322
Ong Soon Teik	-	-	-	65,325	65,325
Lim Eng Hoe	-	-	-	50,700	50,700
Ng Kheng Choo	-	-	-	65,325	65,325

Key Management Personnel	Salary	Bonus / Commissions	Benefits in Kind	Total
	%	%	%	%
Below S\$250,000				
Tan Geok Chye	72	14	14	100
Ng Khay Wee	65	13	22	100

The Company has only 2 key management personnel (who are not Directors or the CEO) for the financial year ended 30 June 2020. 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 2020.

Statement on Corporate Governance

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 2020.

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 2020.

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.

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 2020 and management confirmations to assess the effectiveness of the Group's internal control systems.

Statement on Corporate Governance

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

The AC and the Board also review the effectiveness of the actions taken by the Management on the recommendations made by the external auditors in this respect. The AC, with the participation of the Board, has reviewed the adequacy and effectiveness of the Group's internal controls that address financial, operational, compliance and information technology risks and risk management systems for the type and volume of business that the Group currently operates.

The Board would ensure that there is an on-going process for identifying, evaluating and managing significant risks covering financial aspects, compliance risks and other operational areas of the Group.

For FY2020, the Board has received assurances from the Executive Director, who is also the Chief Executive Officer, and the Financial Controller of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are 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 2020 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

Statement on Corporate Governance

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

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

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

Statement on Corporate Governance

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.

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 had evaluated and was satisfied with the performance of the external auditors based on the Audit Quality Indicators Disclosure Framework introduced by the Accountants and Corporate Regulatory Authority (“ACRA”) in October 2015, for the financial year ended 30 June 2020.

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 2020:-

Services	Amount (SGD)
Audit service	175,000
Non-audit service – Tax Compliance	34,300
Total	<u>209,300</u>

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 2020. 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.

Statement on Corporate Governance

The AC is satisfied that Deloitte & Touche LLP is able to meet the audit requirements and statutory obligation of the Company. In view of their requisite qualification and independence status, the AC is satisfied that Rule 712 of the Listing Manual of the SGX-ST is complied with. Accordingly, Deloitte & Touche LLP is recommended for re-appointment at the forthcoming AGM.

The Company has complied with Rule 715 of the Listing Manual of the SGX-ST as Deloitte & Touche LLP was engaged as the external auditors for the Company and its subsidiaries in Singapore.

The Group has in place a Whistle Blowing Policy to enable persons employed by the Group to report any suspicion or possible improprieties in matters of financial reporting, non-compliance with regulations, policies and fraud, etc, to the members of AC in writing for resolution, without any prejudicial implications for these employees. The AC will, depending on the nature of the concern, initiate inquiries to determine whether an investigation is appropriate and the form that it should take. The Whistle Blowing Policy also serves to ensure that any issues or complaints raised will be dealt with swiftly and effectively. The AC has been vested with the power and authority to receive, investigate and enforce appropriate action whenever any such non-compliance matter is brought to the AC's attention.

As of to-date, there were no reports received through the whistle blowing mechanism.

The AC has reviewed all IPTs during FY2020 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.

Statement on Corporate Governance

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

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

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

To keep shareholders and 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.

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.

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 FY2020.

Statement on Corporate Governance

MATERIAL CONTRACTS

Save as disclosed under Material Contracts in the Company's Circular dated 31 December 2012, Company's Circular dated 4 July 2016 and announcements released over SGXNET, there were no material contracts including loans subsisting at the end of FY2020, 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 FY2020:-

Name of interested party	Nature of relationship	Aggregate value of all interested person transaction during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transaction conducted under shareholders' mandate pursuant to Rule 920
		S\$'000	S\$'000
Haiyi Holdings Pte Ltd			
Interest on loan	Controlling shareholder	2,433	-

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:-

- 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;
- Officers of the Company did not deal in the Company's securities on short-term considerations; and
- The Company and its officers did not deal in the Company's shares (i) during the periods commencing one month before the announcement of the Company's financial results for each of the first three quarters of its financial year and the announcement of the Company's full year financial statements, ending on the date of the announcement of the relevant results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, the Directors and Management are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

Director 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, 2020.

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 111 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at June 30, 2020, 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

Director Statement

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

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, 2020 were the same at June 30, 2020.

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, 2019 and 2020, 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.

Director Statement

5 AUDIT COMMITTEE

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

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

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

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

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

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

Director Statement

5 AUDIT COMMITTEE (CONT'D)

- to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law within or outside the jurisdiction of Singapore, rules or regulations which has or is likely to have a material impact on the operating results and financial position of the Group.

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

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

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

.....
Lock Wai Han

.....
Ong Soon Teik

November 2, 2020

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, 2020, 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 111.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at June 30, 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group within the meaning of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("the Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To The Members Of OKH Global Ltd.

Key audit matters

Going Concern

As disclosed in Note 5(c)(iv) to the financial statements, during the year ended June 30, 2020, the Group reported a loss before tax of S\$21,676,000 and as of that date, the Group's current liabilities exceeded its current assets by S\$30,369,000.

As at June 30, 2020, the Group has not complied with a financial covenant relating to a bank loan amounting to S\$18,096,000. As of the date of this report, the lender had granted accommodation on the breach of the said covenant on a one-off basis but continues to reserve its rights to recall the loan if such breach persists in the future, and has continued to support the Group with other banking facilities currently being utilised by the Group.

In addition, the Group has loans amounting to S\$24,442,000 and S\$43,537,000 payable to another bank and a major shareholder respectively which are both due in July 2021.

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.

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 the next 12 months up to October 31, 2021 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, 2021;
- (b) management is confident of successfully renegotiating the repayment terms for bank loan amounting to S\$24,442,000 and extending the repayment due date for loans due to a major shareholder amounting to \$43,537,000, which are due in July 2021; and
- (c) net cash inflows from operating activities for the period up to October 31, 2021.

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, 2021 (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 letter of accommodation on the breach of financial covenant provided by the lender; 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	How the matter was addressed in the audit
<p data-bbox="113 443 790 481"><u>Valuation of investment properties</u></p> <p data-bbox="113 515 790 553"><i>Refer to Notes 4 and 12 to the financial statements.</i></p> <p data-bbox="113 593 790 665">Investment properties represent a significant proportion of the assets in the Group's statement of financial position.</p> <p data-bbox="113 705 790 777">The Group's investment properties, which are located in Singapore, are measured at fair value.</p> <p data-bbox="113 817 790 927">The fair values of the investment properties are based on the valuation performed by an independent professional valuer (the "Valuer").</p> <p data-bbox="113 967 790 1151">The valuation of the investment properties is a significant estimation area as it is underpinned by a number of key assumptions used in the valuation as well as the valuation methodologies applicable as disclosed in Note 12 and is highly dependent upon management's judgement.</p> <p data-bbox="113 1191 790 1411">Inaccurate management's estimates made in the valuation assessment could result in a significant impact on the carrying amount of the investment properties at the end of reporting period and the fair value changes in the consolidated statement of profit or loss and other comprehensive income for the year ended June 30, 2020.</p>	<ul style="list-style-type: none"> <li data-bbox="805 443 1471 593">• We obtained an understanding, evaluated the design and tested the implementation of the Group's relevant controls of reviewing and assessing the valuation of investment properties; <li data-bbox="805 633 1471 743">• We obtained an understanding of the Group's process of appointing the Valuer and reviewed the scope of work of the Valuer; <li data-bbox="805 784 1471 893">• We discussed with management to understand their basis used in determining the fair values of the Group's investment properties; <li data-bbox="805 934 1471 1227">• 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; <li data-bbox="805 1267 1471 1487">• We also benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data and comparable property transactions, where available, and we also considered whether these assumptions are consistent with the current market environment; <li data-bbox="805 1527 1471 1711">• We involved our valuation specialists to evaluate whether the valuation methodology is appropriate and assumptions are consistent with generally accepted valuation practices, and the accuracy of the valuation and calculations in the valuation model for a property; <li data-bbox="805 1751 1471 1861">• We assessed the appropriateness of the accounting of right-of-use assets identified as investment properties in accordance with IFRS 16; and <li data-bbox="805 1901 1471 1968">• 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

Recoverability of properties for sale

Refer to Notes 4 and 9 to the financial statements.

Properties for sale represent a significant proportion of the assets in the Group's statement of financial position.

The Group's properties for sale, which are located in Singapore, are stated at the lower of cost and net realisable value.

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

Management's assessment of net realisable value of properties for sale is a judgemental process and is highly dependent upon management's expectations of future selling prices of unsold units. The continued softness in the overall Singapore industrial market may force a downward pressure on market property prices, which give rise to potential risk that these properties are sold below their carrying amount.

Inaccurate management's estimate made in the net realisable value could result in a significant impact on the carrying amount of the properties for sale at the end of reporting period and the diminution in value in the consolidated statement of profit or loss and other comprehensive income for the year ended June 30, 2020.

How the matter was addressed in the audit

- We obtained an understanding, evaluated the design and tested the implementation of the Group's relevant controls of reviewing and updating selling price, and the allocation of property development costs;
- 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 whether the Group's properties for sale are impaired and the amount of diminution in value or reversal of diminution in value to be recorded, if any;
- In respect of the independent market valuation report obtained by management, we considered the competency, independence and objectivity of the Valuer. We also assessed the appropriateness of the valuation techniques and assumptions including impact of COVID-19 used in determining fair values of the property units; and
- We assessed the reasonableness of the estimated net realisable value by comparing the transacted prices of past sales of the properties involved or of comparable properties in similar locations; and/or actual prices achieved post year end of the properties involved where available. We compared these prices to either externally published benchmarks where appropriate, and also considered whether the expected selling prices are consistent with the current property market trends.
- 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	How the matter was addressed in the audit
<p data-bbox="113 452 794 521"><u>Valuation of investment in associates and unquoted equity shares</u></p> <p data-bbox="113 562 794 593"><i>Refer to Notes 4, 15 and 16 to the financial statements.</i></p> <p data-bbox="113 640 794 779">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").</p> <p data-bbox="113 826 794 965">The financial position and results of the Associate Group which are equity accounted by the Group are largely dependent on the fair values of the underlying investment properties held by the Associate Group.</p> <p data-bbox="113 1012 794 1227">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.</p> <p data-bbox="113 1274 794 1377">Additionally, the Group has an investment in unquoted equity shares which is accounted for as a financial asset measured at fair value through profit and loss as at June 30, 2020.</p> <p data-bbox="113 1424 794 1597">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.</p>	<p data-bbox="801 452 1481 667">In respect of valuation of investment properties held by the Associate Group, the audit procedures, where relevant, were performed in conjunction with the procedures performed to address the key audit matter, "Valuation of investment properties", as set out above. Apart from those procedures, we also:</p> <ul data-bbox="801 714 1481 929" style="list-style-type: none"> <li data-bbox="801 714 1481 817">• Challenged management's basis and assessment on the fair value of the investment in unquoted equity shares as at June 30, 2020; and <li data-bbox="801 864 1481 929">• Assessed the adequacy and appropriateness of the Group's disclosures.

Independent Auditor's Report

To The Members Of OKH Global Ltd.

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.

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.

Independent Auditor's Report

To The Members Of OKH Global Ltd.

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

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

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

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

November 2, 2020

Statements Of Financial Position

June 30, 2020

	Note	Group		Company	
		2020	2019	2020	2019
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank balances	7	7,182	5,755	105	57
Trade and other receivables	8	3,679	4,930	34,408	49,129
Properties for sale	9	12,036	18,937	-	-
Total current assets		22,897	29,622	34,513	49,186
Non-current assets					
Property, plant and equipment	10	34	4,023	-	-
Investment properties	12	125,863	156,092	-	-
Investments in subsidiaries	13	-	-	10,000	25,000
Investment in a joint venture	14	-	-	-	-
Investment in associates	15	56,395	60,671	-	-
Financial asset at fair value through profit or loss	16	9,000	9,000	-	-
Total non-current assets		191,292	229,786	10,000	25,000
Total assets		214,189	259,408	44,513	74,186
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	17	38,696	24,139	-	-
Trade and other payables	18	9,508	15,628	19,074	24,574
Lease liabilities	19a	4,802	-	-	-
Obligations under finance leases	19b	-	117	-	-
Income tax payable		260	-	-	-
Total current liabilities		53,266	39,884	19,074	24,574

Statements Of Financial Position

June 30, 2020

	Note	Group		Company	
		2020	2019	2020	2019
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities					
Bank loans	17	40,842	74,984	-	-
Other payables	18	5,914	-	5,914	-
Lease liabilities	19a	3,337	-	-	-
Obligations under finance leases	19b	-	111	-	-
Loans due to a shareholder	6	43,537	52,778	43,537	52,778
Total non-current liabilities		93,630	127,873	49,451	52,778
Capital, reserves and non-controlling interest					
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		(4,582)	(3,815)	(1,491)	(1,491)
Other reserve		(476)	-	-	-
Accumulated losses		(37,232)	(14,117)	(230,001)	(209,155)
Equity attributable to owners of the Company		66,993	91,351	(24,012)	(3,166)
Non-controlling interests		300	300	-	-
Net equity (Capital deficiency)		67,293	91,651	(24,012)	(3,166)
Total liabilities and equity (net of capital deficiency)		214,189	259,408	44,513	74,186

See accompanying notes to financial statements.

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

Year ended June 30, 2020

	Note	Group	
		2020 S\$'000	2019 S\$'000
Revenue	21	15,254	16,440
Cost of sales		(1,362)	(6,360)
Gross profit		13,892	10,080
Other income	22	4,810	418
Other expenses	23	(25,099)	(18,901)
Loss allowance on trade and other receivables		(1,199)	-
General and administrative expenses		(6,777)	(6,235)
Finance costs	24	(5,870)	(6,663)
Share of (losses) profits of associates	15	(1,433)	12,889
Loss before income tax	25	(21,676)	(8,412)
Income expense	26	(687)	(18)
Loss for the year		(22,363)	(8,430)
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Share of other comprehensive losses of associates		(1,243)	(1,236)
Other comprehensive loss for the year, net of tax		(1,243)	(1,236)
Total comprehensive loss for the year		(23,606)	(9,666)
Loss per share in Singapore cents:			
- Basic and diluted	27	(1.98)	(0.75)

See accompanying notes to financial statements.

Statements Of Changes In Equity

Year ended June 30, 2020

Group	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
Balance as at July 1, 2018	27,916	69,304	12,063	(2,579)	-	(5,687)	101,017	300	101,317
Total comprehensive loss for the year:									
Loss for the year	-	-	-	-	-	(8,430)	(8,430)	-	(8,430)
Other comprehensive loss for the year	-	-	-	(1,236)	-	-	(1,236)	-	(1,236)
Total	-	-	-	(1,236)	-	(8,430)	(9,666)	-	(9,666)
Balance as at June 30, 2019	27,916	69,304	12,063	(3,815)	-	(14,117)	91,351	300	91,651
Balance as at July 1, 2019	27,916	69,304	12,063	(3,815)	-	(14,117)	91,351	300	91,651
Adjustment due to the adoption of IFRS 16 (Note 2)	-	-	-	-	-	(752)	(752)	-	(752)
Balance as at July 1, 2019 (restated)	27,916	69,304	12,063	(3,815)	-	(14,869)	90,599	300	90,899
Total comprehensive loss for the year:									
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)
Balance as at June 30, 2020	27,916	69,304	12,063	(4,582)	(476)	(37,232)	66,993	300	67,293

Statements Of Changes In Equity

Year ended June 30, 2020

	Share capital (Note 20) S\$'000	Share premium (Note i) S\$'000	Contributed surplus (Note iii) S\$'000	Translation reserve (Note ii) S\$'000	Accumulated losses S\$'000	Total S\$'000
<u>Company</u>						
Balance as at July 1, 2018	8,936	72,155	126,389	(1,491)	(202,543)	3,446
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(6,612)	(6,612)
Balance as at June 30, 2019	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)
Balance as at June 30, 2020	8,936	72,155	126,389	(1,491)	(230,001)	(24,012)

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 loss (apart from translation reserve (Note (ii) above).

Consolidated Statement Of Cash Flows

Year ended June 30, 2020

	Group	
	2020	2019
	S\$'000	S\$'000
Operating activities		
Loss for the year	(22,363)	(8,430)
Adjustments for:		
Income tax expense	687	18
Bad debt expense	156	330
Loss allowance on amount due from a joint venture	1,199	-
Loss on disposal of property, plant and equipment	-	10
(Gain) Loss on sale of investment properties	(1,099)	156
Depreciation of property, plant and equipment	26	92
Interest expense	5,870	6,663
Changes in fair value of investment properties	23,174	7,666
Impairment loss of property, plant and equipment	-	8,000
Diminution in value of properties for sale	1,925	3,235
Dividend income from financial asset at fair value through profit or loss	(240)	-
Reversal of payables and accruals	(1,085)	-
Interest income	(28)	(26)
Share of losses (profits) of associates	1,433	(12,889)
Operating cash flows before movement in working capital	9,655	4,825
Trade and other receivables (Note A)	(90)	8,245
Trade and other payables (Note A)	(394)	794
Cash generated from operations	9,171	13,864
Interest paid	(3,401)	(4,138)
Income tax paid	(427)	(18)
Net cash from operating activities	5,343	9,708
Investing activities		
Purchase of property, plant and equipment	(11)	(4)
Proceeds from disposal of property, plant and equipment	4,000	73
Proceeds from sale of investment properties	24,968	792
Dividend received from an associate	1,600	-
Dividend income from financial asset at fair value through profit or loss	240	-
Interest received	19	26
Net cash from investing activities	30,816	887

Consolidated Statement Of Cash Flows

Year ended June 30, 2020

	Group	
	2020	2019
	S\$'000	S\$'000
Financing activities		
Repayment of bank loans	(16,837)	(62,856)
Proceeds from bank loans	-	51,950
Repayment of lease liabilities	(4,147)	-
Repayment of obligations under finance leases	-	(213)
Decrease (Increase) in fixed deposits pledged	1,000	(173)
Repayment of loans due to a shareholder	(11,000)	-
Net cash used in financing activities	(30,984)	(11,292)
Net increase (decrease) in cash and cash equivalents	5,175	(697)
Cash and cash equivalents at beginning of year	2,007	2,704
Cash and cash equivalents at end of year (Note 7)	7,182	2,007

Note A:

In 2019, the Group offsetted the accruals provided to third party customers amounting to S\$8,422,000 against the corresponding trade receivables. Details of the offsetting arrangement is set out in Note 5(b) to the financial statements.

See accompanying notes to financial statements.

Notes To Financial Statements

June 30, 2020

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, 2020 were authorised for issue by the Board of Directors on November 2, 2020.

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

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

On July 1, 2019, 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, except as noted below:

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group’s consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is July 1, 2019.

The Group has applied IFRS 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 will continue to be applied to those leases entered or changed before July 1, 2019.

Notes To Financial Statements

June 30, 2020

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONT'D)

IFRS 16 Leases (cont'd)

(a) Impact of the new definition of a lease (cont'd)

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after July 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in IFRS 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases, the Group:

- (a) Recognises right-of-use assets and lease liabilities, initially measured at the present value of the remaining lease payments, except for right-of-use assets recognised as investment property which is measured at fair value subsequent to initial recognition;
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive income, except for right-of-use asset recognised as investment property which is measured at fair value subsequent to initial recognition and the 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; and
- (c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets (except for those which meet the definition of an investment property) are tested for impairment in accordance with IFRS 36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

Notes To Financial Statements

June 30, 2020

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONT'D)

(b) Impact on lessee accounting (cont'd)

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from July 1, 2019.

(c) Impact on lessor accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

(d) Financial impact of initial application of IFRS 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on July 1, 2019 is 3.58% per annum.

The following table shows the operating lease commitments disclosed applying IAS 17 at June 30, 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Notes To Financial Statements

June 30, 2020

2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONT'D)

(d) Financial impact of initial application of IFRS 16 (cont'd)

	Group
	2020
	S\$'000
Operating lease commitments at June 30, 2019	13,271
Less: Short-term leases and leases of low value assets	(121)
Less: Effect of discounting the above amounts	(533)
Add: Finance lease liabilities recognised under IAS 17 at June 30, 2019	228
Lease liabilities recognised as at July 1, 2019	12,845

Right-of-use assets recognised as investment property was measured at fair value at the initial date of application. All other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of \$11,838,000 were recognised as part of investment property (Note 12) and the net impact on accumulated losses of \$752,000 was recognised on July 1, 2019.

At date of initial application, property, plant and equipment previously held under finance lease applying IAS 17, which amounted to S\$6,000, have been reclassified to 'right-of-use assets' under IFRS 16 (Note 12) and right-of-use assets arising from operating leases amounting to S\$26,000 was recognised (Note 12).

New and amendments to IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the following FRS pronouncements relevant to the Group have been issued but are not yet effective:

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material* ⁽¹⁾
- Amendments IFRS 3 *Business Combinations: Definition of a Business* ⁽¹⁾
- Amendments to References to the Conceptual Framework in IFRS Standards ⁽¹⁾
- Amendment to IFRS 16 *Leases: COVID-19-Related Rent Concessions* ⁽²⁾

Notes To Financial Statements

June 30, 2020

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

- Amendments to IFRS 3 *Business Combinations: Reference to the Conceptual Framework*⁽³⁾
- Amendments to IAS 16 *Property, Plant and Equipment: Proceeds before Intended Use*⁽³⁾
- Annual Improvement to IFRSs 2018-2020⁽³⁾
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of liabilities as Current or Non-current*⁽⁴⁾
- Amendments to IFRS 110 *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*⁽⁵⁾

⁽¹⁾ Effective for annual periods beginning on or after January 1, 2020

⁽²⁾ Effective for annual periods beginning on or after June 1, 2020

⁽³⁾ Effective for annual periods beginning on or after January 1, 2022

⁽⁴⁾ Effective for annual periods beginning on or after January 1, 2023

⁽⁵⁾ Effective date is deferred indefinitely

Management anticipates that the adoption of the above IFRS and amendments to IFRS 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.

3 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 share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, 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:

Notes To Financial Statements

June 30, 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- 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.

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.

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Amortised cost and effective interest method

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

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

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

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

Financial assets at FVTPL

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

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

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

Impairment of financial assets

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

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

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (cont'd)

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.

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.

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Definition of default

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

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

Credit-impaired financial assets

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

Write-off policy

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

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.

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Bank loans and overdrafts, 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.

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Offsetting arrangements (cont'd)

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

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

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

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

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

LEASES (before July 1, 2019) - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the period in which they are incurred.

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee (cont'd)

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the relevant lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

LEASES (from July 1, 2019)

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; and

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.

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 contain 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, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Computer equipment	-	3 to 5 years
Machinery	-	5 years
Motor vehicles	-	4 to 5 years
Office furniture and fittings	-	3 to 5 years
Renovation	-	3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INVESTMENT IN ASSOCIATES AND JOINT VENTURE - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

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

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

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 in countries where the Company and subsidiaries operate by the end of the reporting period.

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

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. The Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

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

Notes To Financial Statements

June 30, 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Notes To Financial Statements

June 30, 2020

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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 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.

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. Consequently, the financial position and results of the Associate Group may be impacted with the changes in the estimated fair values of the properties.

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

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

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

The carrying amounts of the 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, 2020

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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.

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. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

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 (2019 : \$118,918,000) 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, 2020

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	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Financial assets				
At amortised cost:				
Cash and bank balances	7,182	5,755	105	57
Trade and other receivables	2,839	3,651	34,363	49,089
At fair value through profit or loss:				
Financial asset at fair value through profit or loss	9,000	9,000	-	-
	19,021	18,406	34,468	49,146
Financial liabilities				
At amortised cost:				
Bank loans and overdrafts	79,538	99,123	-	-
Trade and other payables	14,067	14,211	24,988	24,574
Lease liabilities	8,139	-	-	-
Obligations under finance leases	-	228	-	-
Loans due to a shareholder	43,537	52,778	43,537	52,778
	145,281	166,340	68,525	77,352

Notes To Financial Statements

June 30, 2020

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

Group

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

2019

Financial assets

	<i>(a)</i>	<i>(b)</i>	<i>(c) = (a) - (b)</i>
<i>Type of financial asset</i>	<i>Gross amounts of recognised financial asset</i>	<i>Gross amounts of recognised financial liabilities set off in the statement of financial position</i>	<i>Net amounts of financial assets presented in the statement of financial position</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade and other receivables	13,352	(8,422)	4,930

Company

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements in 2020 and 2019.

(c) *Financial risk management policies and objectives*

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

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

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

(i) Foreign exchange risk management

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

Notes To Financial Statements

June 30, 2020

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(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), lease liabilities and obligations under finance leases (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 loss before income tax for the year ended June 30, 2020 would have increased/decreased by S\$398,000 (2019 : S\$496,000).

(iii) Credit risk management

Credit risks refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

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

The Group's exposure to credit risk on receivables arising from the sale of industrial property units is not significant as such payments are usually arranged through loans taken up by customers with reputable financial institutions.

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

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

The Group also has concentration of credit risk by geographical location as all of the customers are located in Singapore.

The credit risk on bank balances and fixed deposits are limited because the counterparties are banks with good reputation and good credit rating.

Notes To Financial Statements

June 30, 2020

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

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>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 (simplified approach)	1,199	(1,199)	-
				<u>4,038</u>	<u>(1,199)</u>	<u>2,839</u>
<u>2019</u>						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	1,798	-	1,798
Other receivables	8	(b)	12-month ECL	1,853	-	1,853
				<u>3,651</u>	<u>-</u>	<u>3,651</u>
<u>Company</u>						
<u>2020</u>						
Other receivables	8	(b)	12-month ECL	34,363	-	34,363
<u>2019</u>						
Other receivables	8	(b)	12-month ECL	49,089	-	49,089

(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.

Notes To Financial Statements

June 30, 2020

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management

During the year ended June 30, 2020, the Group reported a 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\$30,369,000. As at June 30, 2020, the Group's short term bank loans (Note 17) have increased by S\$18,096,000 compared to the end of the previous reporting period. This is mainly due to reclassification of bank loan amounting to S\$18,096,000 from non-current liabilities to current liabilities as the Group has not complied with a financial covenant as disclosed in Note 17 to the financial statements.

As of the date of authorisation of these financial statements, the lender had granted accommodation on the breach of the said covenant on a one-off basis but continues to reserve its rights to recall the loan if such breach persists in the future. The same lender has continued to support the Group with other banking facilities currently being utilised by the Group. The Group also has loans amounting to S\$24,442,000 and S\$43,537,000 payable to another bank and a major shareholder respectively which are both due in July 2021.

In addition, the operating cash flows and financial position of the Group have been impacted during the year amidst the property market slow-down due to the COVID-19 pandemic. At the date of authorisation of these financial statements, the Group's primary source of cash collection is rental from its tenants and no properties have been sold. 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 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, 2021 (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, 2021. The directors and management are confident that the lender will continue to support the Group in consideration of the following:
 - (i) the lender has also accommodated the breach of the said covenant in the past and most recently in October 2020;
 - (ii) the loan is secured against one of the investment properties (Note 12), the fair values of the investment property is higher than the outstanding loan amount as at June 30, 2020 and the property continues to earn rental income with occupancy of 87% as at June 30, 2020; and
 - (iii) the lender has continued to support the Group on the credit facilities by way of rolling over these facilities currently being utilised in the past and most recently in October 2020.
- (b) management is confident of successfully renegotiating the repayment terms for bank loan amounting to S\$24,442,000. The directors and management are confident they will be able to renegotiate the repayment terms closer to the due date of July 2021 given that the loan is secured against one of the properties for sale (Note 9) and one of the investment properties (Note 12), the fair values of the properties are higher than the outstanding loan amount as at June 30, 2020 and the properties continue to earn rental income with occupancy of 88% as at June 30, 2020;
- (c) successful extension of repayment due date for loans due to a major shareholder amounting to S\$43,537,000 due in July 2021 given that the shareholder has extended in the past; and

Notes To Financial Statements

June 30, 2020

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

(d) net cash inflows from operating activities for the period up to October 31, 2021.

Based on the above assessment, the directors and management are of the view 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 accompanying financial statements for the year ended June 30, 2020 have been prepared on a going concern basis and there is no material uncertainty related to going concern.

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>	<u>Weighted average effective interest rate</u> %	<u>On demand or within 1 year</u> S\$'000	<u>Within 2 to 5 years</u> S\$'000	<u>After 5 years</u> S\$'000	<u>Adjustment</u> S\$'000	<u>Total</u> S\$'000
<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
		62,718	88,298	-	(5,735)	145,281
<u>2019</u>						
Non-interest bearing	-	14,211	-	-	-	14,211
Bank overdrafts	5.60	2,902	-	-	(154)	2,748
Obligations under finance leases	2.52	140	142	-	(54)	228
Other fixed rate instruments	4.80	2,533	52,993	-	(2,748)	52,778
Other variable interest rate instruments	3.59	24,238	63,938	17,595	(9,396)	96,375
		44,024	117,073	17,595	(12,352)	166,340

Notes To Financial Statements

June 30, 2020

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

Company	Weighted average effective interest rate %	On demand or within 1 year S\$'000	Within 2 to 5 years S\$'000	After 5 years S\$'000	Adjustment S\$'000	Total S\$'000
<u>2020</u>						
Non-interest bearing	-	24,988	-	-	-	24,988
Other fixed rate instruments	4.80	2,094	43,715	-	(2,272)	43,537
		27,082	43,715	-	(2,272)	68,525
<u>2019</u>						
Non-interest bearing	-	24,574	-	-	-	24,574
Other fixed rate instruments	4.80	2,533	52,993	-	(2,748)	52,778
		27,107	52,993	-	(2,748)	77,352

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.

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, 2020

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(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 year ended June 30, 2020 for the facilities that have been utilised by the Group (Note 17) except for a financial covenant which was not met. The balance of loan amounting to S\$18,096,000 was reclassified to current liabilities accordingly. Subsequent to the end of reporting period, the lender had granted accommodation on the breach of the said covenant.

As at June 30, 2019, the Group was in compliance with externally imposed capital requirements for the facilities that had been utilised by the Group.

The Group reviews the capital structure on an annual basis. The Group's overall strategy remains unchanged from 2019.

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, 2020, the Company has three (2019 : three) loans due to a shareholder, Haiyi Holdings Pte. Ltd., as follows:

- (i) An unsecured loan of S\$3,000,000 (2019 : S\$10,000,000) which bears interest of 4.8% per annum (2019 : 4.8% per annum). The loan is due for repayment in July 2021.
- (ii) A secured loan of S\$10,000,000 (2019 : S\$10,000,000) which bears interest of 4.8% per annum (2019 : 4.8% per annum). The loan is due for repayment in July 2021. The loan is secured on the Group's entire shareholding in PALIH (Note 15).
- (iii) A secured loan of S\$30,537,000 (2019 : S\$32,778,000) which bears interest of 4.8% per annum (2019 : 4.8% per annum). The loan is due for repayment in July 2021. The loan is secured on the Group's entire shareholding in PALIH and PAL Holdings (Notes 15 and 16).

Notes To Financial Statements

June 30, 2020

6 RELATED COMPANIES AND OTHER RELATED PARTIES TRANSACTIONS (CONT'D)

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:

	Group	
	2020 S\$'000	2019 S\$'000
<u>Shareholder</u>		
Interest on loans due to a shareholder	2,433	2,533
<u>Related parties - entities in which directors have interests in</u>		
Rental commission	16	52

Compensation of directors and key management personnel

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

	Group	
	2020 S\$'000	2019 S\$'000
Short-term benefits	1,054	948
Post-employment benefit	43	35
	1,097	983

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, 2020

7 CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank	6,680	4,755	105	57
Fixed deposits	502	1,000	-	-
Cash and bank balances	7,182	5,755	105	57
Less: Bank overdrafts (Note 17)	-	(2,748)	-	-
Less: Fixed deposits (pledged)	-	(1,000)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	7,182	2,007	105	57

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, 2020, fixed deposits bore an effective interest rate of 0.1% per annum and for tenure of three months.

As at June 30, 2019, the fixed deposit was held by a financial institution to secure a performance bond guarantee on behalf of the Group. It bore an effective interest rate of 1.80% per annum and for tenure of one year.

Included in the cash at bank of the Group is an amount of approximately S\$2,136,000 (2019 : S\$1,790,000), 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	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables from outside parties	1,480	1,798	-	-
Other deposits	216	249	3	3
Advance payments to suppliers	174	611	45	40
Deferred expenses	666	668	-	-
Other receivables from:				
- Third parties	1,143	569	20	20
- Subsidiaries (Notes 6 and 13)	-	-	34,340	49,066
- Joint venture (Notes 6 and 14)	1,199	1,035	-	-
	4,878	4,930	34,408	49,129
Less: Loss allowance	(1,199)	-	-	-
	3,679	4,930	34,408	49,129

Notes To Financial Statements

June 30, 2020

8 TRADE AND OTHER RECEIVABLES (CONT'D)

The average credit period for trade receivables is approximately 14 to 60 days (2019 : 14 to 60 days). No interest is charged on the outstanding balance.

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

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

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

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

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, 2020, the Group made a loss allowance of 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, 2020 and the Group is of the view that the 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.

	Group				Total S\$'000
	Trade receivables – days past due				
	Not past due S\$'000	< 3 months S\$'000	3 – 6 months S\$'000	6 – 12 months S\$'000	
2020					
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.

Notes To Financial Statements

June 30, 2020

8 TRADE AND OTHER RECEIVABLES (CONT'D)

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

* The expected credit loss rate is assessed as negligible.

9 PROPERTIES FOR SALE

	Group	
	2020 S\$'000	2019 S\$'000
Cost incurred for properties for sale	311,141	311,141
Less: Allowance for diminution in value	(8,394)	(7,825)
Cost of units of properly recognised as cost of sales, to date	(182,943)	(182,943)
Transferred to investment property, to date (Note 12)	(107,768)	(101,436)
Net properties for sale	12,036	18,937

Movement in the allowance of diminution in value

	Group	
	2020 S\$'000	2019 S\$'000
Balance at beginning of the year	7,825	5,448
Charge to profit or loss (Note 25)	1,925	3,235
Transferred to investment property (Note 12)	(1,356)	(858)
Balance at end of the year	8,394	7,825

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, 2020

10 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment S\$'000	Machinery S\$'000	Motor vehicles S\$'000	Office equipment and fittings S\$'000	Renovation S\$'000	Construction in progress S\$'000	Total S\$'000
<u>Group</u>							
Cost:							
At July 1, 2018	356	1,011	1,197	273	220	28,357	31,414
Additions	4	-	-	-	-	-	4
Disposals	-	(628)	(96)	-	-	-	(724)
At June 30, 2019	360	383	1,101	273	220	28,357	30,694
Adoption of IFRS 16 (Note 2)	26	-	-	-	-	-	26
Adjusted balance 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
Accumulated depreciation:							
At July 1, 2018	347	927	1,104	265	220	-	2,863
Depreciation for the year	6	19	64	3	-	-	92
Disposals	-	(568)	(73)	-	-	-	(641)
At June 30, 2019	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

Notes To Financial Statements

June 30, 2020

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computer	Machinery	Motor	Office	Renovation	Construction	Total
	equipment		vehicles	equipment		in progress	
	S\$'000	S\$'000	S\$'000	and fittings	S\$'000	S\$'000	S\$'000
				S\$'000			
<u>Group</u>							
Impairment:							
At July 1, 2018	-	-	-	-	-	16,357	16,357
Impairment loss recognised in the year	-	-	-	-	-	8,000	8,000
At June 30, 2019	-	-	-	-	-	24,357	24,357
Disposal	-	-	-	-	-	(24,357)	(24,357)
At June 30, 2020	-	-	-	-	-	-	-
Carrying amount:							
At June 30, 2019	7	5	6	5	-	4,000	4,023
At June 30, 2020	29	-	-	5	-	-	34

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.

In the prior financial year, the carrying amount of property, plant and equipment that are held under finance leases (Note 19b) was as follows:

	Group
	2019
	S\$'000
Motor vehicles	6

In 2019, the Group's leasehold land and building, located in Singapore, had a lease term of 5.5 years commencing from February 2013. Subsequent to June 30, 2013, the Group obtained approval-in-principle to extend the lease term for an additional 19 years, subject to fulfilling certain conditions, including capital investment over the land with an amount of at least approximately S\$22,437,000 within 3 years from November 2013. In August 2016, the completion date was extended to June 2017. In September 2016, management was granted time extension to defer the completion date from June 2017 to May 2018. In April 2018, management was granted a further time extension to defer the completion date to November 2019. Accordingly, the Group classified the leasehold land and building under construction-in-progress.

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

During the current financial year, the Group's leasehold land and building were disposed to a third party for a consideration of S\$4,000,000. No gain or loss was recorded from the disposal.

Notes To Financial Statements

June 30, 2020

11 RIGHT-OF-USE ASSETS

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

	Carrying amount at July 1, 2019 S\$'000	Depreciation during the year ended June 30, 2020 S\$'000	Carrying amount at June 30, 2020 S\$'000
Computer equipment	26	6	20
Motor vehicles	6	6	-
Total	32	12	20

12 INVESTMENT PROPERTIES

	Group	
	2020 S\$'000	2019 S\$'000
At fair value		
Balance at beginning of the year	156,092	151,543
Adoption of IFRS 16	11,838	-
Balance at beginning of the year (restated) (Note 2)	167,930	151,543
Transfer from properties for sale (Note 9)	4,976	13,163
Sale of investment properties during the year	(23,869)	(948)
Change in fair value included in profit or loss (Note 23)	(23,174)	(7,666)
Balance at end of the year	125,863	156,092

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\$6,000,000 as at June 30, 2020.

As at June 30, 2020, the fair value of the Group's investment properties amounting to S\$125,863,000 (2019 : S\$156,092,000) 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, 2020

12 INVESTMENT PROPERTIES (CONT'D)

The valuations of completed investment properties are determined by:

- market comparable 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, 2020 and 2019 are as follows:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Fair value as at June 30, 2020 S\$'000
<u>2020</u>				
Investment properties	-	-	125,863	125,863
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Fair value as at June 30, 2019 S\$'000
<u>2019</u>				
Investment properties	-	-	156,092	156,092

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

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

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June 30, 2020

12 INVESTMENT PROPERTIES (CONT'D)

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 ⁽¹⁾ capitalisation rate ⁽²⁾	S\$3.93 (2019 : S\$3.62) 8.5% (2019 : 8.5%)
12 Tai Seng Link Singapore 534233	Industrial leasehold property	Market comparison	price per square foot ⁽¹⁾	S\$386 (2019 : S\$429)
56 Loyang Way Singapore 508775 ^(a)	Industrial leasehold property	Market comparison	price per square foot ⁽¹⁾	S\$188 - S\$378 (2019 : S\$220 - S\$430)
2 Buroh Crescent Singapore 627546 ^(b)	Industrial leasehold property	Market comparison	price per square foot ⁽¹⁾	S\$132 - S\$380 (2019 : S\$150 - S\$450)

^(a) The units are #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 (2019 : #01-03/04/05/09/10/11/12/13/14/15/22, #02-03/04/10/11/12/13/14/15/16/20/21/22/23/24, #03-04/14/19, #04-01/04/11/12/13/14, #05-03/04/05/06, and #06-01/03/06).

^(b) The units are #01-07/18, #02-06, #04-01, #06-02/03/04, #07-02 and #08-01/02 (2019 : #01-18, #02-06, #04-01, #06-02/03/04, #07-02 and #08-01).

⁽¹⁾ Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

⁽²⁾ Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

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

Notes To Financial Statements

June 30, 2020

12 INVESTMENT PROPERTIES (CONT'D)

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

	Group	
	2020	2019
	S\$'000	S\$'000
Lease term within 10 to 50 years	119,863	155,092
Lease term less than 10 years	6,000	1,000
	125,863	156,092

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

	Group	
	2020	2019
	S\$'000	S\$'000
Gross rental income (Note 21)	15,229	16,102
Direct operating expenses	(1,314)	(6,360)

13 INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	S\$'000	S\$'000
Unquoted equity shares, at cost	143,918	143,918
Less: Impairment loss	(133,918)	(118,918)
	10,000	25,000

Movement in impairment loss

	Company	
	2020	2019
	S\$'000	S\$'000
Balance at beginning of the year	118,918	116,918
Impairment made during the year	15,000	2,000
Balance at end of the year	133,918	118,918

In 2020, the Company carried out a review of the recoverable amount of its investments in subsidiaries. Arising from the review, an impairment loss of S\$15,000,000 (2019 : S\$2,000,000) was recognised mainly attributable to the reduction in the carrying value of OKH Holdings Pte. Ltd. as a result of its uncertain future cash flow due to challenging market conditions.

Notes To Financial Statements

June 30, 2020

13 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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 2020	2019	
		%	%	
OKH Holdings Pte. Ltd. ⁽¹⁾	Singapore	100	100	Construction services
OKH Management Pte. Ltd. ⁽¹⁾	Singapore	100	100	Dormant
OKH Development Pte. Ltd. ⁽¹⁾	Singapore	85	85	Dormant
OKH (Woodlands) Pte. Ltd. ⁽¹⁾	Singapore	100	100	Property development and investment properties
Galaxia Development Pte. Ltd. ⁽¹⁾	Singapore	100	100	Investment properties
OKH Loyang Pte. Ltd. ⁽¹⁾	Singapore	100	100	Property development and investment properties
OKH Buroh Pte. Ltd. ⁽¹⁾	Singapore	100	100	Property development and investment properties
OKH Transhub Pte. Ltd. ⁽¹⁾	Singapore	100	100	Investment holding
Chronoz Investment Holding Pte. Ltd. ⁽¹⁾	Singapore	100	100	Investment holding
OKH Capital Pte. Ltd. ⁽¹⁾	Singapore	100	100	Dormant

Notes:

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

The Group has no significant non-controlling interests as at June 30, 2020 and 2019. Accordingly, no details of non-controlling interests is presented.

Notes To Financial Statements

June 30, 2020

14 INVESTMENT IN A JOINT VENTURE

	Group	
	2020	2019
	S\$'000	S\$'000
Unquoted equity shares, at cost	265	265
Share of post-acquisition losses and other comprehensive expenses	(265)	(265)
	-	-

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
		2020	2019	
		%	%	
OKH DLRE JV Pte. Ltd. ⁽¹⁾	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.

Notes To Financial Statements

June 30, 2020

14 INVESTMENT IN A JOINT VENTURE (CONT'D)

OKH DLRE JV Pte. Ltd.

	2020 S\$'000	2019 S\$'000
Total assets	315	284
Total liabilities	(1,300)	(1,123)
Net liabilities	(985)	(839)
Revenue	249	258
Loss for the year	(146)	(154)
Share of joint venture's loss for the year	-	-
Unrecognised share of loss for the year	(73)	(77)
Cumulative unrecognised share of loss of a joint venture	(493)	(420)

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:

	2020 S\$'000	2019 S\$'000
Net liabilities of the joint venture	(985)	(839)
Proportion of the Group's ownership in the joint venture	50%	50%
Share of net liabilities	(493)	(420)
Cumulative unrecognised share of loss of a joint venture	(493)	(420)
Carrying amount of the Group's interest in the joint venture	-	-

Notes To Financial Statements

June 30, 2020

15 INVESTMENT IN ASSOCIATES

	Group	
	2020	2019
	S\$'000	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	22,408	26,684
	56,395	60,671

(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
		2020	2019	2020	2019	
		%	%	%	%	
<u>Held by OKH Transhub Pte. Ltd.</u>						
Pan Asia Logistics Investment Holdings Pte. Ltd. ("PALIH") ⁽ⁱ⁾	Singapore	40	40	40	40	Investment holding
<u>Held by PALIH</u>						
Pan Asia Logistics Investment Pte. Ltd. ("PALI") ⁽ⁱ⁾	Singapore	40	40	40	40	Rental of property warehouse
Pali Senai Sdn. Bhd. ⁽ⁱ⁾	Malaysia	40	40	40	40	Rental of property warehouse
Pali PTP Sdn. Bhd. ⁽ⁱ⁾	Malaysia	40	40	40	40	Rental of property warehouse
Pan Asia Logistics (Korea) Ltd. ("PAL Korea") ⁽ⁱ⁾	Korea	40	40	40	40	Rental of property warehouse
<u>Held by PALI</u>						
Pan Asia Logistics PTP Malaysia Sdn. Bhd. ⁽ⁱ⁾	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 in the current year. In the prior year, they were audited by Deloitte & Touche LLP, Singapore for Group consolidation purpose.

Notes To Financial Statements

June 30, 2020

15 INVESTMENT IN ASSOCIATES (CONT'D)

- (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.

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

	2020	2019
	S\$'000	S\$'000
Current assets	73,939	153,153
Non-current assets	201,982	206,885
Total assets	275,921	360,038
Current liabilities	26,740	76,772
Non-current liabilities	118,160	141,555
Total liabilities	144,900	218,327
Net assets	131,021	141,711
Revenue	20,042	23,654
(Loss) Profit for the year	(3,582)	32,223
Other comprehensive loss for the year	(3,108)	(3,090)
Total comprehensive (loss) income for the year	(6,690)	29,133
Share of associates' profit for the year	(1,433)	12,889
Dividends received from the associate during the year	1,600	-

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

	2020	2019
	S\$'000	S\$'000
Net assets of the associates	131,021	141,711
Proportion of the Group's ownership in the associates	40%	40%
Share of net assets	52,408	56,684
Goodwill	3,987	3,987
Carrying amount of the Group's interests in the associates	56,395	60,671

Notes To Financial Statements

June 30, 2020

16 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2020	2019
	S\$'000	S\$'000
Unquoted equity shares:		
Financial asset at fair value through profit or loss	9,000	9,000

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

17 BANK LOANS AND OVERDRAFTS

	Group	
	2020	2019
	S\$'000	S\$'000
Bank overdrafts (Note 7)	-	2,748
Short-term bank loans	38,696	20,600
Current portion of long-term bank loans	-	791
Amount due for settlement within 12 months, secured (shown under current liabilities)	38,696	24,139
Long-term bank loans repayable as follows:		
More than one year, but not exceeding two years	24,442	791
More than two years, but not more than five years	16,400	56,923
More than five years	-	17,270
Amount due for settlement after 12 months, secured (shown under non-current liabilities)	40,842	74,984
Total	79,538	99,123

As at June 30, 2020, the Group had not complied with a financial covenant relating to a bank loan amounting to S\$18,096,000. As a result, the loan was reclassified to current liabilities accordingly. However, as at the date of authorisation of these financial statements, the lender had granted an accommodation on the breach of the said covenant on a one-off basis but continues to reserve its rights to recall the loan if such breach persists in the future.

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

	Group	
	2020	2019
Bank overdrafts (floating rate)	-	5.6%
Bank loans (floating rate)	3.6%	3.6%

The interest rates for the long-term bank loans are reset for periods ranging from 1 month to 6 months (2019 : 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, 2020

17 BANK LOANS AND OVERDRAFTS (CONT'D)

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

	Group	
	2020	2019
	S\$'000	S\$'000
Properties for sale (Note 9)	12,036	18,937
Investment properties (Note 12)	119,863	155,092

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

	Group		Company	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables to third parties	766	509	3	3
Rental received in advance	1,355	1,417	-	-
Other payables:				
- Third parties	5,097	5,120	31	30
- Subsidiaries (Note 6)		-	18,864	19,173
Accrued project costs	1,227	2,022	-	-
Accrued operating expenses	6,977	6,560	6,090	5,368
	15,422	15,628	24,988	24,574
Current	9,508	15,628	19,074	24,574
Non-current	5,914	-	5,914	-
	15,422	15,628	24,988	24,574

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 (2019 : 30 days). No interest is charged on the outstanding balance.

Notes To Financial Statements

June 30, 2020

19A LEASE LIABILITIES (GROUP AS A LESSEE)

(Disclosure required by IFRS 16)

	Group
	2020
	S\$'000
Maturity Analysis:	
Year 1	5,010
Year 2	3,354
Year 3	32
Year 4	4
	8,400
Less: Unearned interest	(261)
	8,139
Analysed as:	
Current	4,802
Non-current	3,337
	8,139

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

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	June 30, 2019	Adoption of	July 1, 2019	Net financing	Non-cash changes		At end
					cash flow	Other	
	S\$'000	IFRS 16	S\$'000	S\$'000	changes	to payables	S\$'000
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>2020</u>							
Bank loans	96,375	-	96,375	(16,837)	-	-	79,538
Lease liabilities	-	12,845	12,845	(4,147)	-	(559)	8,139
Obligation under finance leases	228	(228)	-	-	-	-	-
Loans due to shareholder	52,778	-	52,778	(11,000)	1,759 ^(a)	-	43,537
	149,381	12,617	161,998	(31,984)	1,759	(559)	131,214

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

Notes To Financial Statements

June 30, 2020

19A LEASE LIABILITIES (CONT'D)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

<u>Group</u>	At beginning of year S\$'000	Net financing cash flow S\$'000	At end of year S\$'000
<u>2019</u>			
Bank loans	107,281	(10,906)	96,375
Obligations under finance leases	441	(213)	228
Loan due to shareholder	52,778	-	52,778
	<u>160,500</u>	<u>(11,119)</u>	<u>149,381</u>

19B OBLIGATIONS UNDER FINANCE LEASES

(Disclosure required by IAS 17)

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

As at June 30, 2019, the Group leased certain of its motor vehicles and machinery under finance leases and the lease terms ranged from 3 to 9 years.

Interest rates underlying all obligations under finance lease were fixed at respective contract dates at 1.9% to 3.3%.

The Group's obligations under finance leases were secured by the lessor's title to the leased assets with carrying amount of S\$6,000.

Notes To Financial Statements

June 30, 2020

20 SHARE CAPITAL

	Company			
	2020	2019	2020	2019
	Number of ordinary shares '000		S\$'000	S\$'000
Issued and fully paid up:				
At the beginning and end of the year	1,128,657	1,128,657	8,936	8,936

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

Fully paid ordinary shares, which have a par value of US\$0.01 (2019 : US\$0.01), carry one vote per share and carry a right to dividend as and when declared by the Company.

21 REVENUE

	Group	
	2020	2019
	S\$'000	S\$'000
Type of goods and services		
Revenue from construction services	25	338
Rental income	11,961	12,880
Rental related income	3,268	3,222
	15,254	16,440
Timing of revenue recognition		
Over time	3,293	3,560

Notes To Financial Statements

June 30, 2020

22 OTHER INCOME

	Group	
	2020	2019
	S\$'000	S\$'000
Gain on sale of investment properties	1,099	-
Interest income	28	26
Grant income ^(a)	1,616	-
Reversal of payables and accruals	1,085	-
Dividend income from financial asset at fair value through profit or loss	240	-
Others	742	392
	4,810	418

^(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

	Group	
	2020	2019
	S\$'000	S\$'000
Fair value loss on investment properties (Note 12)	23,174	7,666
Impairment loss on property, plant and equipment (Note 10)	-	8,000
Diminution in value of properties for sale (Note 9)	1,925	3,235
	25,099	18,901

24 FINANCE COSTS

	Group	
	2020	2019
	S\$'000	S\$'000
Interest on bank loans and overdrafts	3,052	3,936
Interest on loans from a shareholder (Note 6)	2,433	2,533
Interest on obligations under finance leases	-	35
Interest on lease liabilities	385	-
Loan facility fee	-	159
	5,870	6,663

Notes To Financial Statements

June 30, 2020

25 LOSS BEFORE INCOME TAX

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

	Group	
	2020	2019
	S\$'000	S\$'000
Depreciation of property, plant and equipment (Note 10)	26	92
Bad debt expense	156	330
Loss allowance on amount due from a joint venture	1,199	-
Changes in fair value of investment properties (Note 12)	23,174	7,666
Impairment loss on property, plant and equipment (Note 10)	-	8,000
Diminution in value of properties for sale (Note 9)	1,925	3,235
(Gain) Loss on sale of investment properties	(1,099)	156
Grant expenses ^(a)	1,183	-
Employee benefits expense:		
- Directors' remuneration	659	657
- Other than directors	1,608	1,506
Total employee benefits expense	2,267	2,163
Cost of defined contribution plans (included in employee benefits)	126	116
Audit fees paid to auditors of the Company	175	208
Non-audit fees:		
- paid to auditors of the Company	34	38
- paid to other auditors	28	33
Total non-audit fees	62	71

^(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.

Notes To Financial Statements

June 30, 2020

26 INCOME TAX EXPENSE

	Group	
	2020	2019
	S\$'000	S\$'000
Current year tax expense	260	-
Under provision of current tax in prior year	427	18
	687	18

The income tax expense for the Group is calculated at 17% (2019 : 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.

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

	Group	
	2020	2019
	S\$'000	S\$'000
Loss before income tax	(21,676)	(8,412)
Tax at Singapore CIT rate	(3,685)	(1,430)
Tax effect of share of results of associates	244	(2,191)
Effect of expense that is not deductible	4,801	3,001
Effect of tax exemption	(18)	-
Effect of deferred tax assets not recognised	74	1,049
Utilisation of tax losses previously unrecognised as deferred tax asset	(1,400)	(429)
Under provision of current tax in prior year	427	18
Others	244	-
	687	18

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

	2020	2019
	S\$'000	S\$'000
Tax losses at end of year	8,108	15,908
Other temporary differences	1,886	1,886
	9,994	17,794
Deferred tax assets not recognised	1,699	3,025

The realisation of the future tax benefit from tax loss carryforwards is available for an unlimited future period subject to the agreement by the tax authorities and certain conditions imposed by law including the retention of majority shareholders as defined.

Notes To Financial Statements

June 30, 2020

27 LOSS PER SHARE

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

	Group	
	2020	2019
	S\$'000	S\$'000
Loss for the purposes of basic and diluted loss per share:		
- Loss for the year attributable to owners of the Company	(22,363)	(8,430)
Number of shares' 000		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,128,657	1,128,657
Basic and diluted loss per share (cents)	(1.98)	(0.75)

Diluted loss per share in 2020 and 2019 is the same as basic loss per share in 2020 and 2019 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.

29 OPERATING LEASE ARRANGEMENTS

The Group as lessee

Disclosure required under IFRS 16

At June 30, 2020, the Group is committed to S\$121,496 for short-term leases.

Disclosure required under IAS 17

	Group
	2019
	S\$'000
Minimum lease payments under operating leases	5,245

Notes To Financial Statements

June 30, 2020

29 OPERATING LEASE ARRANGEMENTS (CONT'D)

As at June 30, 2019, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group 2019 S\$'000
Within one year	5,070
In the second to fifth year inclusive	8,201
	<u>13,271</u>

Operating lease payments represented rentals payable by the Group for land, office, warehouse premises and certain office equipment. The leases were negotiated for terms between 6 months to 10 years and rentals were fixed during the term of the lease.

The Group as lessor

Disclosure required under IFRS 16

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 6 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

	Group 2020 S\$'000
Maturity analysis of operating lease payments:	
Year 1	14,023
Year 2	8,512
Year 3	1,762
Year 4	701
Year 5	236
Total	<u>25,234</u>

Disclosure required under IAS 17

	Group 2019 S\$'000
Rental income (Note 21)	12,880
Rental related income (Note 21)	3,222
Total	<u>16,102</u>

Notes To Financial Statements

June 30, 2020

29 OPERATING LEASE ARRANGEMENTS (CONT'D)

As at June 30, 2019, the Group had contracted with tenants for the following future minimum lease receipts:

	Group
	2019
	S\$'000
Within one year	14,306
In the second to fifth year inclusive	17,478
After five years	40
	<u>31,824</u>

The leases were mainly negotiated for terms between 2 to 5 years and rentals were fixed during the term of the lease.

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 of an associate are included in property investment segment in accordance with its business activities. This is the measure reported to Mr. Lock Wai Han, the Executive Director and Chief Executive Officer of the Company, being the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

Notes To Financial Statements

June 30, 2020

30 SEGMENT INFORMATION (CONT'D)

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:

	Construction services S\$'000	Property development S\$'000	Property investment S\$'000	Eliminations S\$'000	Total S\$'000
<u>2020</u>					
Revenue:					
External customers, representing total revenue	25	-	15,229	-	15,254
Results	(739)	(3,844)	(10,518)	(272)	(15,373)
Unallocated expenses					(433)
Finance costs					(5,870)
Loss before income tax					(21,676)
Income tax expense					(687)
Loss for the year					(22,363)
<u>2019</u>					
Revenue:					
External customers, representing total revenue	338	-	16,102	-	16,440
Results	(8,851)	(5,328)	13,669	(355)	(865)
Unallocated expenses					(884)
Finance costs					(6,663)
Loss before income tax					(8,412)
Income tax expense					(18)
Loss for the year					(8,430)

Notes To Financial Statements

June 30, 2020

30 SEGMENT INFORMATION (CONT'D)

Segment assets and liabilities and other segment information

	Construction services S\$'000	Property development S\$'000	Property investment S\$'000	Total S\$'000
<u>2020</u>				
Segment assets:				
Total segment assets	2,012	15,843	186,574	204,429
Unallocated assets				9,760
Total consolidated assets				214,189
Segment liabilities:				
Total segment liabilities	1,845	43,143	52,110	97,098
Unallocated liabilities				49,798
Total consolidated liabilities				146,896
Other segment information:				
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
<u>2019</u>				
Segment assets:				
Total segment assets	7,426	23,405	219,092	249,923
Unallocated assets				9,485
Total consolidated assets				259,408
Segment liabilities:				
Total segment liabilities	20,273	46,116	43,049	109,438
Unallocated liabilities				58,319
Total consolidated liabilities				167,757
Other segment information:				
Impairment loss of property, plant and equipment	8,000	-	-	8,000
Diminution in value of completed properties held for sale	-	3,235	-	3,235
Depreciation	89	-	3	92
Changes in fair value of investment properties	-	-	7,666	7,666

Major customer information

In 2020 and 2019, there are no customers who individually account for 10% or more of the Group's revenue.

Statistics of Shareholdings

As at 20 October 2020

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 20 OCTOBER 2020

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	3	0.29	49	0.29
100 – 1,000	159	15.36	98,900	15.36
1,001 – 10,000	136	13.14	966,383	13.14
10,001 – 1,000,000	668	64.54	114,060,199	64.54
1,000,001 and above	69	6.67	1,013,531,914	6.67
Total	1,035	100.00	1,128,657,445	100.00

SUBSTANTIAL SHAREHOLDERS ACCORDING TO REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 20 OCTOBER 2020

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 ¹	-	-	500,000,000	44.3
Celine Tang ²	-	-	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 20 October 2020

TWENTY LARGEST SHAREHOLDERS AS AT 20 OCTOBER 2020

	Name of Holders	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	507,399,400	44.96
2	UOB KAY HIAN PRIVATE LIMITED	160,954,200	14.26
3	TAN SEOW LENG	31,676,200	2.81
4	DBS NOMINEES (PRIVATE) LIMITED	29,234,800	2.59
5	HSBC (SINGAPORE) NOMINEES PTE LTD	23,331,200	2.07
6	CHONG CHOON MEOW	22,043,760	1.95
7	BON WEEN FOONG	14,989,652	1.33
8	PHILLIP SECURITIES PTE LTD	14,928,600	1.32
9	YEO KHEE YEOW ANTHONY	12,200,000	1.08
10	SUPER BEND PTE LTD	11,800,000	1.05
11	XU YONGSHENG	10,355,000	0.92
12	RAFFLES NOMINEES (PTE.) LIMITED	9,555,800	0.85
13	RAMESH S/O PRITAMDAS CHANDIRAMANI	9,300,000	0.82
14	KGI SECURITIES (SINGAPORE) PTE. LTD	9,270,800	0.82
15	NOVA FURNISHING HOLDINGS PTE LTD	8,500,000	0.75
16	STEPHEN YEO MAH AI	8,490,500	0.75
17	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	7,435,000	0.66
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,226,002	0.64
19	NAI YIONG OO	6,450,000	0.57
20	WEE BOO TEE	5,000,000	0.44
	Total	910,140,914	80.64

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 20 October 2020, approximately 44.56% of the total number of issued shares listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires at least 10% of the total number of issued shares of the Company to be held in the hands of the public.

Notice of Annual General Meeting

June 30, 2020

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 Monday, 30 November 2020 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 2020 together with the Directors' Statement and Independent Auditors' Report thereon. *Resolution 1*
2. To approve the payment of Directors' fees of S\$172,050 for the financial year ending 30 June 2021, to be paid quarterly in arrears. [2020: S\$186,000] *Resolution 2*
3. To re-elect the following Directors retiring by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws:
 - (a) Mrs Celine Tang *Resolution 3*
 - (b) Ms Ng Kheng Choo *Resolution 4*

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

Ms Ng Kheng Choo is considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST").

Ms Ng will, upon re-election as a Director of the Company, remain as a Non-Executive Independent Director of the Company, Chairman of the Nominating Committee, a member of the Audit Committee and Remuneration Committee. Please refer to Corporate Governance Report on pages 22 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. To re-appoint Deloitte & Touche LLP as auditors of the Company until the conclusion of next annual general meeting and to authorise the Directors to fix their remuneration. *Resolution 5*

AS SPECIAL BUSINESSES

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

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

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and Bye-laws of the Company, the Directors of the Company be authorised and empowered to:-

 - (a) issue shares in the capital of the Company ("shares") whether by way of bonus issue, rights issue or otherwise; and/or

Notice of Annual General Meeting

June 30, 2020

- (b) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (c) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "Share Issue Mandate"),

provided that:

- (I) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution:-
 - (a) shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below);
- (II) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under paragraph (I) above, the total number of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:-
 - (a) new shares arising from the conversion or exercise of any Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards, 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.

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- (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 1)

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

Resolution 7

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

(See Explanatory Note 2)

7. Renewal of the Share Purchase Mandate

Resolution 8

That:

- (a) for the purpose of the Listing Manual of the SGX-ST, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire from time to time the issued and fully-paid ordinary shares of par value US\$0.01 each in the capital of the Company (the "Shares") (excluding treasury shares and subsidiary holdings) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (I) on-market purchases transacted on the SGX-ST through the ready market 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

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- (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;

- (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:

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(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 3)

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

BY ORDER OF THE BOARD

Chew Kok Liang / Teo Chia Hui
Company Secretaries
6 November 2020

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Explanatory Notes:

- 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.

- 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.
- 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 6 November 2020.

Notes:

- The Annual General Meeting of the Company will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to, inter alia, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means, and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and sets out the alternative arrangements in respect of, inter alia, general meetings of companies as well as the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum.*
- Due to the current COVID-19 restriction orders in Singapore, shareholders (including a depositor registered and holding shares through The Central Depository (Pte) Limited) will not be able to attend the Annual General Meeting in person. Shareholders must submit any questions they may have by 12 noon on 23 November 2020*

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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) observing and/or listening to the proceedings via “live” webcast via mobile phone, tablet or computer (“Live Webcast”);
 - (b) submitting questions related to the resolutions to be tabled for approval in advance of the Annual General Meeting at <https://agm.conveneagm.com/OKHGlobalagm2020>; 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.
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, RHT Corporate Advisory Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, not less than 48 hours before the time appointed for holding the 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, RHT Corporate Advisory Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, not less than 48 hours before the time appointed for holding the 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, RHT Corporate Advisory Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, not less than 48 hours before the time appointed for holding the Annual General Meeting.

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Important notes to shareholders:

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

Key dates	Actions
6 November 2020, 10.00 a.m.	Shareholders may begin to pre-register at https://agm.conveneagm.com/OKHGlobalagm2020 , to create an account. Corporate members must also submit the Corporate Representative Certificate to the Company at rhtcaoscar@rhtcorporate.com
By 12 noon on 23 November 2020	Deadlines for registered shareholders to submit questions related to the resolutions to be tabled for approval in advance
By 2.30 p.m. on 28 November 2020	Deadlines for members to: <ul style="list-style-type: none"> • pre-register for Live Webcast; • submit the Corporate Representative Certificate (for Corporate members only); and • submit proxy forms.
By 2.30 p.m. on 29 November 2020	Authenticated shareholders will receive an email on their authentication status and will be able to access the Live Webcast using the account created (the "Confirmation Email"). Shareholders who do not receive the Confirmation Email by 2.30 p.m. on 29 November 2020, but have registered by the 28 November 2020 deadline should contact the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte Ltd. for assistance at rhtcaoscar@rhtcorporate.com (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.
29 November 2020	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 30 November 2020	To access the Live Webcast of the proceedings of the Annual General Meeting using the account created.

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.

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Strengthening Foundations, Pursuing Possibilities

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ANNUAL REPORT 2020