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OKH

Annual Report 2014

CREATING INTERLINKED OPPORTUNITIES


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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.

CORPORATE **PROFILE**

INTEGRATED PROPERTY DEVELOPER IN ASIA

Established in 1998 and headquartered in Singapore, OKH Global Ltd. ("OKH" or "the Group") is a niche property developer with a growing business presence in Asia.

With its market-oriented business model that comprises of property development and integrated construction services, the Group has been actively involved in large-scale industrial property development projects and various iconic infrastructure projects. Combining innovative eco-friendly and aesthetic features within its property development projects, the Group has been accorded several business accolades and property awards.

Initiating various growth plans that are interlinked with its business model, OKH is poised to harness the business opportunities in Asia and beyond.

LETTER TO SHAREHOLDERS

"FY2014 HAS BEEN A RECORD YEAR AND WE MADE MEANINGFUL PROGRESS TO CREATE INTERLINKED BUSINESS OPPORTUNITIES."

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is my pleasure and privilege to present the annual report and audited financial statements of OKH Global Ltd. ("OKH" or the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2014 ("FY2014").

FY2014 has been another milestone year as the Group registered a record net profit of S$26.0 million and we initiated various corporate plans to augment our business growth. In the following pages, we will share with you in more details of the corporate developments, financial performance for FY2014 and our plans ahead.

Notably, FY2014 marks our first full financial year as a integrated property developer after the Company completed the acquisition of the entire equity interest of OKH Holdings Pte Ltd ("OKH Holdings").

OUR COMPLETE TRANSFORMATION AS AN INTEGRATED PROPERTY DEVELOPER

While the Company completed the acquisition of OKH Holdings on 28 January 2013, the business transformation was only partially completed as the Board of Directors was exploring alternatives for the divestment of our IT business in China and on 22 October 2013, the Company announced the Proposed Distribution in Specie of Guangzhou Sinobest Information Technology Ltd. and Sinobest Technologies (H.K.) Limited to shareholders of the Company by way of capital reduction ("Proposed Distribution").

Subsequently on 10 March 2014, shareholders approved this Proposed Distribution in a special general meeting and on 24 June 2014, OKH's IT business was fully divested, completing our transformation as an integrated property developer.

Recapping on our property development projects in FY2014, the Group completed our industrial property development, Primz BizHub, which received its Temporary Occupancy Permit ("TOP") in June 2014. Primz BizHub, located at Woodlands Avenue 12, comprises of 381 strata-titled units which were fully sold and as a result, the completion of Primz BizHub contributed significantly to our financial performance in FY2014.

Adjacent to Primz BizHub, our industrial property development, Woodlands Horizon is stated for completion in FY2015, barring unforeseen circumstances. As at 30 June 2014, Woodlands Horizon, has achieved 88% sales of its 288 strata-titled units.

The construction progress of the Group's other property development and construction projects have been generally on track and we will continue to focus on the completion of these projects.

CREATING NEW INTERLINKED GROWTH CATALYSTS

To enhance the Group's business platform for growth and value creation, the Group established a joint venture with Pan Asia Logistics Holdings Singapore Pte. Ltd. ("Pan Asia"), an established logistics and supply chain solutions provider, to develop, own and manage logistic properties across Asia on 29 October 2013. Currently, the joint venture owns three brand-new logistic properties located in Singapore, Malaysia and Korea and the recurring leasing income from these properties has already contributed positively to our financial performance in FY2014.

Extending our business presence in the logistics and supply chain solutions industry, the Group entered into an agreement to acquire a 15% stake in Pan Asia for approximately S$21.5 million on 18 August 2014.

Established and headquartered in Singapore since 2002, Pan Asia provides fully integrated logistics services and supply chain solutions worldwide. With a longstanding business relationship with European MNCs which includes Mercedes-Benz, Siemens, VARTA, Panasonic, Porsche, BMW, VOLVO, BAYER, BASF, MTU and Continental, Pan Asia has built up a diversified customer base of more than 1,000 customers across various industries.

An Enterprise 50 winner in 2012, Pan Asia has grown rapidly across the world with subsidiaries in 12 countries and a growing business presence in other emerging markets.

With the acquisition of Pan Asia, the Group will gain immediate access to a fast-growing and established logistic and supply chain solutions provider with extended reach to new geographical markets. Both companies can capitalise on their inherent strengths and complementary business network to create new value propositions to customers.

Notably, the collective experiences and resources of both companies will create a cohesive platform to deliver interlinked business opportunities and create new value propositions in complementary markets.

CORPORATE ACCOLADES IN FY2014

As a testament to the Group's innovative and design-centric approach towards property development, the Group's industrial property, A'Posh BizHub, was accorded the "Asia Pacific Property Awards", which celebrates the highest levels of achievement by companies operating in all sectors of the property and real estate industry.

In addition, this award-winning development also won the prestigious FIABCI Singapore Property Award 2014, whose rules and judging criteria are similar to those of FIABCI Prix d'Excellence.

ACKNOWLEDGEMENT AND APPRECIATION

As we conclude FY2014 on a record high, I would like to take this opportunity to thank our Board of Directors, long-serving management team and staff for their contribution and commitment. At the same time, I would also like to thank all our business partners and customers for their unwavering support through these years.

I am grateful to our former Executive Director, Mr. Yu Zengping, for his services and contribution in managing the Group's IT business in China during our transformation. In turn, I would like to take this opportunity to welcome our new Executive Director, Mr. Tan Geok Chye, to our Board.

Last but not least, I would like to express our heartfelt thanks to all our stakeholders for their strong faith and confidence in us as we extend our growth momentum in Asia and beyond.

MR. BON WEEN FOONG
Executive Chairman & CEO

BOARD OF DIRECTORS

MR. BON WEEN FOONG

EXECUTIVE CHAIRMAN & CEO

Mr. Bon is responsible for the strategic development of the Group's business activities. In addition, he oversees all key aspects of the Group's business functions, including the tendering process of its property development and construction projects. He is responsible for identifying and securing new projects and business development opportunities for the Group. Mr. Bon has been in the building construction business for more than 14 years. Under his leadership, the Group has won various business awards, such as the ASEAN Business Awards 2013, Innovation 40 Award (by London-based The New Economy), Enterprise 50 Award in 2012 and 2011, Prominent Award of the Year (SME1 Asia Awards Singapore) in 2011. Personally, Mr. Bon has been awarded the Entrepreneur of the Year Award 2012 (by Rotary Singapore-ASME) and Asia Pacific Entrepreneurship Awards Singapore 2011 (by Enterprise Asia).

Mr. Bon was last re-elected as Director of the Company on 29 October 2013.

MR. LAM WEE YEOW

EXECUTIVE DIRECTOR

Mr. Lam is responsible for the day-to-day project supervision, safety and coordination of the Group's projects to ensure timely progress and delivery. He is also involved in the feasibility studies of new projects which includes due diligence, budgeting, timeline estimates, review and evaluate contract documents and other related work. Prior to joining the Group, he was working in various construction-related companies and was involved in various roles such as internal process redesign, cash flow management, project and workflow management. In all, Mr. Lam has been in the building construction industry for more than 13 years. Mr. Lam obtained a Diploma in Mechanical Engineering from Singapore Polytechnic in 1996 and subsequently graduated with a Bachelor of Applied Science (Construction Management) from RMIT University in 2010.

Mr. Lam was last re-elected as Director of the Company on 29 October 2013.

MR. TAN GEOK CHYE

EXECUTIVE DIRECTOR

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 key construction aspects of the property and construction projects undertaken by the Group. Mr. Tan is responsible for matters concerning budget controls, 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, Primz BizHub and The Herencia and he is spearheading the rest of the Group's property projects such as Woodlands Horizon, Ace @ Buroh and Loyang Enterprise.

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. Prior to joining the Group in 2012, he was the Director of Tech Decor Pte Ltd. Mr. Tan holds a Certificate in Construction Supervision issued by BCA and is a qualified Resident Technical Officer.

Mr. Tan was appointed as Director of the Company on 22 September 2014.

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 our 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 from 2000 to 2005. He has worked with BMB Consultants NV as a merchant banking specialist attached to the Bangladesh Minister of State of Privatisation under an Asian Development sponsored programme in 1999. Prior to that, Mr. Ong had worked in Corporate Finance and banking positions in DBS Bank, Standard Chartered Merchant Bank, Nomura International (Hong Kong) and Peregrine Capital/Banco Santander Securities from 1984 to 1999. Mr. Ong graduated with degrees in Bachelor of Social Science (2nd Class Upper Honours) from the National University of Singapore, Master of Applied Finance from Macquarie University and Master of Accounting from Curtin University. Mr. Ong is a Chartered Accountant in Singapore and CPA of Australia and also qualified as a Chartered Financial Analyst.

Mr. Ong was last re-elected as Director of the Company on 29 April 2013.

MR. LIM ENG HOE

INDEPENDENT DIRECTOR

CHAIRMAN OF REMUNERATION COMMITTEE • MEMBER OF AUDIT COMMITTEE • MEMBER OF NOMINATING COMMITTEE

Mr. Lim is a professional corporate adviser with strong background and good knowledge in capital and financial markets, and well-versed in corporate affairs management in South Asia and Australia. Mr Lim has been involved in a number of corporate exercises of both public and private companies in the region. Previously, Mr Lim was a Group Finance Director of a public listed company in Singapore and also served on the board of listed companies in Australia, Malaysia and Singapore. Mr Lim holds a Bachelor of Science in Economics (Honours) from University of London.

Mr. Lim was appointed as Director of the Company on 31 October 2013.

MR. LEE TECK LENG ROBSON

INDEPENDENT DIRECTOR

CHAIRMAN OF NOMINATING COMMITTEE • MEMBER OF AUDIT COMMITTEE • MEMBER OF REMUNERATION COMMITTEE

Mr. Lee is currently a partner in Shook Lin & Bok LLP's corporate finance and international finance practice and has been with the firm since 1994. Mr. Lee is also a partner in the firm's China practice, focusing on cross-border corporate transactions in the PRC. In addition, Mr. Lee currently serves as an independent director on the boards of other listed companies in Singapore and Hong Kong. Mr. Lee graduated from the National University of Singapore in 1993 with a Bachelor's degree in Law (Hons), and was admitted as a solicitor in England and Wales in 2008. He is a member of the Singapore Academy of Law, and the Law Society of Singapore.

Mr. Lee was appointed as Director of the Company on 31 October 2013.

SENIOR MANAGEMENT

MR. PATRICK LEE

(CHIEF FINANCIAL OFFICER)

Mr. Lee has over 21 years of experience in accounting and auditing. He started his career in auditing with PricewaterhouseCoopers in 1989. After about three years of service in auditing, he joined a number of commercial organisations, taking up positions as finance manager, financial controller, and chief financial officer. Mr. Lee also has prior experience with companies listed in Hong Kong, USA and Malaysia. He joined Sinobest as the Chief Financial Officer in September 2008. Mr. Lee was the group financial controller of Asian Information Resources Holdings Ltd from 2002 to 2004. From 2005 to 2008, he was the chief accountant of Sime Darby Management Services Limited (South China Motor Group). Mr. Lee holds a Bachelor of Accountancy from the Polytechnic University in Hong Kong in 1989 and is an associate member of the Hong Kong Institute of Certified Public Accountants since 1994.

MR. JASON HO

(SENIOR BUSINESS DEVELOPMENT MANAGER)

Mr. Ho joined the Group in July 2012 and he is responsible for developing and executing the Group's strategic business plan in existing and new markets. Maintaining broad industry network of high level contacts, Mr. Ho works closely with project management team to assess new market opportunities. Having worked in various industries and countries as a consultant, Mr. Ho has an extensive experience and market knowledge of Asian markets.

MS. ANGELINE ANG

(SENIOR PROPERTY DEVELOPMENT MANAGER)

Ms. Ang joined the Group in December 2012 and she is responsible for marketing and managing the Group's real estate portfolio in addition to other responsibilities. Ms. Ang has over 10 years of experience in property planning and design, marketing and sales, project management, cost and quality management and consultancy services. Ms. Ang holds a Master of Science (Real Estate) from the National University of Singapore, Bachelor of Applied Science (Property Economics) from the Queensland University of Technology as well as a Diploma in Building Management from the Ngee Ann Polytechnic.

MR. ONG SAU KANG

(PROPERTY DEVELOPMENT MANAGER)

Mr. Ong joined the Group in August 2004 as a contracts manager and subsequently rose to the position of property development manager, where he is responsible for identifying, securing and marketing new property development projects for our Group. From 2000 to 2001, he was the assistant quantity surveyor with Hiap Tian Soon Construction Pte Ltd and was a quantity surveyor from 2001 to 2004 with MA Builders Pte Ltd where he was responsible for bidding of tenders, managing variation orders and preparing sub-contracts. From July 2004 to August 2004, he was the property manager of Grange Tower managed by Empire City Consultant Pte Ltd, where he was responsible for the management of the premises. Mr. Ong graduated from RMIT University with a Bachelor of Applied Science (Construction Management) with Honours 1st Class and Ngee Ann Polytechnic with a Diploma in Building and Real Estate Management.

FINANCIAL AND **OPERATIONS REVIEW**

With OKH's core business in property development, the Group is required to adopt the new Financial Reporting Standards ("FRS"), INT FRS 115. And as a result, the financial performance of the Group as reported from year to year may vary depending on the timing of sales and completions of our industrial property development projects in Singapore.

The variation of reported accounting results from each period of review may be more pronounced to the extent that a loss may be reported in a certain review period to a very lumpy recognition of substantial profits in subsequent periods of review.

In FY2014, the Group achieved record financial performance as overall revenue surged to S$223.1 million from S$24.5 million in FY2013, which was mainly attributed to the completion of our industrial property development, Primz BizHub, which received its TOP in June 2014. Primz BizHub, located at Woodlands Avenue 12, comprises of 381 strata-titled units which have been fully sold.

Revenue recognised from the provision of construction services increased marginally to S$16.7 million in FY2014, which was mainly due to higher revenue recognised from existing projects and lower provision of liquidated damages. In addition, revenue recognised from property investment increased significantly by S$2.2 million to S$3.6 million in FY2014, which was mainly due to rental income from our investment property, The Herencia, at Kim Yam Road, which received its TOP in FY2014.

Gross profit surged to S$46.4 million in FY2014 from S$0.1 million in FY2013, which was mainly due to contribution from the Group's property development Primz BizHub, which obtained its TOP in FY2014. Correspondingly, gross profit margin increased by 20.5 percentage points, from 0.3% in FY2013 to 20.8% in FY2014.

Other income decreased significantly in FY2014, which was due to the absence of bargain purchase on reverse acquisition, which amounted to approximately S$15.5 million in FY2013.

General and administrative expenses decreased by S$1.8 million or 9.6%, from S$18.9 million in FY2013 to S$17.1 million in FY2014. The decrease was mainly due to the lower sales commission amounting to approximately S$2.5 million and rental expenses paid on the investment property, The Herencia, of approximately S$1.9 million in FY2013 prior to its TOP. The decrease was partially offset by the increase in depreciation on property, plant and equipment and annual incentive bonus.

Finance costs increased by S$1.3 million or 77.4%, from S$1.7 million in FY2013 to S$3.0 million in FY2014, which was mainly due to the interest expenses recognised on the Redeemable Exchangeable Preference Shares ("REPS") issued by the subsidiary of the Group in FY2014.

Overall, the Group registered a record net profit of S$26.0 million in FY2014, of which S$24.1 million is from continuing operations.

BALANCE SHEET HIGHLIGHTS

Property development is a capital intensive business and our primary financial management approach is to keep the costs of capital relatively low with prudent management of our cash flows.

As at 30 June 2014, the Group's balance sheet continued to strengthen as total assets increased by 19.4% to S$568.4 million, of which current assets increased by 14.0% to S$462.6 million and non-current assets increased by 51.4% to S$105.7 million.

Corresponding to the larger scale of property development projects undertaken, the Group's total liabilities increased by 12.4% to S$489.7 million, which was mainly due to the increase in bank loans and overdrafts. At the end of June 2014, total equity increased by 96.1% to S$78.7 million. Further details of the Group's financial statements in FY2014 can be found in the next few sections of this annual report.

CASH FLOW HIGHLIGHTS

Net cash used in operating activities

For the financial year ended 30 June 2014, the Group recorded a net cash outflow of S$95.9 million from operating activities as compared to net cash generated in operating activities of S$78.4 million for the same period last year.

The net cash outflow was primarily due to cash outflow incurred for the properties under development amounting to S$43.5 million, trade and other payables of S$30.4 million, trade and other receivables of S$33.4 million, inventory of S$4.6 million and payment of interest of S$8.9 million.

Net cash used in investing activities

The Group recorded net cash used in investing activities of S$50.7 million in FY2014 as compared to net cash used in investing activities of S$12.2 million for the same period last year. The net cash outflow was primarily due to the investment of S$30.0 million in a Joint Venture with Pan Asia Logistics Holdings Singapore Pte. Ltd. to jointly undertake the business of developing, owning and managing logistic properties.

In addition, the Group completed the Proposed Distribution which resulted in a net cash outflow of S$13.4 million on 24 June 2014. The additions to investment properties and purchase of plant and equipment amounting to approximately S$6.6 million and S$0.9 million respectively also contributed to the net cash used in investing activities.

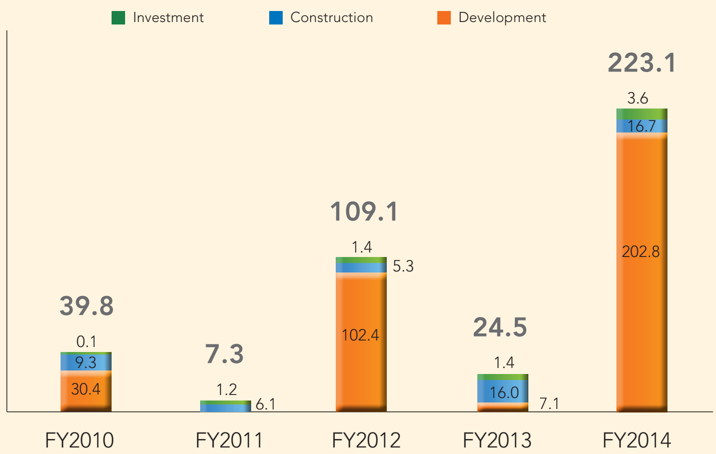
Net cash inflow from financing activities

The Group recorded net cash inflow of S$168.5 million from financing activities as compared to net cash used in financing activities of S$22.3 million in the same period last year. The net cash inflow was primarily due to the proceeds from bank loans of S$242.1 million drawn down for our investment property at Tai Seng and the rest of our property development projects. The net placement proceeds of S$39.5 million, loan from an associate of S$8.0 million and proceeds from issuance of REPS of S$10.0 million also contributed to the net cash inflow from financing activities. The net cash inflow was partially offset by cash outflow arising from the repayment of bank loans amounting to S$101.6 million and loan to non-controlling interests of S$12.0 million.

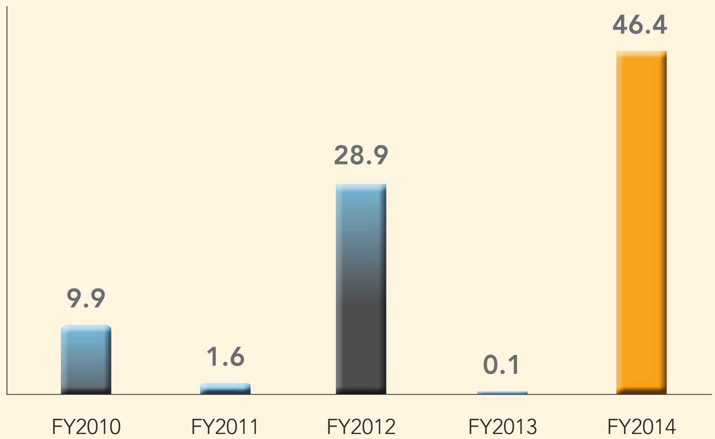
FINANCIAL HIGHLIGHTS

With OKH's core business model in property development, the Group is required to adopt the new Financial Reporting Standards. As a result, the financial performance of the Group in each reporting period may be significantly different depending on the timing of sales and completions of its industrial property development projects in Singapore.

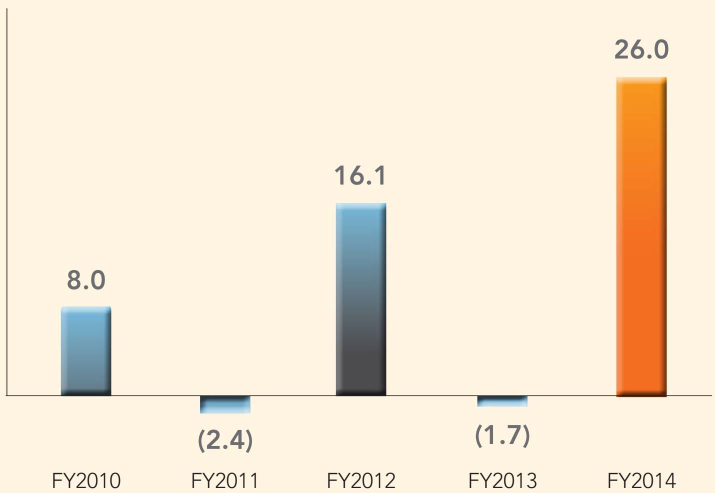
REVENUE
(S$'MILLION)



GROSS PROFIT
(S$'MILLION)



NET PROFIT
(S$'MILLION)



CORPORATE MILESTONES

2014

- Completion of Proposed Distribution in specie of the Group's IT business to Shareholders of the Company by way of capital reduction.
- Received 2014 "Asia Pacific Property Awards"
- Shareholders approved the Proposed Distribution in specie of the Group's IT business to Shareholders of the Company by way of capital reduction

2013

- Execution of joint venture agreement with Pan Asia Logistics Holdings Singapore Pte. Ltd.
- Successful share placement of 60 million new ordinary shares at a price of S$0.68 per share
- Received "ASEAN Business Awards 2013"
- Issuance of S$10 million Redeemable Exchangeable Preference Shares to Evia Growth Opportunities II Ltd. and Evia Growth Opportunities III Ltd.
- Awarded tender for an industrial land site at Loyang Way
- Watch-list removal on 28 May 2013
- Resumption of Trading on 7 May 2013
- Completed compliance share placement of S$0.24 per share
- Awarded tender for an industrial land site at Buroh Crescent
- Reverse takeover approved and completed, Company renamed as OKH Global Ltd.
- Acquisition of industrial property at 5 Pioneer Sector Lane
- Awarded tender for a commercial site near to Mohammad Sultan Road

2012

- Received 2012 "Enterprise 50" award
- Awarded tender for an industrial land site at Tai Seng Link
- A'Posh BizHub received TOP and BCA "Green Mark Gold" Award

2011

- Received 2011 "Enterprise 50" award
- Received inaugural 2011 "Prominent SMEs" award
- Awarded tender for an industrial land site at Woodlands Ave 2 Parcel 3
- Awarded tender for an industrial land site at Woodlands Ave 2 Parcel 2

2010

- Green Synergy established to provide sustainable energy and environmental solutions
- Awarded tender for an industrial land site at Yishun Ave 6

2009

- Foxx Media established: To provide specialist contractor services (such as LED panels) to advertising sector

2008

- Changi Airport: Expansion of Budget Terminal
- Received "SME Top 50 Fastest Growing Companies in Singapore" Award
- Singapore Formula 1 Grand Prix: Awarded 3-year contract
- Hotel Conversion Project: A&A and Interior Fitting-Out works
- First Industrial Property Development Project in Tuas

2007

- Singapore Turf Club: Stable blocks conversion and A&A works

2006

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management
- OHSAS 18001 Occupational Health and System certification

2005

- Biopolis Project: Interior Fitting-Out works

2000

- First SMRT Project: Alterations & Additions (A&A) and Fitting-Out works

CORPORATE SOCIAL **RESPONSIBLITY**

MAKING A POSITIVE DIFFERENCE IN THE COMMUNITY

OKH Global Ltd. and our workforce embrace the philosophy of giving back to the community by encouraging proactive involvement in the Group's various corporate social responsibility (CSR) initiatives and environmental conservation programs.

Contributing time and resources, we are committed to aid the development and improvement of the society in which we live and work.

List of Beneficiaries:

- People Association Club Building Fund
- Lions Club of Singapore
- POSB- Kids Run 2010
- UOB Heartbeat Run 2010. 2012
- SMRT Silver Tribute Fund
- Kwong Wai Shiu Hospital
- Bone Marrow Donor Programme
- Singapore Chung Hwa Medical Institution
- Singapore Chinese Chamber of Commerce Foundation
- Marsiling Gala Dinner 2013
- People Association (Community Development Council)
- Singapore Amalgamated Services Co-operative Organization (SASCO)
- NUSS Student Endowment Fund
- AUPE Foundation Cooperative Ltd.
- The Salvation Army
- Singapore Red Cross Society
- Down Syndrome Association (Singapore)
- Singapore University of Technology

PROJECTS FOR SALE

ACE @ BUROH

Located at Buroh Crescent within the Tuas precinct, this industrial property, under "Business 2 Zoning", has a permissible gross plot ratio of 2.5 with a maximum GFA of up to 475,780 square feet. Well-connected to major expressways and proximity to Tuas Second Link, ACE @ Buroh will comprise of 100 factories and 1 canteen.

LOYANG ENTERPRISE

Located near to Changi logistic hub, this industrial property is the only industrial land site released by the government for the past few years. Listed as a "Business 2 Zoning" industrial property, this strata-titled project, located at Loyang Way, has a permissible gross plot ratio of 2.5 and it can be developed into a maximum GFA of up to 555,000 square feet.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Ace @ Buroh
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WOODLANDS HORIZON

Located near to Admiralty MRT station, Woodlands Horizon is an 8-storey strata-titled ramp-up industrial building with a 60-year leasehold. Listed as a "Business 1 Zoning" industrial property, Woodlands Horizon's functionally-designed units are ideal for SMEs who has a growing business presence in Singapore and nearby Johor Bahru and require industrial spaces for clean and light industrial activities.


Woodlands Horizon
Artist Impression


The Herencia
Artist Impression

Tai Seng Link
Artist Impression

PROJECTS FOR LEASE

THE HERENCIA

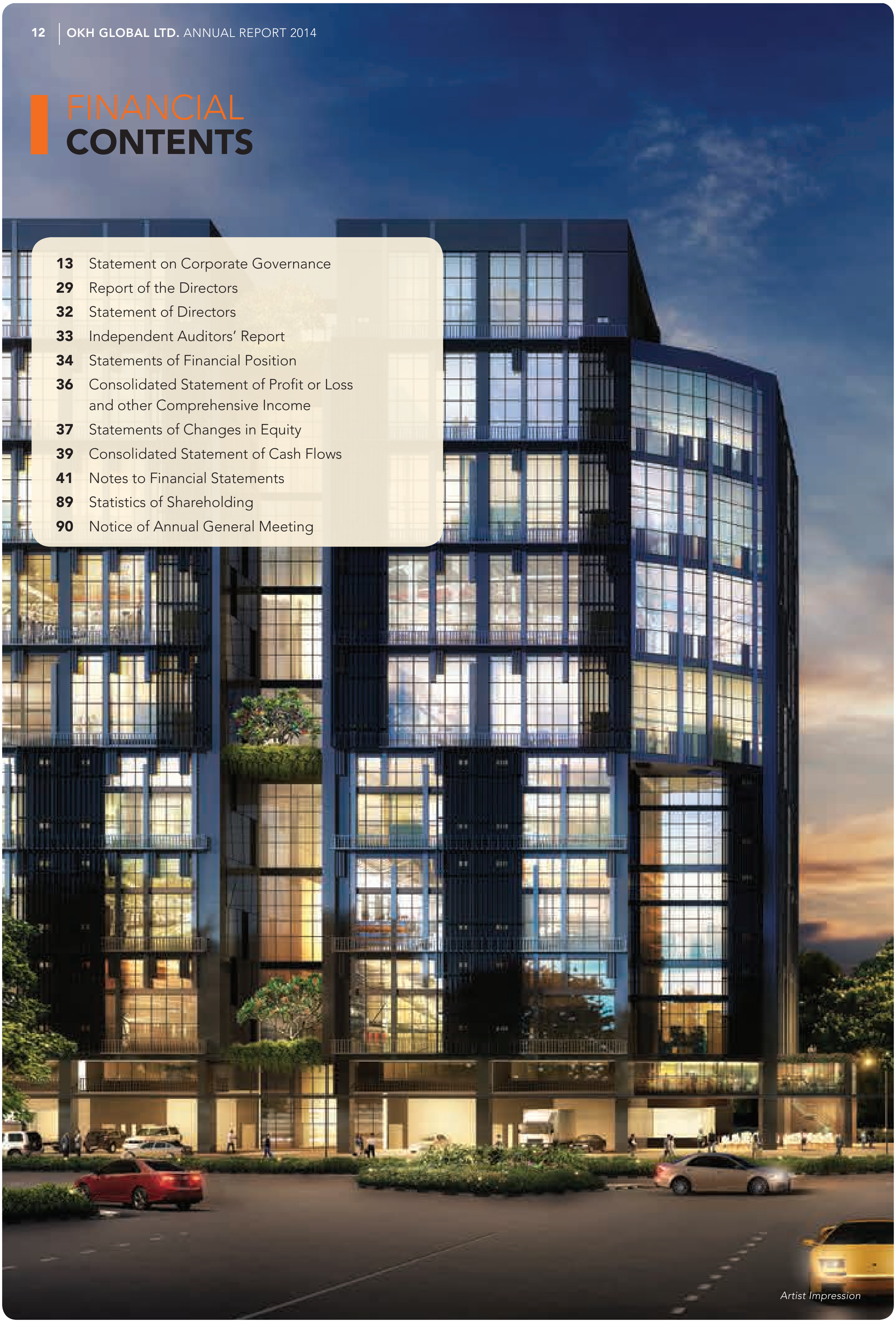
Located at 46 & 58 Kim Yam Road, The Herencia is situated in the vicinity of the popular Mohammad Sultan and Robertson Quay enclave. With an estimated lettable area of 150,000 square feet. The Herencia is ideal for rental as office or commercial school.

INDUSTRIAL BUILDING AT TAI SENG LINK

Strategically located near Tai Seng MRT station and roads such as Upper Paya Lebar Road and Airport Road, Tai Seng Link is located within the Paya Lebar iPark, which will be developed into a lifestyle park. With a permissible gross plot ratio of 2.5, Tai Seng Link can be developed into a maximum GFA of up to 116,680 square feet of "Business 2 Zoning" development, which will be ideal for aspiring entrepreneurs.

For any enquiries on our properties, please visit out website www.okh.com.sg or contact us at 9066 555

FINANCIAL CONTENTS



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STATEMENT ON **CORPORATE GOVERNANCE**

INTRODUCTION

The Directors and Management of OKH Global Ltd. ("the Company") and its subsidiaries (collectively "the Group") are committed to uphold good corporate governance. This commitment and continuous support of the Code of Corporate Governance 2012 ("the Code") can be seen from the Directors and Management's effort to observe high standards of transparency, accountability and integrity in managing the Group's business in order to create value for its stakeholders and safeguard the Group's assets.

This Statement describes the practices the Company has undertaken with respect to each of the principles and guidelines and the extent of its compliance with the Code.

BOARD MATTERS

The Board's Conduct of Affairs

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

The Company is headed by an effective Board, comprising individuals with diversified backgrounds and who collectively brings with them a wide range of experience, to lead and control the Group. The Board is responsible for the overall management and success of the Group.

The principal functions of the Board are, *inter alia*, to:–

(i) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(ii) establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(iii) review management performance;

(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.

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 incoming Directors were also provided with information relating to corporate conduct and governance including continuing disclosure requirements as required by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), disclosure of interests in securities, restrictions on disclosure of confidential or price sensitive information and etc. All Directors are also encouraged to receive regular training such as professional development on new laws, regulations and changing commercial risks, so as to enable them to contribute effectively to the Board or Board Committees.

STATEMENT ON CORPORATE GOVERNANCE

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

The number of Board and Board Committee meetings held during the financial year ended 30 June 2014 ("FY2014") 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				
Mr Bon Ween Foong	4/4	N/A	N/A	N/A
Mr Lam Wee Yeow	4/4	N/A	N/A	N/A
Mr Yu Zengping[1]	2/4	N/A	N/A	N/A
Mr Ong Soon Teik	4/4	4/4	1/1	1/1
Mr Lim Eng Hoe[2]	4/4	4/4	1/1	1/1
Mr Lee Teck Leng Robson[2]	3/4	3/4	1/1	1/1
Mr Tan Geok Chye[3]	–	–	–	–

Notes:

1 Mr Yu Zengping resigned on 10 September 2014.
2 Mr Lim Eng Hoe and Mr Lee Teck Leng Robson were appointed on 31 October 2013 and will be subject to retirement and are eligible for re-election at the Annual General Meeting to be held on 29 October 2014.
3 Mr Tan Geok Chye was appointed on 22 September 2014 and will be subject to retirement and is eligible for re-election at the Annual General Meeting to be held on 29 October 2014.

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;

STATEMENT ON **CORPORATE GOVERNANCE**

- 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 new Director will upon 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.

In addition, the Board of Directors of the Company is encouraged to attend appropriate or relevant courses, conferences and seminars and the costs would be borne by the Company. The Board has received updates on changes in listing rules, regulatory requirements, corporate governance guidelines and best practices on regular basis.

Board Composition and Guidance

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

The current Board consists of six (6) members comprising the Executive Chairman, who is also the Chief Executive Officer ("CEO") of the Company, two (2) Executive Directors, and three (3) Non-Executive and Independent Directors:–

<u>Executive Chairman and CEO</u>
Mr Bon Ween Foong

<u>Executive Directors</u>
Mr Lam Wee Yeow
Mr Tan Geok Chye

<u>Non-Executive and Independent Directors</u>
Mr Ong Soon Teik
Mr Lim Eng Hoe
Mr Lee Teck Leng Robson

The profile of each Director is presented on pages 04 and 05 of this Annual Report.

On an annual basis, each Director is required to complete a 'Confirmation of Independence' form to confirm his/her independence. The said form, which was drawn up based on the definitions and guidelines set forth in Guideline 2.3 of the Code and the Guidebook for Audit Committees in Singapore issued by Audit Committee Guidance Committee ("Guidebook"), requires each Director to assess whether he considers himself/herself independent despite not having any of the relationships identified in the Code.

The NC noted that the Independent Directors should make up at least half of the Board pursuant to Guideline 2.2 of the Code where the Chairman of the Board and the CEO is the same person. Accordingly, the NC has reviewed the forms completed by each Director and is satisfied that the Board complies with the Code's requirement that at least half of the Board should be made up of Independent Directors.

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.

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

The Independent Directors are encouraged to meet, without the presence of Management so as to facilitate a more effective check on Management.

None of the Independent Directors has served on the Board beyond nine years from the date of his appointment.

Chairman and Chief Executive Officer

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

The Chairman and CEO of the Company is Mr. Bon Ween Foong. Mr. Bon assumes the roles of both Chairman and CEO as he is the founder of OKH Group. He has extensive experience in the property development industry and has played an instrumental role in establishing the strategic direction of the Group and in the overall management of the Group's business. The Board is of the view that it is in the best interest of the Group to adopt a single leadership structure, and there are sufficient safeguards in place to ensure that the Management is accountable to the Board as a whole.

The Chairman and CEO of the Company leads the Board to ensure its effectiveness on all aspects of its role. He ensures that Board meetings are held in each quarter of financial year and as and when necessary, sets Board meeting agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. The Chairman and CEO 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. He encourages constructive relations and effective contribution within the Board and between the Board and the Management. He also takes a leading role in ensuring the Company strives to achieve and maintain high standards of corporate governance.

The Company is in compliance with the Guideline 3.3 of the Code, where Mr. Ong Soon Teik, member of the NC, is 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 Chairman and CEO, Executive Directors or Chief Financial Officer have 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.

The Independent Directors are encouraged to meet periodically without the presence of the other Directors and led by the Lead Independent Director. The Lead Independent Director should provide feedback to the Chairman after such meetings.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Company has established a NC to make recommendations to the Board on all board appointments and re-appointments. The NC comprises the following three (3) Directors, all of whom are Non-Executive and Independent Directors:–

Mr Lee Teck Leng Robson (Chairman)
Mr Ong Soon Teik (Member)
Mr Lim Eng Hoe (Member)

STATEMENT ON **CORPORATE GOVERNANCE**

The Company is in compliance with the Guideline 4.1 of the Code, where Mr Ong Soon Teik, the Lead Independent Director of the Company, is also a member of NC.

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

The duties and functions of the NC are as follows:–

(a) to make recommendations to the Board on all board appointments, including re-election and re-appointment by taking into account the composition and progressive renewal of the Board and each Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient points);

(b) to determine annually whether a Director is independent;

(c) to review the Board succession plans for directors, in particular, for the Chairman and the CEO;

(d) to review the training and professional development programmes for the Board;

(e) where a Director has multiple board representations and other principal commitments, to decide whether the Director is able to and has adequately carried out his/her duties as Director, taking into account the competing time commitments that he/she faces when serving on multiple boards and other principal commitments, and to decide the maximum number of listed company board representations which any director may hold; and

(f) to decide on the process for evaluation of the performance of the Board, the Board Committees and Directors.

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

The details of Mr Ong Soon Teik, who will retire by rotation at the forthcoming AGM to be held on 29 October 2014, is disclosed in the Directors' Profile on pages 04 to 05 of this Annual Report.

Mr Lim Eng Hoe, Mr Lee Teck Leng Robson and Mr Tan Geok Chye were appointed during the financial year ended 30 June 2014 and will be subject to retirement and are eligible for re-election at the forthcoming AGM. The details of Mr Lim Eng Hoe, Mr Lee Teck Leng Robson and Mr Tan Geok Chye can be found in the Directors' Profile on pages 04 to 05 of this Annual Report.

The NC has recommended and the Board has approved the re-election of Mr Ong Soon Teik, Mr Lim Eng Hoe, Mr Lee Teck Leng Robson and Mr Tan Geok Chye, who are retiring at the forthcoming AGM as Directors of the Company. Mr Ong Soon Teik, Mr Lim Eng Hoe, Mr Lee Teck Leng Robson and Mr Tan Geok Chye will abstain from voting on any resolution related to their appointment.

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.

Where a vacancy arises, the NC will consider each candidate for directorship based on the selection criteria determined after consultation with the Board and 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.

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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
Bon Ween Foong	22/04/2013	29/10/2013	–	–
Lam Wee Yeow	22/04/2013	29/10/2013	–	–
Tan Geok Chye[1]	22/09/2014	(to be re-elected at the forthcoming AGM)	–	–
Lim Eng Hoe[2]	31/10/2013	(to be re-elected at the forthcoming AGM)	–	• Lincoln Minerals Limited
Lee Teck Leng Robson[2]	31/10/2013	(to be re-elected at the forthcoming AGM)	• Matex International Limited • Best World International Ltd • Sheng Siong Group Limited • Serial System Ltd • Sim Lian Group Ltd • Man Wah Holdings Ltd (a company listed on the Hong Kong Stock Exchange)	• YouYue International Limited
Ong Soon Teik	29/03/2010	29/04/2013 (to be re-elected at the forthcoming AGM)	• Adventus Holdings Limited	• Chinese Global Investors Group Ltd.

Notes:

1 Mr Tan Geok Chye was appointed on 22 September 2014 and will be subject to retirement and is eligible for re-election at the forthcoming AGM to be held on 29 October 2014.

2 Mr Lim Eng Hoe and Mr Lee Teck Leng Robson were appointed on 31 October 2013 and will be subject to retirement and are eligible for re-election at the forthcoming AGM to be held on 29 October 2014.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

On an annual basis, the NC in consultation with the Chairman of the Board, will review and evaluate the performance of the Board as a whole, its Board Committees and each Director taking into consideration the attendance record and participation at the meetings of the Board and Board Committees and the contribution of the Board.

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Each Director is requested to complete an evaluation form to assess the effectiveness of the Board as a whole. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, the Board processes and accountability, Board performance in relation to discharging its principal responsibilities, communication with key management personnel and the Directors' standards of conduct.

In line with the Code, the Board had implemented a process to be carried out by the NC to assess the effectiveness of the Board Committees and the contribution of each individual Director to the effectiveness of the Board including the commitment of time for meetings of the Board and Board Committees. The members of the respective Board Committees were requested to complete the evaluation forms to assess the effectiveness of the Board Committees.

Access to Information

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

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

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

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

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

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

The RC comprises the following three (3) Directors, 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)
Mr Lee Teck Leng Robson (Member)

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

STATEMENT ON **CORPORATE GOVERNANCE**

The RC is responsible:

(a) to recommend to the Board a general framework of remuneration for Directors and key management personnel (including the CEO and other persons having authority and responsibility for planning, directing and controlling activities of the Company and Group), and to determine specific remuneration packages for each Executive Director as well as key management personnel. The RC's recommendations should cover all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

(b) in the case of service contracts of Executive Directors and key management personnel, to review and to recommend to the Board, the terms of renewal of service contracts and to ensure the service contracts contain fair and reasonable termination clauses which are not overly generous in the event of termination. The RC aims to be fair and avoid rewarding poor performance;

(c) to administer OKH Performance Share Plan; and

(d) to appoint such professional consultancy firm deemed necessary to enable the RC to discharge its duties satisfactorily.

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

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

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company.

Level and Mix of Remuneration

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

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

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

The service agreements entered into with the three Executive Directors, namely Mr Bon Ween Foong, Mr Lam Wee Yeow and Mr Tan Geok Chye are for an initial period of three years. These service agreements are 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.

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

The remuneration of the Directors and the key management personnel of the Group, who are not Directors of the Company, for the financial year ended 30 June 2014, are disclosed below.

The breakdown of each Directors' and key management personnel's remuneration of the Group for the financial year ended 30 June 2014 is as follows:

Board of Directors	Salary $	Bonus/ Commissions $	Benefits in Kind $	Directors' Fees $	Total $
Bon Ween Foong	600,000	1,644,000	480,000	12,000	2,736,000
Lam Wee Yeow	150,000	38,000	28,000	12,000	228,000
Yu Zengping[1]	211,000	–	–	–	211,000
Ong Soon Teik	–	–	–	55,000	55,000
Lim Eng Hoe[2]	–	–	–	40,000	40,000
Lee Teck Leng Robson[2]	–	–	–	40,000	40,000

Notes:

1 Mr Yu Zengping resigned on 10 September 2014.

2 Mr Lim Eng Hoe and Mr Lee Teck Leng Robson were appointed on 31 October 2013.

STATEMENT ON CORPORATE GOVERNANCE

Key Management Personnel	Salary %	Bonus/ Commissions %	Benefits in Kind %	Total %
Below S$250,000				
Tan Geok Chye[1]	81	7	12	100
Pang Shi Kang[2]	77	10	13	100
Jason Ho	67	6	27	100
Angeline Ang	74	6	20	100
Patrick Lee	100	–	–	100

Note:

1 Mr Tan Geok Chye was appointed on 22 September 2014 as Director of the Company.
2 Mr Pang Shi Kang has resigned on 28 February 2014.

The aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO) for the financial year ended 30 June 2014 is approximately S$637,000. Due to the highly competitive market, the Company believes it is unwise to disclose the breakdown of the remuneration of the key management personnel.

None of the Directors (including the CEO) and the top five key management personnel (who are not Directors or the CEO) has received any termination, retirement and post-employment benefits for the financial year ended 30 June 2014.

There is no employee who is immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeds S$50,000 for the financial year ended 30 June 2014.

The RC has reviewed and approved the remuneration packages of the Directors and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Directors and key management personnel are adequate but not excessively remunerated. The RC will consider and deliberate on the performance conditions to which entitlement to short term and long term incentive schemes are subject and make the necessary disclosures, if any.

The shareholders of the Company had during the Special General Meeting held on 23 January 2013 approved and adopted the employee share scheme known as the OKH Performance Share Plan. The principal terms of the OKH Performance Share Plan is set out in the Circular to Shareholders dated 31 December 2012 on pages F-1 to F-18. As at the date of the annual report, the Company had not granted share awards to any employees under the OKH Performance Share Plan.

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

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

The Management understands its role to provide all members of the Board with management accounts and such explanation and information in a balanced and informed assessment of the Company's performance, position and prospects.

Risk Management and Internal Controls

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

The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control, manage and mitigate these risks. The Management reviews the risk management and internal control systems and highlights all significant matters to the AC and Board from time to time.

The Board acknowledges that it is responsible for the Company to maintain an adequate system of risk management and internal controls to safeguard the assets of the Group. In addition, it is essential to maintain adequate accounting records, develop and maintain an effective control environment within the Group. The Board recognizes 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 2014 and management confirmations to assess the effectiveness of the Group's internal control systems.

The Company has appointed KPMG Services Pte. Ltd as the Group's internal auditors for the Group's operations in Singapore, to review the effectiveness of the Group's internal controls in light of the key business and financial risks affecting its business. As disclosed in its announcement for the unaudited full year financial results for FY2014 on 28 August 2014, the Proposed Distribution in specie of the Group's IT business, comprising Guangzhou Sinobest Information Technology Ltd. and Sinobest Technologies (H.K.) Limited (the "Operating Subsidiaries"), to the shareholders of the Company by way of capital reduction was completed on 24 June 2014. Accordingly, the Operating Subsidiaries were no longer subsidiaries of the Company as at 30 June 2014.

The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the external auditors in this respect. The AC, with the participation of the Board, has reviewed the adequacy 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 FY2014, the Board has received assurances from the CEO and the Finance Manager of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are sufficiently effective.

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Based on the internal control weaknesses noted during the course of audit by the external auditors and their recommendations, the various management controls put in place, and reports from the internal auditors, the Board, with concurrence from the AC, are satisfied with the Group's internal controls and are of the opinion that the internal controls maintained by the Group in addressing critical and significant risks relating to financial, operational, compliance risk and information technology and risk management systems are adequate as at 30 June 2014. The Board will also continue to enhance and improve the existing internal controls framework to identify and mitigate these risks. The AC will also commission an annual internal audit to satisfy itself that the Group's internal controls are robust and effective to address any significant internal control weaknesses that may arise.

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

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises the following three Directors, all of whom are Non-Executive and Independent Directors:–

Mr Ong Soon Teik (Chairman)
Mr Lim Eng Hoe (Member)
Mr Lee Teck Leng Robson (Member)

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 Mr. Lee Teck Leng Robson, possess requisite accounting and financial management expertise and experience.

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

(a) to review with the external and internal auditors, the audit plan, their audit report, management letter and the Management's response;

(b) to review the scope and results of audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the external auditors also provide a substantial volume of non-audit services to the Group, to review the nature and extent of such services to maintain the balance of objectivity and value for money;

(c) to review the interim and full-year financial results of the Company and the consolidated financial statements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;

(d) to review annually the risk profile of the Company and the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls and risk management systems;

(e) to review the scope and results of the internal audit procedures as well as risk management policy covering risk frameworks, models and limits to the Board for approval;

(f) to consider and make recommendations to the Board on the appointment, re-appointment and removal of external auditors and internal auditors, their remuneration and terms of engagement;

(g) to review the adequacy of the internal audit function annually and ensure that a clear reporting structure is in place between the AC and the internal auditors;

(h) to meet with the external and internal auditors without the presence of the Management annually to review the assistance given by the Management to the external and internal auditors and any matters which the external and internal auditors would like to draw to the AC's attention;

STATEMENT ON **CORPORATE GOVERNANCE**

(i) to review interested persons transactions ("IPTs") to comply with the rules of the Listing Manual of the SGX-ST and other relevant statutory requirements and any potential conflicts of interest; and

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

The AC has the power to conduct and authorise investigations into matters within the AC's scope of responsibility. The AC also has full access to and co-operation of the Company's Management and has full discretion to invite any Director or executive officer to attend the AC meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC has direct access to the internal and external auditors and has met with them without the presence of the Management annually.

In July 2010, the Singapore Exchange Limited and Accounting and Corporate Regulatory Authority launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the Guidance.

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 2014:–

Services	**Amount (SGD)**
Audit service	238,000
Non-audit service	31,500
Total	269,500

The AC had reviewed all audit and non-audit fee paid to Deloitte & Touche LLP, the scope of services, the qualification, the independence and the objectivity of the external auditors in the meeting held in 2014. Deloitte & Touche LLP has confirmed that they are public accounting firms registered with the Accounting and Corporate Regulatory Authority and provided a confirmation on their independence to the AC.

The AC is satisfied that Deloitte & Touche LLP are 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 be recommended for re-appointment at the forthcoming AGM.

The Company has complied with Rule 715 of the Listing Manual of the SGX-T as Deloitte & Touche LLP was engaged as the external auditors for the Company and its subsidiaries in Singapore. The Operating Subsidiaries were no longer subsidiaries of the Company as at 30 June 2014.

The Group has in place a Whistle Blowing Policy to enable persons employed by the Group to report any suspicion of non-compliance with regulations, policies and fraud, etc, to the appropriate authority for resolution, without any prejudicial implications for these employees. 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 FY2014 and is of the opinion that Chapter 9 of the Listing Manual of SGX-ST has been complied with.

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

STATEMENT ON CORPORATE GOVERNANCE

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

INTERNAL AUDIT

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

The Group outsources its internal audit function to KPMG Services Pte. Ltd. ("Internal Auditors"). The AC reviews the scope of work and deliverables by the Internal Auditors who in turn ensures adequate staffing to fulfil the scope of internal audit work agreed upon. 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 of the internal audit function annually and ensures that the internal audit function is adequately resourced by examining the scope of internal audit work and its independence, the qualification and experiences of internal audit team assigned and has appropriate standing within the Company.

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

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

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

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

In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of SGX-ST, the Company is committed that all shareholders should be equally informed of all major developments of the Group which would be likely to materially affect the price or value of the Company's shares.

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

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

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

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

STATEMENT ON **CORPORATE GOVERNANCE**

All shareholders of the Company are given the opportunity to participate, voice their views or opinions and ask Directors or the Management questions regarding the Company and the Group in every AGM and Special General Meeting of the Company. The Board of Directors of the Company, including the Chairpersons of AC, RC and NC will be present at general meetings to address any questions or concerns of shareholders at general meetings. The external auditors will also be present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request.

There are separate resolutions at the general meetings to address each distinct issue. Each item of special business included in the notice of the general meetings will be accompanied by full explanation of the effects of a proposed resolution. The Company's Bye-Laws allow a shareholder or a depositor to appoint not more than two (2) proxies to attend and vote in his/her stead. 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 evaluate and assess whether the Company will put all resolutions to vote by poll. In the event a poll is conducted, the Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages.

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.

MATERIAL CONTRACTS

Save as disclosed under Material Contracts in the Company's Circular dated 31 December 2012 and announcements released over SGXNET, there were no material contracts including loans subsisting at the end of FY2014, involving the interests of any Director, the CEO or the controlling shareholders of the Group.

INTERESTED PERSON TRANSACTIONS

Save as disclosed under Interested Persons Transactions in the Company's Circular dated 31 December 2012 and announcement on the unaudited full year financial results dated 28 August 2014, 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) during FY2014.

DEALING IN SECURITIES

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST in relation to the best practices on dealings in the securities:–

(a) The Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealings by the Company and its officers in its securities;

(b) Officers of the Company did not deal in the Company's securities on short-term considerations; and

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

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

STATEMENT ON CORPORATE GOVERNANCE

UPDATE ON USE OF PROCEEDS

As of to-date, the Group had fully utilised net proceeds of S$10,000,000 from the issuance of redeemable exchangeable preference shares in accordance with the stated use.

As of to-date, the Group had utilised net proceeds of S$37,339,000 from the placement of approximately S$39,500,000 (after deducting estimated expenses pertaining to the placement of S$1,300,000) ("Net Proceeds") as follows:–

Use of Net Proceeds	Allocation of Net Proceeds (S$'000)	Amount Utilised (S$'000)	Balance of Net Proceeds (S$'000)
Funding for potential acquisitions, investments and business expansion plans in connection with the Group's business	7,000	5,000	2,000
Working capital requirements of the Group	32,500	32,339	161
Total	**39,500**	**37,339**	**2,161**

		Amount Utilised (S$'000)
(A)	**Amount utilised for funding for potential acquisitions, investments and business expansion plans in connection with the Group's business**	
	Increase of issued and paid-up share capital of OKH TransHub Pte. Ltd.	5,000
(B)	**Working capital requirements of the Group**	
	General working capital of the Company	3,839
	Payment for construction materials and services	12,000
	Repayment of advances to a Director	16,500
Total		**37,339**

The aforementioned proceeds have been used in accordance with the stated use.

The Company will make periodic announcements via SGXNet on the utilisation of the Net Proceeds as and when the balances of the Net Proceeds are materially disbursed.

REPORT OF THE DIRECTORS

The directors present their report 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, 2014.

1 DIRECTORS

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

Bon Ween Foong	
Lam Wee Yeow	
Ong Soon Teik	
Lim Eng Hoe	(Appointed on October 31, 2013)
Lee Teck Leng Robson	(Appointed on October 31, 2013)
Tan Geok Chye	(Appointed on September 22, 2014)

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 5 of the Report of the directors.

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:

	Shareholdings registered in name of director	
	At the beginning of year	**At end of year**
Name of director and company in which interests are held		
OKH Global Ltd.		
(Ordinary shares)		
Bon Ween Foong	388,818,412	391,078,412

Mr Bon Ween Foong who by virtue of his interest of not less than 20% the issued capital of the Company, is deemed to have an interest in the other related corporations of the Company.

There were no changes in the above director's interests as at July 21, 2014.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

REPORT OF THE DIRECTORS

5 SHARE OPTIONS AND PERFORMANCE SHARES

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

The Plan 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, 2013 and 2014, 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 option to take up unissued shares of the Company or any corporation in the Group was 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 options to take up unissued shares.

(c) Unissued shares under option

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

6 AUDIT COMMITTEE

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

Ong Soon Teik (Chairman)
Lim Eng Hoe
Lee Teck Leng Robson

All members of the AC are non-executive directors and independent.

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

The AC met 4 times in the financial year under review and carried out its functions as follows:

- to review with the external auditors, the audit plan, their audit report, management letter and the management's response; and also to review the assistance given by the Company's officers to the independent auditor;

- to review the scope and results of audit and its cost effectiveness and the independence and objectivity of the independent auditor. Where the independent auditor also supplies a substantial volume of non-audit services to the Company, 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 of Directors (the "Board") for approval;

- to review annually the effectiveness of the Company's material internal controls including financial, operational and compliance and information technology control and risk management systems;

REPORT OF THE DIRECTORS

- to consider and make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, their remuneration and terms of engagement;

- to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review the adequacy of the function annually;

- to review the scope and results of the internal audit procedures;

- meeting with the external and internal auditors without the presence of the management annually;

- to review interested persons transactions to comply with the rules of the Listing Manual of SGX-ST and other relevant statutory requirements and any potential conflicts of interest; and

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

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Bon Ween Foong

Lam Wee Yeow

September 26, 2014

STATEMENT OF DIRECTORS

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 34 to 88 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at June 30, 2014, and of the results, 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.

ON BEHALF OF THE DIRECTORS

Bon Ween Foong

Lam Wee Yeow

September 26, 2014

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF OKH GLOBAL LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of OKH Global Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Company as at June 30, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 88.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at June 30, 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

September 26, 2014

STATEMENTS OF **FINANCIAL POSITION**

June 30, 2014

	Note	Group 2014 S$'000	Group 2013 S$'000	Company 2014 S$'000	Company 2013 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	**84,234**	51,981	**10**	185
Trade and other receivables	8	**79,293**	45,028	**56,174**	290
Loan due from non-controlling interests	6	**12,022**	–	**–**	–
Properties under development	10	**287,065**	235,669	**–**	–
		462,614	332,678	**56,184**	475
Non-current assets held-for-sale	11	**–**	–	**–**	20,099
Assets directly associated with disposal group classified as held-for-sale	11	**–**	73,286	**–**	–
Total current assets		**462,614**	405,964	**56,184**	20,574
Non-current assets					
Property, plant and equipment	12	**12,646**	14,627	**–**	–
Investment properties	13	**62,036**	53,240	**–**	–
Investments in subsidiaries	14	**–**	–	**129,185**	123,184
Investment in joint venture	15	**–**	–	**–**	–
Investment in associate	16	**31,059**	–	**–**	–
Deferred tax assets	17	**–**	1,994	**–**	–
Total non-current assets		**105,741**	69,861	**129,185**	123,184
Total assets		**568,355**	475,825	**185,369**	143,758
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	18	**159,214**	194,560	**30,892**	5,405
Finance leases	19	**349**	437	**–**	–
Loan due to associate	6	**8,000**	–	**–**	–
Amount due to non-controlling interests	6	**8,920**	–	**–**	–
Bank loans and overdrafts	20	**158,954**	22,115	**–**	–
Provisions	21	**1,680**	10,188	**–**	–
Income tax payable		**5,059**	20	**–**	–
		342,176	227,320	**30,892**	5,405
Liabilities directly associated with disposal group classified as held-for-sale	11	**–**	44,765	**–**	–
Total current liabilities		**342,176**	272,085	**30,892**	5,405

STATEMENTS OF FINANCIAL POSITION

June 30, 2014

	Note	Group 2014 S$'000	Group 2013 S$'000	Company 2014 S$'000	Company 2013 S$'000
Non-current liabilities					
Amount due to non-controlling interests	6	**–**	8,665	**–**	–
Finance leases	19	**1,313**	1,362	**–**	–
Bank loans	20	**135,815**	153,596	**–**	–
Redeemable exchangeable preference shares	22	**10,394**	–	**–**	–
Total non-current liabilities		**147,522**	163,623	**–**	–
Capital, reserves and non-controlling interests					
Share capital	23	**59,283**	19,793	**154,629**	130,844
Share premium		**–**	–	**2,851**	17,394
Equity reserve	22	**3,573**	–	**–**	–
Translation reserve	24	**(1,499)**	839	**(1,491)**	(1,491)
Accumulated profits (losses)		**17,885**	19,719	**(1,512)**	(8,394)
Equity attributable to owners of the Company		**79,242**	40,351	**154,477**	138,353
Non-controlling interests		**(585)**	(234)	**–**	–
Total equity		**78,657**	40,117	**154,477**	138,353
Total liabilities and equity		**568,355**	475,825	**185,369**	143,758

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended June 30, 2014

	Note	Group 2014 S$'000	2013 S$'000
Continuing operations			
Revenue	25	**223,122**	24,479
Cost of sales		**(176,675)**	(24,410)
Gross profit		**46,447**	69
Other income	26	**3,667**	20,281
General and administrative expenses		**(17,068)**	(18,874)
Finance costs	27	**(3,023)**	(1,704)
Share of loss of joint venture	15	**–**	(5)
Share of profit of associate	16	**1,067**	–
Profit (Loss) before income tax	28	**31,090**	(233)
Income tax	29	**(6,964)**	578
Profit for the year from continuing operations		**24,126**	345
Discontinued operations			
Profit (Loss) from discontinued operations, net of tax	11	**1,875**	(2,043)
Profit (Loss) for the year		**26,001**	(1,698)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation difference arising from consolidation		**(8)**	839
Other comprehensive (loss) income for the year, net of tax		**(8)**	839
Total comprehensive income (loss) for the year		**25,993**	(859)
Profit (Loss) for the year attributable to:			
Owners of the Company		**26,030**	(914)
Non-controlling interests		**(29)**	(784)
		26,001	(1,698)
Total comprehensive income (loss) for the year attributable to:			
Owners of the Company		**26,022**	(75)
Non-controlling interests		**(29)**	(784)
		25,993	(859)
Earnings (Loss) per share in cents			
From continuing and discontinued operations	30		
– Basic and diluted		**4.25**	(0.17)
From continuing operations	30		
– Basic and diluted		**3.95**	0.21
From discontinued operations	30		
– Basic		**0.31**	(0.38)
– Diluted		**0.30**	(0.38)

See accompanying notes to financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

Financial year ended June 30, 2014

	Attributable to owners of the Company						
	Share capital S$'000	Equity reserve S$'000	Translation reserve S$'000	Accumulated profits (losses) S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Group							
Balance at July 1, 2012	6,500	–	–	20,633	27,133	231	27,364
Total comprehensive income (loss) for the year							
Loss for the year	–	–	–	(914)	(914)	(784)	(1,698)
Other comprehensive income for the year	–	–	839	–	839	–	839
Total	–	–	839	(914)	(75)	(784)	(859)
Transactions with owners, recognised directly in equity							
Arising from reverse acquisition (Note 31)	13,293	–	–	–	13,293	319	13,612
Balance at June 30, 2013	19,793	–	839	19,719	40,351	(234)	40,117
Total comprehensive income (loss) for the year							
Profit (Loss) for the year	–	–	–	26,030	26,030	(29)	26,001
Other comprehensive loss for the year	–	–	(8)	–	(8)	–	(8)
Total	–	–	(8)	26,030	26,022	(29)	25,993
Transactions with owners, recognised directly in equity							
Share placement, net of expense (Note 23)	39,490	–	–	–	39,490	–	39,490
Recognition of equity component of redeemable exchangeable preference shares (Note 22)	–	3,573	–	–	3,573	–	3,573
Divestment of disposal group via distribution in specie (Note 11)	–	–	(2,330)	(27,864)	(30,194)	(322)	(30,516)
Total	39,490	3,573	(2,330)	(27,864)	12,869	(322)	12,547
Balance at June 30, 2014	**59,283**	**3,573**	**(1,499)**	**17,885**	**79,242**	**(585)**	**78,657**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended June 30, 2014

	Share capital S$'000	Share premium S$'000	Translation reserve S$'000	Accumulated (losses) profits S$'000	Total S$'000
Company					
Balance at January 1, 2013	17,103	8,934	(1,491)	(6,086)	18,460
Loss for the year, representing total comprehensive loss for the year	–	–	–	(2,308)	(2,308)
Transactions with owners, recognised directly in equity					
Capital reduction (Note 23)	–	(983)	–	–	(983)
Issuance of consideration shares pursuant to reverse acquisition (Note 23)	113,741	9,443	–	–	123,184
Total	113,741	8,460	–	–	122,201
Balance at June 30, 2013	130,844	17,394	(1,491)	(8,394)	138,353
Loss for the year, representing total comprehensive loss for the year	–	–	–	(5,535)	(5,535)
Transactions with owners, recognised directly in equity					
Share placement, net of expense (Note 23)	39,490	–	–	–	39,490
Divestment of non-current assets held for sale via capital reduction (Note 11)	(15,705)	(14,543)	–	12,417	(17,831)
Total	23,785	(14,543)	–	12,417	21,659
Balance at June 30, 2014	**154,629**	**2,851**	**(1,491)**	**(1,512)**	**154,477**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended June 30, 2014

	Group	
	2014 S$'000	2013 S$'000
Operating activities		
Profit (Loss) after income tax	**26,001**	(1,698)
Adjustments for:		
Income tax expense (credit)	**7,331**	(882)
Reversal of doubtful debts	**(23)**	–
Allowance for doubtful receivables	**242**	–
Allowance for impairment of inventories obsolescence	**60**	–
Depreciation of property, plant and equipment	**5,221**	2,365
Share of profit of associate	**(1,067)**	–
Share of loss of joint venture	**–**	5
Interest expenses	**3,023**	1,704
Property, plant and equipment written off	**–**	25
Gain on change in fair value of investment properties	**(2,145)**	(3,830)
Interest income	**(164)**	(64)
Loss (Gain) on disposal of property, plant and equipment	**45**	(107)
(Decrease) Increase in provisions	**(8,508)**	1,900
Amortisation of deferred loss on redeemable exchangeable preference shares	**533**	–
Bargain purchase on reverse acquisition	**–**	(15,503)
Operating cash flows before movement in working capital	**30,549**	(16,085)
Trade and other receivables	**(33,420)**	44,328
Construction contracts	**(7,152)**	15,415
Completed properties held for sale	**–**	3,388
Properties under development	**(43,464)**	(48,667)
Inventories	**(4,635)**	(4,241)
Trade and other payables	**(30,384)**	94,058
Cash (used in) generated from operations	**(88,506)**	88,196
Interest paid	**(8,884)**	(5,873)
Income tax refunded (paid)	**1,507**	(3,907)
Net cash (used in) from operating activities	**(95,883)**	78,416
Investing activities		
Purchase of property, plant and equipment (Note A)	**(892)**	(12,560)
Additions to investment properties	**(6,619)**	(24,581)
Divestment of disposal group (Note 11 (b))	**(13,419)**	–
Acquisition of subsidiaries (Note 31)	**–**	24,506
Investment in joint venture	**–**	(5)
Investment in associate	**(30,000)**	–
Proceeds from disposal of property, plant and equipment	**82**	367
Interest received	**164**	64
Net cash used in investing activities	**(50,684)**	(12,209)

CONSOLIDATED STATEMENT OF **CASH FLOWS**

Financial year ended June 30, 2014

	Group	
	2014 S$'000	2013 S$'000
Financing activities		
Repayment of bank loans	**(101,645)**	(131,219)
Proceeds from bank loans	**242,062**	102,692
Repayment of obligations under finance lease	**(451)**	(525)
Decrease in fixed deposits pledged	**30**	–
(Repayment to) Advance from a director	**(16,978)**	6,732
Issuance of shares pursuant to share placement exercise	**39,490**	–
Loan from associate	**8,000**	–
Loan to non-controlling interests	**(12,000)**	–
Issuance of redeemable exchangeable preference shares	**10,000**	–
Net cash from (used in) financing activities	**168,508**	(22,320)
Net increase in cash and cash equivalents	**21,941**	43,887
Effects of exchange rate changes on cash balances held in foreign currencies	**(151)**	422
Cash and cash equivalents at beginning of year	**60,866**	16,557
Cash and cash equivalents at end of year (Note 7)	**82,656**	60,866

Note A: During the financial year, the Group purchased property, plant and equipment with aggregate cost of S$1,206,000 (2013: S$14,361,000), which were funded as follows:

	Group	
	2014 S$'000	2013 S$'000
Cash	**892**	12,560
Finance leases	**314**	1,801
	1,206	14,361

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 Canon's Court, 22 Victoria Street, Hamilton HM 12 Bermuda respectively. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore Dollars ("S$").

The principal activity of the Company is that of an investing holding company. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the Group for the financial year ended June 30, 2014 and the statement of financial position and statement of changes in equity of the Company for the financial year ended June 30, 2014 were authorised for issue by the Board of Directors on September 26, 2014.

2 THE REVERSE TAKEOVER

On July 4, 2011, the Company had entered into a sale and purchase agreement (which had been amended and supplemented by the first, second and third supplementary agreement) with the then-shareholder of OKH Holdings Pte. Ltd. ("OKHH") to acquire the entire issued capital of OKHH (the "Acquisition"), a company incorporated in Singapore.

In connection with the Acquisition, on December 27, 2012, the Company entered into a disposal agreement (the "Disposal") with Zou Gefei, Jin Changren and Profit Saver International Limited ("Undertaking Shareholders") for the disposal of the Company's interests in Guangzhou Sinobest Information Technology Ltd. and Sinobest Technologies (H.K.) Limited (collectively, the "Sinobest Operating Subsidiaries") to the Undertaking Shareholders.

On January 23, 2012, the Company had obtained shareholders' approvals on resolutions relating to the Acquisition and the Disposal.

On January 28, 2013, the Company completed the Acquisition, for a consideration of S$123 million satisfied by the allotment and issuance of 1,026,538,825 new shares in the capital of the Company at the issue price of S$0.12 each to the then-shareholder of OKHH. The Acquisition resulted in a Reverse Takeover ("RTO") of the Company.

In connection with the RTO, the Company underwent a share consolidation to consolidate every two shares into one consolidated share ("Share Consolidation"). The number of consolidated shares to which shareholders are entitled arising from the Share Consolidation were rounded down to the nearest whole consolidated share, and any fractions of consolidated shares arising from the Share Consolidation were disregarded.

On March 12, 2013, the Company announced that the Disposal involving the proposed selective share cancellation cannot be proceeded as regulatory approval was not obtained.

Consequently, the enlarged group comprised:

(i) OKH Global Ltd. and the Sinobest Operating Subsidiaries; and

(ii) OKHH and its subsidiaries ("OKHH Group").

(collectively, the "Enlarged Group")

In connection with the RTO, the Company had changed its financial year end from December 31 to June 30 to be coterminous with the financial year end of OKHH Group. Therefore, the financial statements of the Company for the previous financial year covered the six months period from January 1, 2013 to June 30, 2013.

The divestment of Sinobest Operating Subsidiaries was subsequently completed on June 24, 2014 (Note 11).

NOTES TO **FINANCIAL STATEMENTS**

June 30, 2014

2 THE REVERSE TAKEOVER (Continued)

At Group level

The Acquisition has been accounted as a RTO in accordance with FRS 103 *Business Combinations*, and the legal subsidiary, OKHH, is regarded as the acquirer and the Company as the acquiree, for accounting purposes. As such, the Enlarged Group's consolidated financial statements have been prepared and presented as a continuation of OKHH Group's consolidated financial statements. The comparative figures presented in these consolidated financial statements are that of consolidated financial statements of the OKHH Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Financial Reporting Standards ("FRS").

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 FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On July 1, 2013, the Group adopted all the new and revised FRSs that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs does not result in changes to the Group and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year, and renamed the 'statement of comprehensive income' as the 'statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income or total comprehensive income.

NOTES TO **FINANCIAL STATEMENTS**

June 30, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FRS 113 Fair Value Measurement

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purpose of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

- FRS 28 *(Revised) Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosures of Interests in Other Entities*
- FRS 110, 111, 112 *Transition Guidance*
- Amendments to FRS 32 *Financial Instructions: Presentation*
- Amendments to FRS 36 *Impairment of Assets*

The management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except for the following:

FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after January 1, 2014. Upon adoption of FRS 112, the Group expects expanded disclosures relating to its interests in subsidiaries, associates and joint arrangements.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All significant intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiary are identified separately from the Group's equity therein. The interest of non-controlling shareholder 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 (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In the Company's financial statements, 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.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS 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 FRS 12 *Income Taxes* and FRS 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 FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held For Sale and Discontinued Operations* are measured in accordance with that Standard.

NOTES TO **FINANCIAL STATEMENTS**

June 30, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

Reverse acquisition

As set out in Note 2, the Acquisition has been accounted for as a RTO and the legal subsidiary, OKHH Group, is regarded as the acquirer and the Sinobest Group as the acquiree for accounting purposes.

Since such consolidated financial statements represent a continuation of the OKHH Group:

(a) the assets and liabilities of the OKHH Group are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amounts;

(b) the assets and liabilities of the Sinobest Group are recognised and measured in accordance to FRS 103 *Business Combinations*;

(c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the OKHH Group immediately before the business combination;

(d) the amount recognised as issued equity interest in the consolidated financial statements is determined by adding to the issued equity of OKHH Group immediately before the business combination to the fair value of Sinobest Group. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the legal parent (i.e. the Company) to effect the combination; and

(e) the comparative figures presented in these consolidated financial statements are that of consolidated financial statements of the OKHH Group.

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Financial assets

Loans and receivables

Trade receivables, loans and other receivables (excluding prepayments) that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable change in national or local economic conditions that correlate with default on receivables.

NOTES TO
FINANCIAL STATEMENTS

June 30, 2014

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

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

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

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

Equity instruments

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

Financial liabilities

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

Interest-bearing bank loans and overdrafts are initially measured at fair value, 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).

Financial guarantee contract liabilities are measured initially at their fair value and, if not designated as at fair value through profit or loss, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue.*

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Redeemable exchangeable preference shares

Redeemable exchangeable preference shares are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-redeemable instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income effects, and is not subsequently remeasured.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period.

The stage of completion, depending on the type of projects, is measured by:

a) the proportion of certified contract value of work performed to date relative to the estimated total contract value; or

b) contract costs incurred to date to the estimated total costs for the contract.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, depreciation and hire of equipment, interest expense, subcontract cost and estimated costs of rectification and guarantee work, including expected warranty costs.

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

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

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

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

NOTES TO **FINANCIAL STATEMENTS**

June 30, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. 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 charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the period in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease 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.

NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD-FOR-SALE AND DISCONTINUED OPERATIONS – Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

a) represents a separate major line of business or geographical area of operations; or

b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

c) is a subsidiary acquired exclusively with a view to resale.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold properties	–	100 years
Leasehold building	–	5.5 years
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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts 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 property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes. They are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. Where there is an inability to determine fair value reliably when comparable market transactions are infrequent and alternative reliable estimates of fair value are not available, the investment property is measured at cost.

INVESTMENT IN ASSOCIATE – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS IN JOINT VENTURES – A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of the joint venture are incorporated in these financial statements using the equity method of accounting. Under the equity method, investment in joint venture is carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the joint venture, from the date that joint control commences until the date that joint control ceases.

Where a Group entity transacts with the jointly controlled entity, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

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

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

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

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

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

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

When 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

REVENUE RECOGNITION – Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Revenue and profits from construction contracts are recognised in accordance with the Group's accounting policy on construction contracts (see above).

(ii) Revenue from property development is recognised when the risks and rewards of ownership have been transferred to the purchaser either through the transfer of legal title or equitable interest in a property.

(iii) Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate.

(iv) Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

(v) Revenue from sale of goods pertains to the provision of system integration for computer information system and is recognised when the Group's entity has completed the commissioning of the system integration to the customer, the customer has accepted the products and the collectibility of the related receivables is reasonably assured.

(vi) Revenue from rendering of services pertains to a) the provision of system integration for intelligent building and software development and is recognised in accordance with the Group's accounting policy on construction contracts (see above); and b) provision of technical services recognised in straight-line basis over the contract period.

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

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

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of 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 Group and subsidiaries operate by the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax is recognised on the 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, and is accounted for using the balance sheet liability method. 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 assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on 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 is calculated 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. 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 Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale, except for overseas properties.

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 are recognised as an expense or income in profit or loss.

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 entity within the Group operates (its functional currency). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in 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 a separate component of equity under the header of foreign currency 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.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of, except if the disposal is with shareholders, the translation differences will be reclassified within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the 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.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

NOTES TO **FINANCIAL STATEMENTS**

June 30, 2014

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

Revenue recognition – property under development

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

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

Accounting for deferred loss on redeemable exchangeable preference shares

The Group issued S$10 million redeemable exchangeable preference shares and recognised as compound instrument in accordance to FRS 39 *Financial Instruments: Recognition and Measurement*. At the date of issuance, management has assessed that the aggregate fair value of the liability and equity components to be in excess of its nominal value and concluded that such differences should be accounted for as deferred loss on redeemable exchangeable preference shares as the valuation technique involves significant unobservable inputs. Accordingly, the deferred loss is amortised over the period up to the maturity date. The fair value of the liability and equity component is based on the valuation performed by an independent professional valuer. The carrying amounts of the deferred loss and redeemable exchangeable preference shares are disclosed in Notes 8 and 22 to the financial statements respectively.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Construction contracts

The Group recognises contract revenue and contract costs using the percentage of completion method. The stage of completion is measured by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion, depending on the type of projects, is measured by:

a) the proportion of certified contract value of work performed to date relative to the estimated total contract value for construction contractor segment; or

b) contract costs incurred to date to the estimated total costs for the contract for IT business segment.

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

In addition, the valuation of construction contracts can be subject to uncertainty in respect of variation works and estimation of future costs. The carrying amounts of assets and liabilities arising from construction contracts are disclosed in Notes 8 and 18 to the financial statements respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

Carrying amounts of properties under development

The aggregate carrying amount of these properties totalled S$287.1 million as at June 30, 2014 (2013: S$235.7 million), details of which are disclosed in Note 10. They are stated at cost less allowance for impairment in value or at the lower of cost and estimated net realisable values, assessed on an individual project basis.

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

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

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The finance team, which reports to the board of directors, determine the appropriate valuation techniques and inputs for fair value measurements.

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 13 and 22.

Provision for warranty costs

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

5 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**163,431**	81,855	**56,130**	467
Financial liability				
Amortised costs	**385,279**	242,760	**30,892**	5,405

(b) 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 liabilities are mainly denominated in its functional currency. Any movement in foreign exchange rate is unlikely to have a significant impact in the results of the Group. Accordingly, no sensitivity analysis is prepared.

(ii) Interest rate risk management

The Group's exposure to interest rate risk relates primarily to fixed deposits and debt obligations. The interest rates for deposits, finance leases and bank loans are indicated in Notes 7, 19 and 20 to the financial statements. The Group manages interest cost by using a mixture of fixed and variable rate debts.

The borrowing costs related to property development projects and construction of investment properties are capitalised as cost of property development (Note 10) and investment properties (Note 13). All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

5 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL RISKS MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(ii) Interest rate risk management (Continued)

Interest rate sensitivity analysis

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the amount of interest capitalised as part of the Group's development properties and investment properties as at June 30, 2014 would have increased/decreased by S$915,000 (2013: S$631,000) and S$135,000 (2013: S$87,000) respectively.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for year ended June 30, 2014 would have decreased/increased by S$366,000 (2013: loss for the year increased/decreased by S$160,000).

(iii) Credit risk management

The Group has no significant concentration of credit risk. The Group's principal financial assets are cash and cash equivalents and trade and other receivables.

Bank balances and fixed deposits are held with reputable financial institutions.

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

The Group carries out construction work for public and private sectors. Credit risks are taken into consideration in the decision to participate in tenders for construction contracts.

The Group monitors its potential losses on credit extended. In addition, rental deposits are received as security from tenants of its investment properties. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment on the receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities. The Group finances its liquidity through internally generated cash flows and bank loans and minimises liquidity risk by keeping committed credit lines available.

As at June 30, 2014, the Group has S$5,009,000 (2013: S$3,157,000) of available and undrawn committed bank credit facilities in respect of all condition precedent has been met.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

5 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL RISKS MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management (Continued)

Liquidity risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the statements of financial position.

	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
Group						
June 30, 2014						
Non-interest bearing	**NA**	**57,323**	**–**	**–**	**–**	**57,323**
Bank overdrafts	**5.9**	**1,588**	**–**	**–**	**(10)**	**1,578**
Finance lease (fixed rate)	**4.5**	**397**	**1,240**	**282**	**(257)**	**1,662**
Other fixed rate instruments	**6.0 – 15.9**	**21,282**	**15,000**	**–**	**(4,757)**	**31,525**
Other variable interest rate instruments	**2.6**	**164,928**	**117,938**	**28,500**	**(18,175)**	**293,191**
		245,518	**134,178**	**28,782**	**(23,199)**	**385,279**
June 30, 2013						
Non-interest bearing	NA	65,250	–	–	–	65,250
Bank overdrafts	4.2	2,780	–	–	(12)	2,768
Finance lease (fixed rate)	4.3	479	1,267	274	(221)	1,799
Other fixed rate instruments	6.0	10,396	–	–	(103)	10,293
Other variable interest rate instruments	3.0	9,223	141,555	16,710	(4,838)	162,650
		88,128	142,822	16,984	(5,174)	242,760

At the Company level, all non-derivative financial liabilities are repayable on demand or current.

Non-derivative financial assets

All financial assets of the Group and the Company in 2014 and 2013 are non-interest bearing and repayable on demand or current except for loan due from non-controlling interests as disclosed on Note 6.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

5 FINANCIAL INSTRUMENT, FINANCIAL RISK AND CAPITAL RISKS MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(v) Fair value of financial assets and liabilities

Except as detailed in the following table, the carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

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

	2014		2013	
	Carrying amount S$'000	Fair value S$'000	Carrying amount S$'000	Fair value S$'000
Financial liability				
Redeemable exchangeable preference shares	**10,394**	**12,415**	–	–

The fair value of the redeemable exchangeable preference shares are categorised within level 3 of the fair value hierarchy which has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of bank borrowings and equity attributable to owners of the Group, comprising issued capital, reserves and accumulated profits.

In addition, the Group also specifically monitors the financial ratio of its debt covenants stated in the agreement with the financial institutions providing the facilities to the Group. The Group is in compliance with externally imposed capital requirements for the financial year ended June 30, 2014 for the facilities that has been utilised by the Group.

The Group reviews the capital structure on an annual basis. The Group's overall strategy remains unchanged from 2013.

6 HOLDING COMPANY AND OTHER RELATED PARTIES TRANSACTIONS

The Company's ultimate controlling party is Bon Ween Foong whose interest is held through his shareholdings in the Company. Related companies in this financial statements refer to members of the Company's group of companies.

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. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Amount due to non-controlling interests is interest-free, unsecured and expected to be repaid by the financial year ending June 30, 2015 (2013: June 30, 2015).

Loan due from non-controlling interests bears interest at 3.3% per annum, unsecured and expected to be repaid by the financial year ending June 30, 2015.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

6 HOLDING COMPANY AND OTHER RELATED PARTIES TRANSACTIONS (Continued)

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

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	
	2014 S$'000	2013 S$'000
Company owned by a director		
Rental income	**(42)**	(42)
Subcontracting services	**1,546**	1,221

Compensation of directors and key management personnel

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

	Group	
	2014 S$'000	2013 S$'000
Short-term benefits	**3,944**	1,175
Post-employment benefit	**65**	378
	4,009	1,553

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Cash at bank	**84,234**	51,951	**10**	185
Fixed deposits (pledged)	**–**	30	**–**	–
Total	**84,234**	51,981	**10**	185
Add: Cash held by disposal group (Note 11)	**–**	11,683	**–**	–
Less: Bank overdrafts (Note 20)	**(1,578)**	(2,768)	**–**	–
Fixed deposits	**–**	(30)	**–**	–
Cash and cash equivalents in the statements of cash flows	**82,656**	60,866	**10**	185

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

In 2013, the fixed deposits were pledged for the bank loan facilities for the purchase of the Group's freehold properties (Note 12) and investment properties (Note 13). They bore effective interest rates ranging from 0.03% to 0.05% per annum and for tenure of three months to one year.

Included in the cash at bank of the Group is amount of S$73.5 million (2013: S$44.8 million), withdrawals from which are restricted to payments for expenditure incurred on the properties under development (Note 10).

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Trade receivables from outside parties	**54,683**	7,249	**–**	–
Due from customer for contract work (Note 9)	**4,937**	8,749	**–**	–
Deposits*	**950**	16,387	**–**	–
Advance payments to suppliers	**4,515**	6,375	**54**	8
Deferred loss on redeemable exchangeable preference shares	**2,666**	–	**–**	–
Other receivables from:				
– Third parties	**11,311**	6,142	**21**	–
– Subsidiaries (Note 14)	**–**	–	**56,089**	282
– Joint venture (Note 15)	**231**	126	**10**	–
	79,293	45,028	**56,174**	290

* In 2013, deposits included an amount of S$15.9 million paid for acquisition of land for development whereby the physical construction had commenced in 2014.

Other receivables due from third party as at year end are within their cash collection cycles and are not past due.

The average credit period is approximately 30 to 60 days (2013: 30 to 60 days). No interest is charged on the outstanding trade receivables. Allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. In determining the recoverability of trade receivables the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited.

The table below is analysis of trade receivables as at the end of each reporting period:

	Group	
	2014	2013
	S$'000	S$'000
Not past due and not impaired[i]	**41,681**	4,528
Past due but not impaired[ii]	**13,002**	2,721
	54,683	7,249
Impaired receivables – individually assessed[iii]		
– Past due and no response to repayment demands	**177**	–
Less: Allowance for impairment	**(177)**	–
	–	–
Total trade receivable, net	**54,683**	7,249

(i) There has not been a significant change in credit quality of these trade receivables that are not past due and not impaired.

(ii) Aging of receivables that are past due but not impaired:

	Group	
	2014	2013
	S$'000	S$'000
<3 months	**12,358**	2,490
3 months to 6 months	**323**	41
6 months to 12 months	**–**	–
>12 months	**321**	190
	13,002	2,721

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

8 TRADE AND OTHER RECEIVABLES (Continued)

(iii) These amounts are stated before any deduction for impairment losses.

Movements in the allowance for doubtful receivables:

	Group	
	2014 S$'000	2013 S$'000
Balance at beginning of year	**–**	–
Increase in allowance recognised in profit or loss	**177**	–
Balance at end of year	**177**	–

9 CONSTRUCTION CONTRACTS

	Group	
	2014 S$'000	2013 S$'000
Aggregate amount of contract costs incurred plus recognised profit	**43,089**	37,983
Less: Progress billings	**(38,308)**	(35,955)
	4,781	2,028
Presented as:		
Gross amounts due from customers for contract work included in trade and other receivables (Note 8)	**4,937**	8,749
Gross amounts due to customers for contract work included in trade and other payables (Note 18)	**(156)**	(6,721)

Retention monies held by customers for construction work amount to S$493,935 (2013: S$493,935).

10 PROPERTIES UNDER DEVELOPMENT

	Group	
	2014 S$'000	2013 S$'000
At cost:		
Properties under development	**287,065**	235,669

Certain of the Group's development properties are mortgaged to banks as security for credit facilities obtained by the Group (Note 20).

The costs of development properties include the following interest capitalised:

	Group	
	2014 S$'000	2013 S$'000
Interest on bank loans	**6,038**	8,168

The weighted average rate of capitalisation of the interest expense for the financial year ended June 30, 2014 is 2.3% (2013: 3.9%) per annum.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

11 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Company

Details of the Sinobest Operating Subsidiaries at the end of each financial year are as follows:

Name	Country of incorporation and operations	Company's proportion of ownership interest and voting power held 2014 %	2013 %	Principal activities
Guangzhou Sinobest Information Technology Ltd. ("GSITL")[1]	People's Republic of China	–[3]	99	Provision of computer and network system integration, building integration, software development and technical services
Sinobest Technologies (H.K.) Limited[2]	Hong Kong	–[3]	100	Trading and procurement of IT equipment

(1) Audited by Guangzhou Xin Zhong Nan CPAs Co. Ltd. This subsidiary is not considered a material subsidiary.

(2) Audited by Raymond Poon & Co. This subsidiary is not considered a material subsidiary.

(3) These entities were disposed during the year.

In 2013, the non-current assets held-for-sale of the Company pertains to cost of investments in Sinobest Operating Subsidiaries.

On June 24, 2014, the Company divested its investments in Sinobest Operating Subsidiaries to the shareholders by way of capital reduction (Note 23). The net gain of divestment amounting to S$12,417,000, adjusted for S$2,268,000 of intercompany payables waived upon divestment, was recognised directly in equity as it is transaction with shareholders.

Group

In 2013, the Disposal could not proceed as regulatory approval was not obtained (Note 2). However, the Disposal had already been approved by the shareholders in a special general meeting on January 23, 2013 and the management had acquired the Sinobest Operating Subsidiaries with a view to resell.

As such, the entire assets and liabilities relating to the Sinobest Operating Subsidiaries were classified as a disposal group held-for-sale on the statement of financial position as at June 30, 2013, and the entire results from the Sinobest Operating Subsidiaries were presented separately on the statement of comprehensive income as "Discontinued operations". The operations are included in the Group's Information Technology ("IT") business for segment reporting purposes (Note 33).

In 2014, the Group accounted for such divestment as distribution in specie to the shareholders, which was made on the basis of one share in the holding company of the disposal group for every one share held by entitled shareholders in the capital of the Company. The distribution in specie is valued based on net assets of the disposal group on the effective date of divestment amounting to S$30,248,000 (Note 11 (b)).

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

11 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD-FOR-SALE AND DISCONTINUED OPERATIONS (Continued)

Group (Continued)

(a) The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	Group	
	2014	**2013**
	S$'000	**S$'000**
Revenue (Note 25)	**77,726**	25,777
Cost of sales	**(61,930)**	(20,640)
Gross profit	**15,796**	5,137
Other income (Note 26)	**1,696**	21
General and administrative expenses	**(15,250)**	(7,505)
Profit (Loss) before income tax (Note 28)	**2,242**	(2,347)
Income tax (Note 29)	**(367)**	304
Profit (Loss) from discontinued operations	**1,875**	(2,043)

(b) The impact of the divestment of disposal group on cash flows of the Group for the financial year ended June 30, 2014 is as follows:

	Group
	2014
	S$'000
Cash and cash equivalents	**13,419**
Trade and other receivables	**39,373**
Inventories	**14,447**
Available-for-sales investment	**77**
Plant and equipment	**4,785**
Long term receivables	**617**
Deferred tax assets	**1,295**
Total assets associated with disposal group classified as held-for-sale	**74,013**
Trade and other payables	**42,974**
Provision for warranty	**791**
Total liabilities associated with disposal group classified as held-for-sale	**43,765**
Net assets of disposal group divested	**30,248**
Proceeds from divestment	**–**
Less: cash and cash equivalents of the disposal group	**(13,419)**
Net cash outflow on divestment	**(13,419)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

11 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD-FOR-SALE AND DISCONTINUED OPERATIONS (Continued)

Group (Continued)

(c) The major classes of assets and liabilities comprising the disposal group classified as held-for-sale as at June 30, 2013 were as follows:

	Group 2013 S$'000
Cash and cash equivalents	11,683
Trade and other receivables	42,992
Inventories	9,872
Available-for-sales investment	77
Plant and equipment	7,009
Deferred tax assets	1,653
Total assets associated with disposal group classified as held-for-sale	73,286
Trade and other payables	44,035
Provision for warranty	730
Total liabilities associated with disposal group classified as held-for-sale	44,765
Net assets of disposal group	28,521

(d) The impact of the discontinued operations on the cash flows of the Group for the financial year ended June 30, 2013 was as follows:

	Group 2013 S$'000
Operating cash outflows	(11,260)
Investing cash outflows	(1,235)
Financing cash outflows	(1,286)
Total cash outflows	(13,781)

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

12 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment S$'000	Freehold properties S$'000	Leasehold building S$'000	Machinery S$'000	Motor vehicles S$'000	Office equipment and fittings S$'000	Renovation S$'000	Total S$'000
Group								
Cost:								
At July 1, 2012	188	2,666	–	425	1,716	151	83	5,229
Additions	114	1,432	8,632	498	2,138	99	134	13,047
Disposals	–	–	–	–	(448)	–	–	(448)
At June 30, 2013	302	4,098	8,632	923	3,406	250	217	17,828
Additions	50	–	–	81	318	21	3	473
Disposals/Written off	(13)	(300)	–	–	(146)	–	–	(459)
At June 30, 2014	**339**	**3,798**	**8,632**	**1,004**	**3,578**	**271**	**220**	**17,842**
Accumulated depreciation:								
At July 1, 2012	134	64	–	308	1,113	101	72	1,792
Depreciation for the year	55	32	644	141	366	33	26	1,297
Disposals	–	–	–	–	(188)	–	–	(188)
At June 30, 2013	189	96	644	449	1,291	134	98	2,901
Depreciation for the year	71	37	1,546	151	544	33	46	2,428
Disposals	(13)	–	–	–	(120)	–	–	(133)
At June 30, 2014	**247**	**133**	**2,190**	**600**	**1,715**	**167**	**144**	**5,196**
Allowance for impairment:								
Balance at July 1, 2012 and balance at June 30, 2013	–	300	–	–	–	–	–	300
Written off	–	(300)	–	–	–	–	–	(300)
Balance at June 30, 2014	–	–	–	–	–	–	–	–
Carrying amount:								
At June 30, 2013	113	3,702	7,988	474	2,115	116	119	14,627
At June 30, 2014	92	3,665	6,442	404	1,863	104	76	12,646

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

	Group 2014 S$'000	Group 2013 S$'000
Motor vehicles	**1,641**	1,896
Machinery	**–**	145

The Group has pledged freehold properties to secure banking facilities (Note 20) granted to the Group.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

13 INVESTMENT PROPERTIES

	Group	
	2014 S$'000	2013 S$'000
At beginning of the year	**53,240**	23,640
Reclassified from deposit*	**–**	1,165
Additions during the year	**6,651**	24,605
Change in fair value (Note 26)	**2,145**	3,830
At end of year	**62,036**	53,240

* The deposit pertained to money paid for vacant leasehold land in 2012. The amount was reclassed to investment property in 2013 upon commencement of physical work.

The fair value of the Group's investment properties at June 30, 2014 and 2013 has been arrived at on the basis of valuation:

(a) carried out by an independent valuer having an appropriate professional qualification and recent experience in the location and category of the properties valued. In determining the fair values, the valuer has made reference to both the comparable sales transactions as available in the relevant market of these properties and the capitalisation of the existing and reversionary rental income potential. In replying on the independent professional valuation report, management considered the method of valuation and the Group's marketing strategy and is of the view that the estimated values are reasonable. The valuation was performed in accordance with International Valuation Standards; or

(b) carried out by management based on discounted cash flow approach.

There has been no change to the valuation technique during the year.

Details of the Group's investment properties and information about the fair value hierarchy as at June 30, 2014 are as follows:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Fair value as at June 30, 2014 S$'000
Group				
Completed investment properties	**–**	**–**	**62,036**	**62,036**

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

13 INVESTMENT PROPERTIES (Continued)

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at June 30, 2014 S$'000	Valuation technique(s)	Significant unobservable input(s)	Range
Completed investment properties	31,619	Market comparison	price per square foot[1]	S$615 – S$746
		Income capitalisation approach	market rent per bed space per month[1]	S$225 – S$248
			capitalisation rate[2]	6.5% – 7.25%
		Discounted cash flow approach	market rent per square meter per month[1]	S$4.10 – S$5.79
			discount rate[2]	5%
Investment property under construction	30,417	Residual approach	price per square foot[1]	S$390 – S$479

(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 20).

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

	Group	
	2014 S$'000	2013 S$'000
Gross rental income (Note 25)	**3,644**	1,381
Gross rental expenses	**807**	230

14 INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 S$'000	2013 S$'000
Unquoted equity shares, at cost	**129,185**	123,184

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June 30, 2014

14 INVESTMENTS IN SUBSIDIARIES (Continued)

Details of the subsidiaries at the end of each financial year are as follows:

Name	Country of incorporation and operations	Company's proportion of ownership interest and voting power held 2014 %	2013 %	Principal activities
OKH Holdings Pte. Ltd.(1)	Singapore	**100**	100	Construction activities
OKH Management Pte. Ltd.(1)	Singapore	**100**	100	Property development
OKH Development Pte. Ltd.(1)(2)	Singapore	**85**	85	Property development
Foxx Media Pte. Ltd.(1)	Singapore	**100**	100	Advertising and related activities
Green Synergy Pte. Ltd.(1)	Singapore	**100**	100	Building construction activities
OKH (Woodlands) Pte. Ltd.(1)	Singapore	**100**	100	Property development
Galaxia Development Pte. Ltd.(1)	Singapore	**100**	100	Investment properties
OKH Loyang Pte. Ltd.(1)	Singapore	**100**	100	Property development
OKH Buroh Pte. Ltd.(1)	Singapore	**100**	100	Property development
OKH Transhub Pte. Ltd.(1)(3)	Singapore	**100**	–	Investment properties
OKH Spaze Pte. Ltd.(1)(3)	Singapore	**100**	–	Property development

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

(2) Pursuant to the shareholders' transfer agreement signed between OKH Holdings Pte. Ltd. ("OKHH") and a third party, ZACD (Woodlands) Pte. Ltd. ("ZACD") on April 5, 2013 (as superseded and varied by a further shareholders' agreement dated October 11, 2013), ZACD agreed to acquire a 15% equity interest in OKH Development Pte. Ltd. ("OKHD") at a total consideration of S$300,000. Based on the terms of the agreement, ZACD would only limit its participation in OKHD only to the business relating to the development and sale of the units in a certain development project of OKHD (the "Business"). The agreement between OKHH and ZACD entitled each party to 70% and 30% of the assets and liabilities of the Business respectively.

(3) Newly incorporated during the year.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

15 INVESTMENT IN JOINT VENTURE

	Group 2014 S$'000	Group 2013 S$'000
Unquoted equity shares, at cost	**5**	5
Share of post-acquisition reserves	**(5)**	(5)
	–	–

Name	Country of incorporation	Percentage of ownership interest and voting power 2014 %	2013 %	Principal activities
OKH DLRE JV Pte. Ltd.[1]	Singapore	**50**	50	Generation, transmission, distribution and sale of electricity

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

Summarised financial information in respect of the Group's joint venture is set out below:

	2014 S$'000	2013 S$'000
Total assets	**60**	17
Total liabilities	**(576)**	(157)
Net liabilities	**(516)**	(140)
Share of joint venture's net assets	**–**	–

The Group's share of the results of the joint venture is as follows:

	2014 S$'000	2013 S$'000
Revenue	**86**	–
Loss for the financial year	**(376)**	(150)
Share of joint venture's loss	**–**	(5)

16 INVESTMENT IN ASSOCIATE

	Group 2014 S$'000	Group 2013 S$'000
Unquoted equity shares, at cost	**30,000**	–
Share of post-acquisition reserves	**1,059**	–
	31,059	–

Included in the cost of investment in associate is goodwill of S$2,308,000.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

16 INVESTMENT IN ASSOCIATE (Continued)

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

Name	Country of incorporation	Proportion of ownership interest 2014 %	2013 %	Proportion of voting power held 2014 %	2013 %	Principal activities
Held by OKH Transhub Pte. Ltd.						
Pan Asia Logistics Investments Holdings Pte. Ltd. ("PALIH")[1]	Singapore	**40**	–	**40**	–	Investment holding
Held by PALIH						
Pan Asia Logistics Investments Pte. Ltd. ("PALI")[1]	Singapore	**40**	–	**40**	–	Rental of property warehouse
Held by PALI						
Pan Asia Logistics PTP Malaysia Sdn. Bhd.[1]	Malaysia	**40**	–	**40**	–	Rental of property warehouse
Pan Asia Logistics (Korea) Ltd. ("PAL Korea")[1]	Korea	**–**[2]	–	**40**	–	Rental of property warehouse

(1) Audited by Deloitte & Touche LLP, for consolidation purpose.

(2) Pursuant to the sale and purchase agreement between a third party, Pan Asia Logistics Singapore Pte. Ltd. ("PAL Singapore") and PALIH dated October 29, 2013, PAL Singapore is required to transfer PAL Korea to PALI no later than September 12, 2015. Based on the terms of agreement, PALI has effective control over the financial and operating policies of the property business of PAL Korea despite the legal ownership of the entity has yet to be transferred to PALI as at June 30, 2014. Hence, the Group, with significant influence in PALIH, regards this entity as an associate.

Summarised financial information in respect of the Group's associates is set out below:

	2014 S$'000	2013 S$'000
Total assets	185,441	–
Total liabilities	113,563	–
Net assets	71,878	–
Share of associate's net assets	28,751	–

The Group's share of the results of the associate is as follows:

	2014 S$'000	2013 S$'000
Revenue	3,256	–
Profit for the financial year	32,163	–
Share of associate's profit	1,067	–

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

17 DEFERRED TAX ASSETS

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the current and prior reporting periods:

Group

	Accelerated tax depreciation S$'000	Tax losses S$'000	Provisions S$'000	Net S$'000
At July 1, 2012	(15)	–	1,431	1,416
Credit to profit or loss (Note 29)	–	578	–	578
At June 30, 2013	(15)	578	1,431	1,994
Overprovision in prior year (Note 29)	–	–	(1,431)	(1,431)
Charged to profit or loss (Note 29)	15	(578)	–	(563)
At June 30, 2014	–	–	–	–

Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has tax loss carry forward available for offsetting against future taxable income as follows:

	2014 S$'000	2013 S$'000
Balance at beginning of year	**7,650**	3,670
Arising during the year (Net)	**4,411**	3,980
Balance at end of year	**12,061**	7,650
Deferred tax benefit on above recorded	**–**	578
Deferred tax benefit on above not recorded	**2,050**	723

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

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Trade payables from third parties	**35,739**	7,244	**31**	–
Due to customer for contract work (Note 9)	**156**	6,721	**–**	–
Advance payments from customers	**98,387**	141,442	**–**	–
Other payables:				
– Third parties	**8,817**	6,978	**56**	–
– Subsidiaries (Note 14)	**–**	–	**29,071**	5,033
– Related parties (Note 6)	**–**	18	**–**	18
Advance from a director (Note 6)	**–**	16,978	**–**	–
Deferred interest income	**817**	–	**–**	–
Accrued expenses	**15,298**	15,179	**1,734**	354
	159,214	194,560	**30,892**	5,405

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

18 TRADE AND OTHER PAYABLES (Continued)

As at year end, the trade payables under trade financing amounted to S$21,131,000 with an interest rate at 6.0% per annum, repayable within one year. The trade financing are secured by the following:

(a) legal mortgage over the Group's properties (see Notes 12 and 13);

(b) charge over certain of the Group's cash deposits (see Note 7);

(c) assignment of rental proceeds; and

(d) a personal guarantee from a director.

19 FINANCE LEASES

	Group			
	Minimum lease payments		Present values of minimum lease payments	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Amounts payable under finance leases:				
Within 1 year	**397**	479	**349**	437
Within 2 to 5 years	**1,240**	1,267	**1,084**	1,132
More than 5 years	**282**	274	**229**	230
	1,919	2,020	**1,662**	1,799
Less: Future finance charges	**(257)**	(221)	**–**	–
Present values of lease obligations	**1,662**	1,799	**1,662**	1,799
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(349)**	(437)
Amount due for settlement after 12 months			**1,313**	1,362

The average effective interest rate is 4.5% (2013: 4.3%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. The finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximate their carrying amounts. The Group's obligations under finance lease are secured by the lessor's title to the leased assets.

NOTES TO FINANCIAL STATEMENTS

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20 BANK LOANS AND OVERDRAFTS

	Group 2014 S$'000	Group 2013 S$'000
Secured		
Bank overdrafts[1] (Note 7)	**1,578**	2,768
Short-term bank loans[2]	**2,500**	15,293
Current portion of long-term bank loans[2][3]	**154,876**	4,054
Amount due for settlement within 12 months (shown under current liabilities)	**158,954**	22,115
Long-term bank loans repayable as follows[2]:		
In the second to fifth year inclusive	**109,470**	137,379
After five years	**26,345**	16,217
Amount due for settlement after 12 months	**135,815**	153,596
Total	**294,769**	175,711

(1) In 2014, bank overdrafts are secured and bear floating interest rates ranging from 3.9% to 6.5% (2013: 2.3% to 6.6%) per annum.

(2) In 2014, bank loans are secured and bear floating interest rates ranging from 1.7% to 8.3% (2013: 1.1% to 6.0%) per annum. The amounts are repayable at the dates ranging from 2014 to 2023 (2013: 2013 to 2023).

(3) In 2013, included in the bank loans was loan amounting to S$2.7 million being reclassified to current liabilities due to callable clauses in the loan agreements.

The bank overdrafts and bank loans are arranged at floating interest rates and therefore expose the Group to cash flow interest rate risk. The interest rates for the long-term bank loans are reset for periods ranging from 1 month to 6 months based on changes to swap offer rate or the bank's cost of funds.

Management estimates that the carrying amounts of the bank loans and overdrafts approximate their fair values as market interest rates are charged on the bank loans and overdrafts.

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

	Group 2014 S$'000	Group 2013 S$'000
Properties under development (Note 10)	**287,065**	235,669
Freehold properties (Note 12)	**3,665**	3,702
Investment properties (Note 13)	**60,032**	53,240
Fixed deposits (Note 7)	**–**	30

In addition, the bank facilities are supported by corporate guarantees issued by the Company and personal guarantee from a director of the Company.

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21 PROVISIONS

Group

	Provision for liquidated damages S$'000	Provision for foreseeable losses S$'000	Others S$'000	Total S$'000
Balance at July 1, 2012	6,781	1,591	42	8,414
Arising (Utilised) during the year	3,144	(1,328)	(42)	1,774
Balance at June 30, 2013	9,925	263	–	10,188
Reversal during the year	(8,245)	(263)	–	(8,508)
Balance at June 30, 2014	**1,680**	**–**	**–**	**1,680**

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

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

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

22 REDEEMABLE EXCHANGEABLE PREFERENCE SHARES

On November 18, 2013, 100 redeemable exchangeable preference shares ("REPS") were issued by a subsidiary of the Company, OKH Transhub Pte. Ltd. at an issue price of S$100,000 per share with an option to exchange up to a total number of 22,222,222 ordinary shares of the Company (the "OKH Shares"). All issued REPS are fully paid. The main terms and conditions of the agreement are as follows:

(a) Holders of the REPS (the "Holders") shall have the right to exchange 50% of their holdings of REPS into the OKH Shares at the exchange price of S$0.45 at any time starting from the first anniversary from the issuance date and up to the maturity date.

(b) The Holders shall have the right to exchange the remaining 50% of their holdings of REPS into OKH Shares at any time starting from the second anniversary from the issuance date and up to the maturity date.

(c) All outstanding REPS shall be redeemed by OKH Transhub Pte. Ltd. within 5 business days after 36 months from the date of issuance of the REPS, at the rate of 1.5 times of the issue price in cash.

The proceeds received from the issue of the REPS have been allocated between the liability and equity components. The equity component represents the fair value of the embedded option of the Company to convert the liability into equity.

	Group 2014 S$'000
Nominal value of REPS issued	**10,000**
Add: Fair value loss on REPS at date of issue	**3,199**
Fair value of REPS at date of issue	**13,199**
Equity component (recognised as equity reserve)	**(3,573)**
Liability component at date of issue	**9,626**
Cumulative interest accrued	**768**
Liability component at end of year	**10,394**

The cumulative interest accrued on REPS is calculated by applying an effective interest rate of 15.9% per annum on the liability component.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

22 REDEEMABLE EXCHANGEABLE PREFERENCE SHARES (Continued)

Management estimated the fair value of the liability component of the REPS to be approximately S$12,415,000 by discounting expected future cash flows at market incremental borrowing rate for similar types of borrowing at the end of the reporting period.

23 SHARE CAPITAL

	Company 2014 '000	Company 2013 '000
Number of ordinary shares		
Issued and paid up:		
At beginning of year	**568,657**	110,776
Arising from reverse acquisition	**–**	1,026,539
Issuance of placement of shares for cash	**60,000**	–
	628,657	1,137,315
Share consolidation[(a)]	**–**	(568,658)
At end of year	**628,657**	568,657

(a) In connection with the RTO, the Company underwent a share consolidation of two shares into one consolidated share.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividend as and when declared by the Company.

In the consolidated financial statements, the cost of reverse acquisition in 2013 was determined using the fair value of the issued equity of the Company before the acquisition, being 110,776,067 shares at S$0.12 per share amounting to S$13,293,000 which represents the market value of the Company being the quoted and trade price of the shares as at January 28, 2013 (date of completion of acquisition) (Note 31). It was deemed to be incurred by the legal subsidiary (i.e. the acquirer for accounting purpose) in the form of equity issued to the owners of the legal parent (i.e. the acquiree for accounting purpose).

In the separate financial statements of the Company, the cost of reverse acquisition in 2013 was determined by reference to the issue of 1,026,538,825 consideration shares at US$0.09 (equivalent to S$0.12) amounting to S$123,184,000, pursuant to the reverse acquisition of which S$113,741,000 was issued from the share capital of the Company and S$9,443,000 was issued from share premium of the Company.

On January 9, 2013, cash distribution of S$0.009 per ordinary share by way of capital reduction amounting to S$983,000 was paid to shareholders of the Company.

On October 9, 2013, 60,000,000 new ordinary shares were allotted at S$0.68 per share each pursuant to the Company's share placement exercise. Share issue expenses incurred for the placement amounting to S$1,310,000 were charged against share capital.

On June 24, 2014, the Company divested its investment in Sinobest Operating Subsidiaries to the shareholders by way of capital reduction from share capital and share premium amounting to S$15,705,000 and S$14,543,000 respectively (Note 11).

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

24 TRANSLATION RESERVE

This represents:

a) exchange differences relating to the translation from the functional currencies of the Group's foreign associated company into S$; and

b) 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.

25 REVENUE

	Group	
	2014 S$'000	2013 S$'000
Continuing operations		
Revenue from construction contracts	**16,722**	15,951
Revenue from development properties	**202,756**	7,147
Rental income	**3,644**	1,381
	223,122	24,479
Discontinued operations		
Revenue from sale of goods	**39,060**	14,659
Revenue from rendering of services	**38,666**	11,118
	77,726	25,777
	300,848	50,256

26 OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Group						
Gain on change in fair value of investment properties (Note 13)	**2,145**	3,830	**–**	–	**2,145**	3,830
Gain (Loss) on foreign exchange rate	**–**	398	**38**	(1)	**38**	397
Gain (Loss) on disposal of property, plant and equipment	**56**	107	**(101)**	–	**(45)**	107
Property, plant and equipment written off	**–**	–	**–**	(25)	**–**	(25)
Management fee	**42**	–	**–**	–	**42**	–
Interest income	**34**	18	**130**	46	**164**	64
Grant income	**161**	–	**1,424**	–	**1,585**	–
Forfeiture of deposit from sales cancellation(i)	**17**	313	**–**	–	**17**	313
Office insurance claims(ii)	**–**	16	**–**	–	**–**	16
Bargain purchase arising from reverse acquisition (Note 31)	**–**	15,503	**–**	–	**–**	15,503
Backcharges to contractor	**1,155**	–	**–**	–	**1,155**	–
Others	**57**	96	**205**	1	**262**	97
	3,667	20,281	**1,696**	21	**5,363**	20,302

(i) The forfeiture is recognised as other income as management had determined that there is no further performance obligation from the Group.

(ii) Insurance claims are recognised as other income when it is virtually certain that the Group will receive the compensation.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

27 FINANCE COSTS

	Group	
	2014 S$'000	2013 S$'000
Interest on bank loans and overdraft	**7,688**	5,127
Interest on factoring	**743**	698
Loan facility fee	**1,020**	–
Interest on obligations under finance leases	**58**	48
Interest on REPS	**768**	–
Total borrowing cost	**10,277**	5,873
Less: Amounts capitalised as cost of development properties (Note 10)	**(6,620)**	(4,169)
Less: Amounts capitalised as cost of investment properties (Note 13)	**(634)**	–
	3,023	1,704

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

28 PROFIT (LOSS) BEFORE INCOME TAX

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

	Continuing operations		Discontinued operations		Total	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Group						
Depreciation of property, plant and equipment						
– Included in cost of sales	**2**	–	**–**	–	**2**	–
– Included in administrative expenses	**2,426**	1,297	**2,793**	1,068	**5,219**	2,365
Total depreciation of property, plant and equipment	**2,428**	1,297	**2,793**	1,068	**5,221**	2,365
Reversal of doubtful debts	**–**	–	**(23)**	–	**(23)**	–
Allowance for doubtful receivables	**177**	–	**65**	–	**242**	–
Allowance for impairment of inventories obsolescence	**–**	–	**60**	–	**60**	–
Amortisation of deferred loss on REPS	**533**	–	**–**	–	**533**	–
Employee benefits						
– directors' remuneration	**3,110**	1,553	**727**	92	**3,837**	1,645
– other than directors	**5,111**	5,697	**1,928**	9,845	**7,039**	15,542
Total employee benefits	**8,221**	7,250	**2,655**	9,937	**10,876**	17,187
Cost of defined contribution plans included in employee benefits	**274**	388	**–**	–	**274**	388
Audit fees						
– paid to auditors of the Company	**238**	234	**–**	–	**238**	234
– paid to other auditors	**–**	–	**33**	80	**33**	80
Total audit fees	**238**	234	**33**	80	**271**	314
Non-audit fees						
– paid to auditors of the Company	**32**	20	**–**	–	**32**	20

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

29 INCOME TAX

	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
Current tax	**4,745**	–	**367**	–	**5,112**	–
Underprovision of current tax in prior year	**225**	–	**–**	–	**225**	–
Deferred tax (Note 17)	**563**	(578)	**–**	(304)	**563**	(882)
Overprovision of deferred tax assets in prior year (Note 17)	**1,431**	–	**–**	–	**1,431**	–
	6,964	(578)	**367**	(304)	**7,331**	(882)

Domestic income tax is calculated at 17% (2013: 17%) of the estimated assessable profit for the financial year.

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

	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
Profit (Loss) before income tax	**31,090**	(233)	**2,242**	(2,347)	**33,332**	(2,580)
Tax at statutory rate (@17%)	**5,285**	(40)	**381**	(399)	**5,666**	(439)
Tax effect of share of results of associate	**(181)**	–	**–**	–	**(181)**	–
Tax effect of income/expenses that are not (taxable) deductible for tax purposes	**(93)**	(651)	**(194)**	44	**(287)**	(607)
Effect of tax exemption	**(88)**	–	**–**	–	**(88)**	–
Effect of tax losses not recognised on deferred tax assets	**1,327**	98	**–**	–	**1,327**	98
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	–	**180**	47	**180**	47
Underprovision of prior year tax	**1,656**	–	**–**	–	**1,656**	–
Utilisation of tax losses previously unrecognised as deferred tax	**(1,045)**	–	**–**	–	**(1,045)**	–
Others	**103**	15	**–**	4	**103**	19
	6,964	(578)	**367**	(304)	**7,331**	(882)

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

30 EARNINGS (LOSS) PER SHARE

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

	Group	
	2014	**2013**
	S$'000	**S$'000**
Earnings from continuing and discontinued operations		
Earnings (Loss) for the purposes of basic earnings per share (Profit (Loss) for the year attributable to owners of the Company)	**26,030**	(914)
Effect of dilutive potential ordinary shares due to interest and amortisation of deferred loss on REPS, net of tax	**1,080**	–
Earnings (Loss) for the purposes of diluted earnings per share	**27,110**	(914)
Earnings from continuing operations		
Profit (Loss) for the year attributable to owners of the Company	**26,030**	(914)
Less: Profit (Loss) for the year from discontinued operation	**1,875**	(2,043)
Earnings for the purposes of basic earnings per share	**24,155**	1,129
Effect of dilutive potential ordinary shares due to interest and amortisation of deferred loss on REPS, net of tax	**1,080**	–
Earnings for the purposes of diluted earnings per share	**25,235**	1,129

	Group	
	2014	**2013**
	'000	**'000**
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**612,055**	536,639
Effect of dilutive potential ordinary shares due to REPS	**13,637**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**625,692**	536,539

The diluted earnings per share is the same as the basic earnings per share in 2014 as the effect of the REPS is anti-dilutive. There were no dilutive potential ordinary shares in 2013.

From discontinued operations

Basic earnings per share for the discontinued operation is 0.31 cents per share (2013: loss per share of 0.38 cents per share). Diluted earnings per share for the discontinued operation is 0.30 cents per share. There were no dilutive potential ordinary shares in 2013. Earnings per share from discontinued operation is based on the net profit for the year from discontinued operations of S$1,875,000 (2013: net loss for the year from discontinued operations of S$2,043,000) and the above number of shares for both basic and diluted earnings per share.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

31 ACQUISITION OF SUBSIDIARIES

As disclosed in Note 2, OKHH became the parent of the Group for accounting purpose, and the Company and its subsidiaries before the RTO became the accounting acquiree. The net assets acquired and the bargain purchase arising from the RTO were as follows:

	Group 2013 S$'000
Consideration transferred:	
Equity instruments issued as settlement of purchase consideration[(1)]	13,293
Carrying amount and fair value of assets acquired and liabilities assumed at the date of acquisition:	
Cash and bank balances	24,506
Trade and other receivables	34,720
Inventories	5,631
Available-for-sale asset	74
Plant and equipment	6,539
Deferred tax assets	1,326
Trade and other payables	(42,794)
Provision for warranty	(604)
Income tax payable	(283)
Net assets acquired	29,115
Bargain purchase arising from reverse acquisition:	
Fair value of net assets acquired	29,115
Less:	
Non-controlling interests	(319)
Consideration transferred	(13,293)
Bargain purchase arising from reverse acquisition[(2)]	15,503
Net cash inflow arising from reverse acquisition:	
Cash and bank balances of subsidiaries acquired	24,506

(1) The consideration was based on the Company's entire share capital of 110,776,067 shares before the reverse acquisition using fair value of S$0.12 per share, representing the fair value of the issued equity of the Company before the reverse acquisition.

(2) On reverse acquisition, the bargain purchase represents the excess of fair value of the net assets acquired over the purchase consideration. As disclosed in Note 2, the RTO exercise was supposed to acquire OKHH and dispose Sinobest Operating Subsidiaries. The purchase consideration was determined based on issue price of the Company and the deemed issued equity to the shareholders of the Company before the RTO. However, the disposal of Sinobest Operating Subsidiaries was not successful. As a result, the increase in net assets acquired due to the Sinobest Operating Subsidiaries has resulted in the bargain purchase gain in profit and loss.

Impact of acquisition on the results of the Group:

From the date of acquisition, the acquiree acquired in 2013 contributed approximately S$26 million and S$2.3 million to the Group's revenue and loss before tax respectively in 2013. If the reverse acquisition had taken place at the beginning of the previous financial year, the Group's loss before tax would have been approximately S$0.4 million.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

32 OPERATING LEASE ARRANGEMENTS

	Group 2014 S$'000	Group 2013 S$'000
The Group as lessee		
Minimum lease payments under operating leases (net of rebates) recognised as an expense in the financial year	**5,918**	2,683

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

	Group 2014 S$'000	Group 2013 S$'000
Within one year	**5,817**	3,405
In the second to fifth year inclusive	**4,338**	14,217
After five years	**–**	104
	10,155	17,726

Operating lease payments represent rentals payable by the Group for land, office, warehouse premises and certain office equipment. The leases are negotiated for terms between 2 to 10 years and rentals are fixed during the term of the lease.

	Group 2014 S$'000	Group 2013 S$'000
The Group as lessor		
Rental income (Note 25)	**3,644**	1,381

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

	Group 2014 S$'000	Group 2013 S$'000
Within one year	**6,315**	375
In the second to fifth year inclusive	**10,166**	39
	16,481	414

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

33 SEGMENT INFORMATION

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group under FRS 108 *Operating Segments*.

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable operating segments under FRS 108 are as follows:

(i) Construction contractor: General builders and construction contractors, general engineering and sale of construction materials.

(ii) Property development: Development of industrial properties.

(iii) Property investment: Leasing of investment properties to generate rental income and to gain from the appreciation in the value of the properties in the long term.

(iv) IT business: Provision of system integration for computer information system and intelligent building, software development and technical services.

(v) Others: Provision of property management, trading and public utilities.

The IT business operation comes from the Sinobest operating subsidiaries which was discontinued (See Note 11). For FRS 108 purposes, the IT business is included as one of the reportable segments.

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 share of profits of joint venture, finance income, finance costs, and income tax expense. Share of profit of associate are included in property investment segment in accordance with its business activities. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment. All assets are allocated to reportable segments. 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 and income tax payable.

The Group's main operations are located in the Singapore, except for IT business located in People's Republic of China that is already separately identified and disclosed in the operating segment below, hence no analysis by geographical area of operation is provided.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

33 SEGMENT INFORMATION (Continued)

Segment revenues and results

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

	Continuing Operations						Discontinued Operations	
	Construction contractor S$'000	Property development S$'000	Property investment S$'000	Others S$'000	Eliminations S$'000	Subtotal S$'000	IT Business S$'000	Total S$'000
2014								
Revenue:								
External customers	**16,722**	**202,756**	**3,644**	**–**	**–**	**223,122**	**77,726**	**300,848**
Inter-segment	**104,818**	**–**	**–**	**–**	**(104,818)**	**–**	**–**	**–**
Total revenue	**121,540**	**202,756**	**3,644**	**–**	**(104,818)**	**223,122**	**77,726**	**300,848**
Results	**14,393**	**31,591**	**(5,517)**	**(21)**	**885**	**41,331**	**2,242**	**43,573**
Unallocated expenses						**(7,218)**	**–**	**(7,218)**
Finance costs						**(3,023)**	**–**	**(3,023)**
Profit before income tax						**31,090**	**2,242**	**33,332**
Income tax expense						**(6,964)**	**(367)**	**(7,331)**
Profit for the year						**24,126**	**1,875**	**26,001**
2013								
Revenue:								
External customers	15,951	7,147	1,381	–	–	24,479	25,777	50,256
Inter-segment	53,967	–	–	–	(53,967)	–	–	–
Total revenue	69,918	7,147	1,381	–	(53,967)	24,479	25,777	50,256
Results	(1,259)	(6,299)	(1,061)	11,879	(1,784)	1,476	(2,347)	(871)
Share of loss of joint venture						(5)	–	(5)
Finance costs						(1,704)	–	(1,704)
Loss before income tax						(233)	(2,347)	(2,580)
Income tax credit						578	304	882
Loss for the year						345	(2,043)	(1,698)

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

33 SEGMENT INFORMATION (Continued)

Segment assets and liabilities and other segment information

	Continuing Operations					Discontinued Operations	
	Construction contractor S$'000	Property development S$'000	Property investment S$'000	Others S$'000	Subtotal S$'000	IT Business S$'000	Total S$'000
2014							
Segment assets:							
Total segment assets	41,157	429,054	98,021	29	568,261	–	568,261
Unallocated assets	–	–	–	–	94	–	94
Total consolidated assets					568,355	–	568,355
Segment liabilities:							
Total segment liabilities	66,819*	357,745	63,295	19	487,878	–	487,878
Unallocated liabilities	–	–	–	–	1,820	–	1,820
Total consolidated liabilities					489,698	–	489,698
Other segment information:							
Depreciation	2,425	–	3	–	2,428	2,793	5,221
Capital expenditure	448	–	25	–	473	733	1,206
Changes in fair value of investment properties	–	–	2,145	–	2,145	–	2,145

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

33 SEGMENT INFORMATION (Continued)

Segment assets and liabilities and other segment information (Continued)

	Continuing Operations					Discontinued Operations	
	Construction contractor S$'000	Property development S$'000	Property investment S$'000	Others S$'000	Subtotal S$'000	IT Business S$'000	Total S$'000
2013							
Segment assets							
Total segment assets	40,833	306,818	54,657	38	402,346	73,286	475,632
Unallocated assets					193	–	193
Total consolidated assets					402,539	73,286	475,825
Segment liabilities:							
Total segment liabilities	89,160*	282,273	19,120	18	390,571	44,765	435,336
Unallocated liabilities					372	–	372
Total consolidated liabilities					390,943	44,765	435,708
Other segment information:							
Depreciation	1,297	–	–	–	1,297	1,068	2,365
Capital expenditure	13,047	–	–	–	13,047	1,314	14,361
Changes in fair value of investment properties	–	–	3,830	–	3,830	–	3,830

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

Major customer information

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	Group	
	2014 S$'000	2013 S$'000
Construction contractor segment		
Customer A	–	10,882
Customer B	–	4,593
Property development segment		
Customer C	–	1,271
Customer D	–	1,221

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

34 CAPITAL EXPENDITURE COMMITMENTS

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

	Group	
	2014	**2013**
	S$'000	**S$'000**
Construction of properties	**104,563**	49,791
Purchase of land	**–**	87,779
The Group's share of the capital commitments of its associate is as follows:		
Construction of properties	**53**	–

35 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the financial year, the Group entered into the following transactions:

(a) On August 15, 2014, the Group incorporated Chronoz Investment Holding Pte. Ltd. ("Chronoz") with a paid up capital of S$1. The principal activity of the subsidiary is that of an investment holding company.

(b) On August 18, 2014, Chronoz entered into:

(i) a Subscription and Shareholder's Agreement ("SSA") with a third party, Pan Asia Logistics Holdings Singapore Pte. Ltd. ("PAL Holdings") to subscribe for 2,584,923 ordinary shares of PAL Holdings, representing a 12% equity interest of PAL Holdings at an aggregate subscription price of S$17.2 million ("Subscription Price"); and

(ii) a Sale and Purchase Agreement ("SPA") with a controlling shareholder of PAL Holdings ("Vendor") to acquire a 3% equity interest of PAL Holdings, comprising of 646,231 ordinary shares in the capital of PAL Holdings ("Sale Shares"), at an aggregate purchase consideration of S$4.3 million ("Purchase Consideration").

The Subscription Price and Purchase Consideration are paid by instalments.

Under the SPA, Chronoz is granted a put option which may be exercised once and in full, anytime during the period of 36 months commencing from July 1, 2015, to require the Vendor to acquire the Sale Shares from Chronoz. The put option price shall be 1.12 times to 1.36 times depending on the date of exercise.

The above acquisitions through SSA and SPA were completed on September 8, 2014 and September 9, 2014 respectively. This investment is accounted for as available-for-sale investments and carried at cost.

(c) The Group entered into a subscription agreement with a third party, Zana Asia Fund Limited dated September 5, 2014 to issue an aggregate principal amount of S$8 million redeemable convertible preference shares via Chronoz to partially fund the acquisition of the 15% equity interest in PAL Holdings.

(d) On September 3, 2014 the Group incorporated a wholly-owned subsidiary, OKH China Pte. Ltd. with a paid up capital of S$1. The principal activity of the subsidiary is that of an investment holding company.

STATISTICS OF **SHAREHOLDING**

As at 15 September 2014

Authorised share capital	:	US$500,000,000
Issued and fully paid-up capital	:	US$113,158,340.10
Class of shares	:	Ordinary share of US$0.18 each
Voting rights	:	One vote per share
Number of issued shares	:	628,657,445
Number of treasury shares	:	Nil

Distribution of Holders of Shares as at 15 September 2014

Size of Shareholdings	Number of Holders of Shares	%	Number of Holders of Shares	%
1 – 999	117	18.96	57,299	0.01
1,000 – 10,000	240	38.90	1,380,018	0.22
10,001 – 1,000,000	234	37.93	26,923,000	4.28
1,000,001 and above	26	4.21	600,297,128	95.49
Total	**617**	**100.00**	**628,657,445**	**100.00**

Substantial Shareholders according to Register of Substantial Shareholders as at 15 September 2014

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	Number of Holders of Shares	%	Number of Holders of Shares	%
Bon Ween Foong	391,078,412	62.21	–	–

Twenty Largest Shareholders as at 15 September 2014

	Name of Holders	No. of Shares	%
1	BON WEEN FOONG	391,078,412	62.21
2	UOB KAY HIAN PTE LTD	83,843,216	13.34
3	VINCE CHEN @ TAN CHENG SONG	17,057,000	2.71
4	MAYBANK KIM ENG SECURITIES PTE LTD	16,992,000	2.70
5	OCBC SECURITIES PRIVATE LTD	13,768,000	2.19
6	PHILLIP SECURITIES PTE LTD	9,534,000	1.52
7	NOVA FURNISHING HOLDINGS PTE LTD	8,500,000	1.35
8	TAN MAY PING REGINA	8,200,000	1.30
9	RAFFLES NOMINEES (PTE) LTD	7,372,000	1.17
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,570,500	1.05
11	WEN NANFEI	4,200,000	0.67
12	NEO AIK CHYE	4,153,000	0.66
13	POH SENG KUI	3,995,000	0.64
14	CHOW KOK SENG	3,272,000	0.52
15	FONG KIM CHIT	3,000,000	0.48
16	BANK OF SINGAPORE NOMINEES PTE LTD	2,700,000	0.43
17	QUEK BOON SIM	2,195,000	0.35
18	CIMB SECURITIES (SINGAPORE) PTE LTD	2,159,000	0.34
19	YEO ADELINE	2,072,500	0.33
20	YONG KOK KONG	1,891,000	0.30
	Total	**592,552,628**	**94.26**

Note: The percentages are computed based on the Company's total number of issued shares of 628,657,445.

Based on information available to the Company as at 15 September 2014, approximately 37.79% of the total number of issued shares listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires at least 10% of the total number of issued shares of the Company to be held in the hands of the public.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of OKH Global Ltd. (the "Company") will be held at Seletar 1 at Level 3, Holiday Inn Singapore Atrium, 317 Outram Road Singapore 169075 on Wednesday, 29 October 2014 at 10.00 a.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 2014 together with the Directors' Report and Independent Auditors' Report thereon. *Resolution 1*

2. To approve the payment of Directors' fees of S$171,000 for the financial year ending 30 June 2015, to be paid quarterly in arrears. (2014: S$135,000) *Resolution 2*

3. To re-elect Mr Ong Soon Teik, who is retiring by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws. *Resolution 3*

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

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

4. To re-elect the following Directors retiring by rotation pursuant to Bye-Law 107(B) of the Company's Bye-Laws:–

   (a) Mr Lim Eng Hoe *Resolution 4*
   (b) Mr Lee Teck Leng Robson *Resolution 5*
   (c) Mr Tan Geok Chye *Resolution 6*

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

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

   Mr Lee Teck Leng Robson is considered independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST.

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

5. 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 7*

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AS SPECIAL BUSINESSES

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

6. **Authority to Allot and Issue Shares** *Resolution 8*

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

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

(b) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(c) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "Share Issue Mandate"),

provided that:

(I) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution:–

(a) shall not exceed 50% of the total number of issued shares (excluding treasury shares) 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) 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) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:–

(a) new shares arising from the conversion or exercise of any Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

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ANNUAL GENERAL MEETING

(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

(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)

7. **Authority to grant options and to issue shares under the OKH Performance Share Plan** *Resolution 9*

That pursuant to the listing rules of the SGX-ST and Bye-laws of the Company, the Directors of the Company be authorised and empowered to offer and grant options under the OKH Performance Share Plan (the "OKH Share Plan"), and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the OKH Share Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the OKH Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) 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)

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

BY ORDER OF THE BOARD

Chew Kok Liang
Company Secretary
3 October 2014

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Explanatory Notes:

1. Resolution No. 8, 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), 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) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed, and any subsequent consolidation or subdivision of shares.

2. Resolution No. 9, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the OKH Share Plan up to a number not exceeding in total (for the entire duration of the OKH Share Plan) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

(a) A registered shareholder entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than 2 proxies to attend and vote in his stead. A proxy needs not be a member of the Company.

(b) If a registered shareholder is unable to attend the AGM and wishes to appoint proxy/proxies to attend and vote at the AGM in his stead, then he should complete and sign the relevant Shareholder Proxy Form and deposit the duly completed Shareholder Proxy Form at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00 Singapore, 068898 not less than 48 hours before the time appointed for holding the AGM.

(c) A depositor registered and holding shares through The Central Depository (Pte) Limited who/which is (i) an individual but is unable to attend the AGM personally and wishes to appoint nominee/nominees to attend and vote; or (ii) a corporation, must complete, sign and return the Depository Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898 not less than 48 hours before the time appointed for holding the AGM.

(d) If a shareholder who has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members is unable to attend the AGM and wishes to appoint proxy/proxies, he should complete and sign the Depositor Proxy Form and the Shareholder Proxy Form, respectively, for the shares entered against his name in the Depository Register and shares registered in his name in the Register of Members.

(e) A shareholder or depositor who is an individual and wishes to attend the AGM in person need not take any further action and can attend and vote at the AGM without the lodgement of any Shareholder Proxy Form or Depository Proxy Form.

NOTICE OF
ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Bon Ween Foong
Mr. Lam Wee Yeow
Mr. Tan Geok Chye
Mr. Ong Soon Teik
Mr. Lim Eng Hoe
Mr. Lee Teck Leng Robson

AUDIT COMMITTEE

Mr. Ong Soon Teik (Chairman)
Mr. Lim Eng Hoe
Mr. Lee Teck Leng Robson

NOMINATING COMMITTEE

Mr. Lee Teck Leng Robson (Chairman)
Mr. Ong Soon Teik
Mr. Lim Eng Hoe

REMUNERATION COMMITTEE

Mr. Lim Eng Hoe (Chairman)
Mr. Ong Soon Teik
Mr. Lee Teck Leng Robson

COMPANY SECRETARY

Mr. Chew Kok Liang

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
6 Shenton Way
OUE Downtown 2 #32-00
Singapore 068809

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

SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
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Malayan Banking Berhad
DBS Bank Limited

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