ANNUAL REPORT 2019

OLIVE TREE ESTATES

Building
Homes,
Improving
Lives,
Transforming
Communities

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CONTENTS

Sponsor statement

This annual report has been reviewed by the company's sponsor, RHT Capital Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Limited ("SGX-ST"), The sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the content of this report, including the correctness of any of the statements or opinions made or report contained in this annual report.

The details of the contact person is Mr. Mah How Soon (Registered Professional, RHT Capital Pte. Ltd.) at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619. Tel: 63816966.

JOINT MESSAGE FROM CHAIRMAN AND CEO

NEW STRATEGIC DIRECTION AND CORPORATE INITIATIVES

In our previous annual report ("AR2018"), we shared that 2018 was a year of remarkable breakthrough for us. We announced that the Company, National Housing Organization Joint Stock Company ("NHO") and Emerging Markets Affordable Housing Fund Pte Ltd ("EMAHF") had on 18 March 2019 entered into a Covenant Partnership Agreement ("CPA") which expresses the Company's, NHO's and EMAHF's (collectively, the "Parties") mutual understanding regarding the proposed co-development of four projects in Ho Chi Minh City, Binh Duong, Ha Long and Hai Phong, Vietnam ("Initial Development Plan"). The CPA follows on from a memorandum of understanding which was signed between the Company and NHO on 1 October 2018.

NHO is an established affordable and social housing developer in Vietnam with a more than seven-year track record of developing and selling some 6,000 homes across 11 sites in Vietnam.

EMAHF is a Singapore-incorporated fund which is managed by Providence Capital Management Pte Ltd ("PCM"). PCM is a registered fund management company regulated by the Monetary Authority of Singapore. EMAHF's consortium of investors include a tier-1 real estate developer and investor ("Tier-1 Developer"), family offices and high-net worth individuals. With an initial committed capital of US$30 million and an additional upsize commitment of a further US$20 million from the said Tier-1 Developer, EMAHF will be independently managed by PCM but will be exclusively tethered to the Company for the purposes of the Initial Development Plan and further co-investment opportunities in Vietnam.

We also announced on 6 February 2020 that in addition to the CPA, the Company had entered into various definitive investment agreements with NHO and EMAHF for the purposes of acquiring an additional 1.3 hectares of land in Binh Duong province to build circa 1,100 affordable housing units ("1.3ha Binh Duong Project").

If the acquisition of the land parcels, which are subject to the Initial Development Plan, is successful and all requisite permits and licenses are secured, the Initial Development Plan and the 1.3ha Binh Duong Project are likely to yield approximately 6,100 affordable homes and more than 250 commercial units in purpose-built mixed-developments across Vietnam ("OTENHO Mixed Developments"). It is currently anticipated that the OTENHO Mixed Developments will have an estimated aggregate gross development value in excess of US$500 million and the Parties intend for the OTENHO Mixed Developments to showcase and deploy the Company's integrated social impact solution, comprising quality affordable homes and a suite of accessible and customized community development assets and family support services in dedicated Family Resource Centres ("FRCs").

The Company and NHO are also actively sourcing for other suitable development projects in Vietnam for the purposes of supporting what we envisage will be a defensive and sustainable business of providing residential real estate solutions for the lower to middle income demographic groups in emerging markets and economies.

Our social impact partnership team has worked tirelessly through 2019, increasing sector-wide capacity through social services training programs and supporting children and parents through multiple community engagement platforms. The Company is excited about rolling out our FRCs as and when our development projects complete. To this end, we hope to deploy a pilot community development and family service platform in 2020 with like-minded/hearted stakeholder partners and domain specialists from within our social impact eco-system.

IN APPRECIATION

We are a company committed to curating and providing a holistic and integrated social impact solution comprising affordable housing, community- based assets, customized social services and various other quality amenities to the masses in the regional emerging markets.

We seek to serve all, regardless of race, language or religion and we believe that all are capable of good.

We believe that the interests of our stakeholders and shareholders can be served by a Company that is underpinned by strong values, devoted to sustainable business practices and driven by a desire to do as much good as it can for those in need.

Whilst the Company is still very much in its infancy, we have made very good progress through the past year and with the beach-heads that have been established, we are optimistic about our shared future.

On behalf of the Board, we would like to express our heartfelt appreciation to our loyal shareholders, stakeholders, advisors, service-providers and fellow directors for your support of the Group through the years. We say a special 'thank you' to our closely-knit team of employees who have worked relentlessly to bring our Company's vision to fruition.

We look forward to your continued support in the year ahead as we work together to grow the business and extend the influence and impact that is Olive Tree Estates Limited.

Daniel Cuthbert Ee Hock Huat
Independent Non-Executive Chairman

Daniel Long Chee Tim
Chief Executive Officer and Executive Director

27 March 2020

OPERATIONAL AND FINANCIAL REVIEW

REVIEW OF COMPREHENSIVE INCOME OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Group's revenue for FY2019 decreased by $2.44 million or 68.4% from $3.57 million in FY2018 as compared to $1.13 million in FY2019. The decrease in revenue was primarily due to fewer units of our development properties which were sold in FY2019 as compared to FY2018. The Group's revenue comprises mainly rental revenue from our investment properties at One Commonwealth.

The Group's cost of sales for FY2019 decreased by $1.57 million, in line with the pace of sales with respect to our development properties.

The Group's gross profit for FY2019 decreased by $0.88 million or 43.8 % from $2.01 million in FY2018 to $1.13 million in FY2019. The decrease is primarily due to fewer units of our development properties which were sold in FY2019 as compared to FY2018.

The Group's other income for FY2019 decreased by $3,000 to $169,000 from $172,000 in FY2018. Other income for FY2019 amounting to $169,000 compromised mainly of:

– Rental support income amounting to $73,000 from the Company's controlling shareholder pursuant to the rental support agreement for 3 years from the date of the reverse takeover in December 2017.
– Write back of time bar payables amounting to $87,000.
– Interest income of $9,000.

The Group's other losses of $21,000 for FY2019 relates to the foreign currency translation loss and fair value loss on the US$ denominated convertible loans with respect to our investments in associates.

The Group also recorded the share of profit of associates amounting to $78,000 arising mainly from the profit from the sale of properties in phase 1 of our Ha Long Bay mixed-use development project.

Selling and distribution expenses for FY2019 decreased by $104,000 in line with the reduced sales of development properties during the year.

Administrative expenses for FY2019 increased by $83,000 from $1.99 million in FY2018 to $2.07 million in FY2019. The increase was due mainly to the following:

– Higher staff cost from appointment of Vietnam country director and business development manager amounting to $73,000
– Higher audit compliance related costs relating to the Vietnam associates and internal audit amounting to $103,000
– Decrease in legal and professional fees by $56,000

The finance expenses in FY2019 amounting to $432,000 relates to bank charges and interest on borrowings by the Group during FY2019. Expenses were lower in FY2019 compared to FY2018 by $87,000 due to lower bank charges.

In FY2019, the Group had a loss before income tax of $1.15 million, as compared to a loss before income tax of $432,000 in FY2018.

Income tax expense increased by $19,000 due to lower tiered exemption rate applied for FY2019 tax rate.

As a result of the above, net loss after tax for FY2019 amounted to $1.25 million, compared to a loss of $515,000 for FY2018.

REVIEW OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2019

As at 31 December 2019, our total current assets consisted mainly of cash and cash equivalents, trade and other receivables and development properties.

Trade and other receivables decreased by $123,000 from $506,000 as at 31 December 2018 to $383,000 as at 31 December 2019.

Non-current assets refer to investment properties of $10.96 million as at 31 December 2019 which had declined by $603,000 from $11.56 million as at 31 December 2018 due to depreciation. In FY2019 this also includes investment in associates of $3.83 million and convertible loan investments of $1.04 million.

Our current liabilities comprised trade and other payables, borrowings, and income tax payable.

Trade and other payables increased to $1.79 million as at 31 December 2019 from $848,000 as at 31 December 2018. The increase of $942,000 was due mainly to increase in sponsorship from the Tier-1 Developer for FY2019.

Non-current liabilities comprising borrowings from bank amounted to $10.66 million as at 31 December 2019 which was refinanced at the end of 2019.

Total shareholders' equity as at 31 December 2019 amounted to $8.79 million and comprised mainly share capital of $7.95 million, reverse acquisition reserve with a debit balance of $10.60 million and retained profit of $11.45 million.

Share capital remained unchanged at $7.95 million for both 31 December 2019 and 31 December 2018.

The reverse acquisition reserve remained unchanged with a debit balance of $10.60 million for both 31 December 2019 and 31 December 2018.

Retained profits declined by $1.25 million from $12.70 million as at 31 December 2018 to $11.45 million as at 31 December 2019 due mainly to the losses in FY2019.

REVIEW OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

For FY2019, the Group's net cash inflow from operating activities amounted to $772,000 arising mainly from cash generated from working capital as well as the inflow from the sponsorship.

For FY2019, the Group's cash outflow from investing activities amounted to $4.82 million relating mainly to the investment in associates of $3.75 million and convertible loan investments in associates of $1.06 million.

For FY2019, the Group's cash outflow from financing activities amounted to $432,000 due to the payment of interest on bank loan.

For FY2019, the Group had a net cash outflow of $4.48 million.

BOARD OF DIRECTORS

DANIEL CUTHBERT EE HOCK HUAT

Independent Non-Executive Chairman

Daniel Ee was appointed as the Independent Non- Executive Chairman of the Company on 15 December 2017. Since 2015, Mr. Ee has been an independent director of Keppel Infrastructure Fund Management Pte Ltd, the trustee manager of Keppel Infrastructure Trust. He is also an independent director of Ascendas Funds Management (S) Limited, the Manager of Ascendas Real Estate Investment Trust. He is also on the board of the Singapore Mediation Centre. Since 1999, Mr. Ee has been on the boards of various companies as an independent director. He had served in various capacities in the public sector before moving to investment banking in 1985 where he held senior management positions. He was the Managing Director then Chief Executive of Standard Chartered Merchant Bank from 1994 to 1999. Mr. Ee graduated with a Bachelor of Science (First Class Honours) from Bath University in the United Kingdom in 1975 and has a Master of Science (Industrial Engineering) from the National University of Singapore. He was awarded the Public Service Medal in 2003.

DANIEL LONG CHEE TIM

Chief Executive Officer and Executive Director

Daniel Long is our Chief Executive Officer and was appointed on 1 January 2018. He first joined our Group on 29 July 2015 as a Non-Executive, Non-Independent Director. He was subsequently tasked with transforming the company and restructuring our business and was re-designated as our Acting Chief Executive Officer on 3 February 2016. Daniel Long is a Corporate and Securities lawyer by training. Having obtained his Bachelor of Laws in the United Kingdom, he obtained his post-graduate qualifications from the National University of Singapore and subsequently joined a leading corporate practice. He later entered the employment of Standard Chartered Merchant Bank Asia ("SCMBA") and advised on initial public offerings, private-equity fund raisings, mergers and acquisitions etc. Mr. Long was instrumental in the initial public offering of MMI Holdings Limited ("MMI") whilst he was at SCMBA and subsequently joined MMI to head its Technology and Strategic Investment division. During his time with MMI, he also established MMI TechnoVentures ("MMITV"), a joint venture private equity fund with Standard Chartered Private Equity ("SCPA"). In 2000, Mr. Long joined an investee of MMITV, Ecquaria Technologies Pte Ltd ("Ecquaria") as Chief Financial Officer overseeing the company's finance, human resource, administration and MIS functions. He was subsequently promoted to Deputy CEO and Head of Sales and Marketing. Mr. Long left Ecquaria in 2007 to co-found Providence Capital Management Pte Ltd ("PCM"), a registered fund management company regulated by the Monetary Authority of Singapore. Mr. Long is currently a director of PCM. PCM manages and advises a number of umbrella funds and multiple special purpose investment vehicles across a range of asset classes. PCM's clients and stakeholders include financial institutions, family trusts and high-net worth individuals.

ALOYSIUS WEE MENG SENG

Independent Director

Aloysius Wee Meng Seng is our Independent Director and was appointed to our Group on 28 August 2009. Mr. Wee is an advocate and solicitor of the Supreme Court of Singapore and is currently the managing partner of boutique law firm, AQUINAS LAW ALLIANCE LLP. Prior to this, he was the managing partner of Dacheng Wong Alliance LLP, a Singapore China joint venture law firm and before that he was partner at Central Chambers Law Corporation which he co-founded, serving as co-managing partner. Mr. Wee's areas of practice are Intellectual Property Law, Corporate Law, Cross Border Commercial Transactions, and Real Estate Transactions. He has since 1997 advised on various development and investment projects for property developers, real estate players and hospitality companies in Singapore and the region. Mr. Wee also advises on cross-border joint ventures and transactions and in the area of mergers and acquisitions of companies. He is the current chairperson of the ASEAN Legal Alliance, a network of 10 law firms in each of the 10 ASEAN countries. He also sits as a director in Tay Leck Teck Foundation and Verbum Dei Singapore Limited (a charity). Aloysius is also currently an independent director of JES Holdings Limited, Oriental Group Limited and AGV Group Limited.

ALAN CHEONG MUN CHEONG

Independent Director

Alan Cheong Mun Cheong is our Independent Director and was appointed to our Group on 3 February 2016. With over twenty years of real estate and financial sector experience, Alan is presently Executive Director of Savills Research & Consultancy, covering the local and regional markets in areas of market research, financial studies and holding seminars. Alan began his career in real estate research in 1990 with the Urban Redevelopment Authority focusing on property market forecasts and government land supply policy. Subsequently, he joined UOB where he was involved with project financing for large real estate deals. Alan was also the acting head of equity research for Prudential Securities, covering regional real estate and infrastructure companies before moving to the OCBC Group where he raised capital for companies and REITs during their Initial Public Offering. Alan also has experience in big data analysis – consumer risk analytics and was the head of portfolio analytics at DBS Asset Management. Alan is a triple-degree holder; a good honours degree in Estate Management from National University of Singapore, a Bachelor of Science degree in Mathematics from the Open University (UK) and a Graduate Diploma in Statistics from the Royal Statistical Society (RSS) of which he is a Graduate Statistician. He is also an Honorary Advisor to the Real Estate Developers Association of Singapore's (Real Estate Consultancy sub-group).

KEY MANAGEMENT

Alan Wong Tuan Keng
Chief Financial Officer

Alan Wong is our Chief Financial Officer. He was appointed on 3 February 2020 and is responsible for the Group's financial matters. Prior to joining us, Alan has held senior finance leadership positions in GMG Global, PT Telkomsel, Singtel and Neptune Orient Lines. He was also a nominee director on several subsidiary boards and joint venture companies in the emerging markets of Asia and West Africa. Alan holds a Master of Business Administration from the University of Strathclyde and a Bachelor degree in Accountancy from the National University of Singapore. He has also attended the supply chain management program with INSEAD, corporate finance program with Singapore Management University and IT project management program with the Singapore Institute of Systems Science. He is a Fellow Chartered Accountant (FCA) with the Institute of Singapore Chartered Accountants and CPA Australia.

Paul Yang
Country Director, Vietnam

Paul Yang was appointed as our Country Director of Vietnam in March 2019. Prior to joining the Group, Paul was involved with business consulting and real estate development companies in Vietnam. Born in South Korea but raised in Thailand, Paul's rich experience in cross cultural settings across South East Asian countries, Korea and the United States is a tremendous asset to the Group as we go about executing on our social impact mission in emerging markets in the region. Since moving to Vietnam from the United States in 2014, Paul has actively immersed himself in Vietnam to better understand the complexities of cross-cultural differences and to discover effective connection points between Vietnam and other cultures/countries. Crucially, Paul has significant social impact domain experience and he used to work with a global NGO headquartered in the United States as its executive liaison and international development consultant across the non-profit and private sectors in South East Asia. He holds a Masters degree in Intercultural Studies from Nyack University, New York and a Bachelors degree in International Business from Rutgers University, New Jersey.

Evangeline Goh Kang Hsien
Assistant Director, Partnerships

Evangeline Goh joined us on 9 July 2018 as our Assistant Director of Partnerships, she focuses on conceptualising and implementing the integrated social impact solution of our Group. She brings diverse experience in corporate engagement, philanthropy management and non-profit due diligence. In her work with a family foundation, she collaborated with multiple stakeholders to drive philanthropic initiatives in education and health in Indonesia, Singapore and China. Prior to that, she provided consultancy to companies in strategic and sustainable corporate social responsibilities. Evangeline graduated with a BA (Psychology and Economics) from the National University of Singapore, she had also obtained her Graduate Diploma in Marketing Communications and started her career in marketing communications, through launching nationwide campaigns for non-profit and government entities. Besides public education work, she was also involved in product launches with StarHub and communications for Hewlett Packard (Asia Pacific). She has varied interests in community work and has volunteered with SPD, a charity that serves people with physical, sensory and learning disabilities, as well as a tetraplegia befriender group at Tan Tock Seng Hospital.

Peter Woo
Manager of Business Development and Special Projects

Peter Woo joined us in January 2019 as our Manager of Business Development and Special Projects. Prior to joining the Group, he was a private equity associate at Riverside Partners in Boston, Massachusetts, where he evaluated investments in growing healthcare companies. Peter began his career at William Blair & Company in Chicago, Illinois as an investment banking analyst, and holds a Bachelor's degree in Finance and Philosophy from the University of Notre Dame in South Bend, Indiana.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Daniel Cuthbert Ee Hock Huat
(Independent Non-Executive Chairman)

Daniel Long Chee Tim
(Chief Executive Officer, Executive Director)

Aloysius Wee Meng Seng *(Independent Director)*

Alan Cheong Mun Cheong *(Independent Director)*

AUDIT COMMITTEE

Daniel Cuthbert Ee Hock Huat *(Chairman)*
Aloysius Wee Meng Seng
Alan Cheong Mun Cheong

NOMINATING COMMITTEE

Aloysius Wee Meng Seng *(Chairman)*
Daniel Cuthbert Ee Hock Huat
Alan Cheong Mun Cheong

REMUNERATION COMMITTEE

Alan Cheong Mun Cheong *(Chairman)*
Daniel Cuthbert Ee Hock Huat
Aloysius Wee Meng Seng

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Singapore 048693

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
80 #25-00
Robinson Road
Singapore 068898
Director in charge: Meriana Ang Mei Ling
(since financial year ended 31 December 2016)

COMPANY SECRETARY

Lim Heng Chong Benny

SUSTAINABILITY REPORT

"How can we help people to live a good life? Instead of trying to right what's wrong within a community, we need to start with what's strong. We must help people discover what gifts they have and to use those gifts to enrich those around them."

– Cormac Russell, Director of ABCD Global Consulting and Nurture Development

SUSTAINABILITY REPORT

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*This sustainability report has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this sustainability report.*

This sustainability report has not been examined by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this sustainability report, including the correctness of any of the statements or opinions made or reports contained in this sustainability report.

The details of the contact person for the Sponsor are:

Name: Mr Mah How Soon (Registered Professional, RHT Capital Pte. Ltd.)
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619
Tel: 6381 6966

SUSTAINABILITY REPORT

BOARD STATEMENT

We are pleased to present our third annual sustainability report.

At Olive Tree Estates Limited ("OTE" or "Olive Tree Estates"), we are committed to be a front and centre social impact company and are steadfast in our vision to build homes, improve lives and transform communities. We are excited about rolling out our integrated and holistic social impact platform in the near future which will encompass quality and affordable residential housing units, education, healthcare, social services and other amenities as may be necessary to grow and nurture sustainable and strong communities. As a listed company, we view sustainability reporting as an excellent opportunity to share our vision, hopes and aspirations with you.

In our last report, we discussed the importance of embedding sustainability throughout our business strategy. In this report, we will present our vision to you, which demonstrates our growing commitment to sustainability. This year, we have assessed the Environmental, Social and Governance ("ESG") factors that are important to us as we press forward in our journey.

The Board has been involved in the process of assessing the ESG factors which are relevant to OTE and will maintain oversight of their governance and management.

ABOUT THIS REPORT

As mentioned, this is our third annual Sustainability Report, covering our sustainability strategy for the Financial Year ended 31 December 2019 ("FY2019").

This report has been prepared in line with Rule 711a and 711b of the listing manual, section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The structure and content of the report is drafted in reference to the internationally recognized Global Reporting Initiative ("GRI") Standards and the UN Sustainable Development Goals ("SDG") framework.

The report identifies the ESG factors as contextualized against our operations and business. Given that we have only just made a number of greenfield investments and have not in any broad fashion operationalized our real estate development projects during FY2019, the report does not cover actual but only proposed policies, practices and performance measures for most of the identified material ESG factors. However, we will share outcomes of significant stakeholder engagements through the year in review which demonstrate our commitment to actualizing our mission over the long term.

The common thread in this report would be our emphasis on building authentic relationships rooted in trust, understanding and mutual respect with our eco-system of stakeholders - a critical pre-requisite in ensuring that as our social impact plans unfold, our various projects are rolled out only with the right partners who share a common aspiration for the masses and underserved.

We will continue to produce sustainability reports on an annual basis and will include disclosures on the material topics going forward.

We have not obtained external assurance for this report, but may consider doing so in future. We are fully committed to listening to our stakeholders and actively welcome feedback. Should you have any questions about this report, please feel free to reach us at alanwong@olivetreeestates.com.

SUSTAINABILITY REPORT

CORPORATE PROFILE

At Olive Tree Estates, we are committed to curating and providing a holistic and integrated social impact solution comprising affordable housing, community-based assets, customized social services and various other quality amenities to the masses in the regional emerging markets. We are headquartered in Singapore and listed on the SGX-ST.

Our initial areas of focus are regional markets, including Vietnam, Indonesia and Cambodia, with our maiden investments and deployments being in Vietnam.

In FY2019, we continued to build on the progress we made in FY2018. Like-minded partners and domain specialists were identified and we commenced discussions with them to work out how we might best deliver a customized suite of amenities to support the communities in our residential housing developments.

In the second quarter of FY2018, we had the privilege of meeting a reputable affordable housing developer in Vietnam, namely National Housing Organization JSC ("NHO"). NHO has already delivered on thousands of social and affordable housing units across Vietnam and critically, is committed to social impact and corporate social responsibility. We have since cemented our partnership with NHO and the Emerging Markets Affordable Housing Fund Ltd ("EMAHF") and announced that we have co-invested with NHO and EMAHF in a number of residential housing development projects across Vietnam for the purposes of building an initial circa 6,100 houses over the next 5 years. We continue to work actively with NHO to identify additional plots of land for acquisition and are committed to further investments in Vietnam. Over the course of FY2019, we also derived rental income from our ground floor units at One Commonwealth and remain committed to divest of our remaining industrial B1 properties at Tagore 8.

Across our theatres of operation in Singapore and Vietnam, we were as of 31 December 2019 a team of 8 permanent employees (4 women and 4 men).

Olive Tree Estates is currently working towards accreditation as a sustainable B-Corp company – joining many other enterprises around the world where business is applied as a force for good.

OUR SUSTAINABILITY STRATEGY

Olive Tree Estates' sustainability strategy is aligned with our corporate tagline of "Building Homes, Improving Lives, Transforming Communities". We believe that these three aspirational pillars help to guide us in fulfilling our mission to bring quality affordable housing with localized and contextualized integrated Family Resource Centres ("FRC"s) to the masses and underserved in emerging economies. It is intended that these integrated FRCs will help establish sustainable communities as families are supported through quality early childhood education, primary healthcare and social services. We subscribe to the asset-based community development ("ABCD") approach to strengthen ties between neighbours, families and stakeholders.

SUSTAINABILITY REPORT

The value in our sustainability plans will be closely tied to the various SDGs. For more information, please refer to the table on Material Topics and Impacted SDGs.

Shared Value through Building Trust with Our Stakeholders

We recognize that our major stakeholders play a critical role in our business sustainability over the long term, and there is significant operational leverage which we benefit from when our partners actively participate in and contribute to OTE's targeted SDGs.

At Olive Tree Estates, our stakeholders are broadly categorized into three groups:

- Our directors and employees - The drivers and movers of our mission.
- Our partners - Our valued investors, deep domain social impact partners, advisors and specialist volunteers.
- Our clients - The communities we operate in, the families we serve, the lives we seek to make a difference to.

Our mission – to build homes, improve lives, transform communities – is a long-term ambition, which must be premised upon the foundation of trusted relationships with stakeholders who are prepared to invest in a multi-year roll-out and deployment strategy with us. At Olive Tree Estates, we put great emphasis in holding extensive conversations and establishing deep connections with our key stakeholders. We do this because we appreciate that building strong relationships requires purposeful investment and the test of time.

As Olive Tree Estates repositioned itself as a front and centre social impact enterprise, a considerable amount of time was invested in selecting new hires and aligning team members to OTE's mission and culture. New members of the team were proactively mentored through project site visits, complex negotiations and community engagement to give them every opportunity to better appreciate OTE's operating environment and critically, the local nuances which an effective social impact company must be alive to. At OTE, each member of our team recognizes that we are committed to inclusiveness, gender equality, the celebration of diversity, and a healthy work-life balance.

From the middle of FY2018, our directors and senior management actively engaged our principal business partner, NHO, over many months of intense dialogue and shared experiences before both parties were convinced that they could participate in a common commitment to holistic social impact, with the provision of social and affordable housing as the cornerstone of our unique solution. At Olive Tree Estates, we firmly believe that our best stakeholders are our trusted friends. Consequently, at the heart of our partnership strategy is a very strong resolve that every stakeholder partner must be aligned with OTE's vision and mission, and sees its unique place and service offering in our shared social impact pathway.

OTE also subscribes to ABCD and our social impact execution roadmap deeply esteems the contribution of the families and communities whom we serve, whose feedback and needs guide us to curate the right mix of locally-contextualized amenities and services.

Building Homes : Laying the Ground Work through Affordable Housing with Integrated Amenities

The World Bank estimates that Vietnam's urban population will grow by 2.4 per cent per annum until 2025, the highest urban growth rate in Southeast Asia. Like many developing countries, principal Vietnamese cities face an imbalance between the supply of available housing and meeting actual demand. Vietnam's Gross Domestic Product in 2018 and 2019 approximated 7% and the country is expected to remain one of the fastest growing economies in the world. The growing affluence of Vietnam's young population has created a strong demand for quality affordable housing and OTE, together with NHO, are committed to satisfy this latent demand for

SUSTAINABILITY REPORT


residential housing units. OTE, NHO and EMAHF aim to deliver approximately 6,100 affordable homes across Vietnam's major cities over the next 5 years.

We are committed to fulfilling our vision to be a positive force for change by catalyzing the growth and development of sustainable and healthy communities in our residential housing estates. This will be achieved through enhancing social equity in the form of affordable and quality infrastructure for housing, early childhood education and healthcare in our integrated FRCs. Concurrently, we would support the strengthening of social capital and goodwill among the residents, through encouraging healthy neighbourliness and volunteerism, providing public education in positive parenting and family health, amongst other forms of support which we seek to provide as part of a wider community engagement and building strategy.

Improving Lives : Stepping Stones to Building Stronger Families



In 2010, the Vietnamese government put in place National Plan 32 with a goal that social work will be recognized as a profession in Vietnam. This plan also includes creating a system of delivering social work services at the provincial, district and commune levels. A strong local economy means that many urban families in Vietnam face long working hours, with increasing pressure on the health and integrity of family life. Olive Tree Estates recognizes its potential contribution by supporting the government's plan in building up social work in Vietnam and offering family support programs to urban communities. This we hope to achieve through our FRCs, which will be staffed by competent professional social workers and counsellors. Partnering with the University of Labour and Social Affairs Campus 2 ("ULSA2"), a national university with an established social work faculty in Ho Chi Minh City, was a pivotal moment for us to begin equipping future social workers for professional contribution in the social services sector. Through our Memorandum of Understanding with ULSA2, we intend to bring excellence in social work practice through multiple fronts, which include targeted quality training for professionals, internship for students, translatable research collaboration, and tangible cross-cultural exposure between Vietnam and Singapore.

SUSTAINABILITY REPORT

As part of our maiden efforts to support the growth of healthy families, we conducted our first parenting talk in a social housing community for 44 parents. Entitled "*Parenting – A Lifetime's Journey*", the talk emphasized three handles for great parenting: deep self-awareness, better understanding of, and imparting good values to our children. Parents found the talk beneficial and looked forward to similar events in the future. Through the question and answer session and further dialogue, we learnt that many Vietnamese families are seeking a safe and caring platform to share their inner struggles and seek reliable solutions for pressing family issues. This affirms the potential impact of our future FRCs to uplift the families in our residential housing estates. As part of enhancing the field-work experience for social work students, ULSA2 lecturers and students jointly conducted on-site surveys to have a better understanding of the local community's concerns. This community engagement exercise provided a valuable learning opportunity for these undergraduates and their lecturers, aligning with OTE's goal of capacity building across the social services sector.

Transforming Communities – Ongoing Initiative Driven by Strong and Trusted Partnerships

Significant resources were invested into strengthening existing community relationships, as well as growing new friendships. In our efforts to appreciate the cultural context of our foreign partners and community connectors, almost bi-weekly trips and calls were organized for essential face-to-face meetings and frank dialogues. The authentic interactions we have had with the local community and stakeholders amplify our resolve to pilot an FRC at the earliest opportunity.

It is intended that our FRC pilot will embed the spirit of giving and togetherness in its core programs for family life, early childhood education and healthcare. We envision a strong and closely-knitted community in every Olive Tree Estates residential housing project. Our chosen vessel to bring to life this vision is the bespoke suite of integrated amenities in our developments, offered via the FRCs, framed on an asset-based approach to community development. Community development in our affordable housing estates is an important component of our commitment to social sustainability and we work towards aligning OTE's social impact initiatives to our target SDGs.

OUR KEY MILESTONES ACHIEVED IN FY2019

Mar 2019 - Community partnership: Co-hosted study visit with a Singapore non-government organization for leaders and lecturers from ULSA2

Apr 2019 – Community partnership: Signed Memorandum of Understanding with ULSA2

May 2019 – Community relationship building and engagement: Conducted first Parenting Talk and community survey at a social housing estate in Ho Chi Minh City, Vietnam

May 2019 – Sector-wide capacity building: Organised training for Social Work students from ULSA2 in the area of conducting community surveys

Aug 2019 - Community networking: Presentation by OTE's Chief Executive Officer at World Bank Workshop in Jakarta on "Public Private Partnership for Affordable Housing"

SUSTAINABILITY REPORT

Nov 2019 – Sector-wide capacity building: Organised training in Social Work methodologies, practices and protocols for senior lecturers and social workers at ULSA2

MATERIAL TOPICS, PRACTICES AND MEASURES

Based on our business strategy, we have outlined the material topics defining our sustainability strategy. We are also inspired by the SDGs and seek to align our activities and ambitions with SDG targets. The SDGs provide additional indicators that we can use to define and measure our impact and output, and track our progress over time.

An Enterprise Risk Management exercise was initiated towards the end of FY2019, and a review of our ESG material topics will be conducted in FY2020 based on the findings and recommendations.

Below, we have mapped our past year activities and future plans against the material topics and the SDGs impacted.

Material Topics & Impacted SDGs	Why is it material	Policies and practices	Partnerships and programs	Performance Measures / Outcomes / Targets
Environmental				
Sustainable materials  	Using sustainable materials in our buildings will reduce our environmental footprint and lower dependency on virgin raw materials	Leverage existing technological innovation in building and construction industry to increase the use of sustainable materials in our developments		– Recycled input materials used
Biodiversity and land use 	Incorporating biodiversity risks and considerations will reduce potential impact on environmental habitats and secure our license to operate	Factor biodiversity impact prior to land acquisition and during and after construction phases		– Assessment of operational sites for biodiversity value

SUSTAINABILITY REPORT

Material Topics & Impacted SDGs	Why is it material	Policies and practices	Partnerships and programs	Performance Measures / Outcomes / Targets
Social				
Training and development	Training will enhance our own workforce and provide access to local talent for recruitment	Our employees are encouraged to attend training programs that upgrade their skills and promote career development	Relevant training programs and networking sessions	– Our employees attended a total of 40 training sessions. Topics include social work, community development, early childhood education, environment conservation, business development etc – A total of 452 training hours were recorded, an average of 50 hours per employee. Many of these sessions were also networking opportunities with domain specialists and potential partners – Increasing our institutional knowledge base and capabilities remain a strategic imperative and we are committed to no less than 50 hours of training per employee
Occupational health and safety	Health and safety issues are a concern in the property industry and any lapses can have significant reputation damage as well as financial liability	Implement health and safety policies Monitor construction activities and contractors for health and safety issues		– Types of injury and rates of injury – NHO is committed to zero fatalities and major injuries in our affordable housing project work sites and safety protocols will continue to be improved

SUSTAINABILITY REPORT

Material Topics & Impacted SDGs	Why is it material	Policies and practices	Partnerships and programs	Performance Measures / Outcomes / Targets
Impact on local communities	Creating positive impact and shared values is a core business objective	1. Form strategic collaborations with local partners to build in-country ownership and capacity	National Housing Organization (NHO) Established strategic collaboration with local business partner, NHO, in providing affordable housing in Ho Chi Minh City, Binh Duong, Ha Long and Hai Phong, Vietnam University of Labour and Social Affairs Campus 2 (ULSA2) Formalized partnership with ULSA2, to implement various initiatives to advance and promote excellence in social work practice. Committed to support the university in curriculum development, training for senior social workers and counsellors, lecture sessions and internships for social work undergraduates, as well as translating academic research findings to impact programs for social services	– 6,100 units of affordable housing to be built across Vietnam over the next 5 years – Market conditions permitting, we are committed to purchasing more land with NHO and EMAHF for the purposes of building more affordable homes – Signed Memorandum of Agreement (MOU) with ULSA2 for a 3-year partnership to provide specialist training, strengthen ULSA's social services curriculum, establish an asset-based community development centre within the university and sector-wide capacity building

SUSTAINABILITY REPORT

Material Topics & Impacted SDGs	Why is it material	Policies and practices	Partnerships and programs	Performance Measures / Outcomes / Targets
Impact on local communities		2. To be a reference organization in the social impact arena, locally and regionally	World Bank Workshop in Jakarta, Indonesia with respect to Private-Public Partnerships of affordable housing	– CEO's participation as speaker
Impact on local communities		3. Systematic approach to establish bespoke community development platforms within or in close strategic proximity to every prospective Olive Tree Estates development. These will include easily accessible amenities and infrastructure such as education, healthcare and other relevant and supporting or complementary services	Pilot Family Resource Centre Initiated process to prepare for future impact assessments. Pre-program planning included conversations with stakeholders in the community: – Data collection (through surveys and conversations) to gather understanding of the community and customize programs for our pilot centre	– 20 ULSA2 Social Work students assisted with a survey on residents living in a social housing estate in Vietnam. A total of 13 families participated in this initial survey – Established synergy with LIN Center for Community Development, Center for Social Initiatives Promotion, CSIP (Hanoi) and academics from major national universities

SUSTAINABILITY REPORT

Material Topics & Impacted SDGs	Why is it material	Policies and practices	Partnerships and programs	Performance Measures / Outcomes / Targets
			– Networking with key academics and/or professionals in Vietnam to gather sector knowledge in early childhood education, social work, community development and healthcare – Launched parenting talks for families with young children at Hope Kindergarten, Thành Lôc, Vietnam	– 44 parents attended the first parenting talk at a local kindergarten; children participated in the craft session We are developing a training framework with USLA2 for 2020 to ensure that we meet our commitments as detailed in our MOU with ULSA2
Impact on local communities 		4. Set-up pilot strength-based approach community development spaces to serve as showcase model	Social Work ABCD Student Hub at ULSA2 We are conceptualizing a space with ULSA2 for their undergraduates to learn excellence in social work practice and initiate projects based on the asset-based community development approach. This will be a student-owned space	We target to track: – Number of student leaders trained in the asset-based community development approach – Number of student volunteers raised to initiate the first projects – Number of students' interest groups formed in the hub

SUSTAINABILITY REPORT

Material Topics & Impacted SDGs	Why is it material	Policies and practices	Partnerships and programs	Performance Measures / Outcomes / Targets
Impact on local communities		5. Capacity building among local community: social work, early childhood education and health sector professionals. Organize sustainable training programs with strategic partners to build capacity of local professionals. This is also to ensure adequate qualified and suitable human resources for future integrated FRCs	– Regular training programs at ULSA2 for social work undergraduates and post-graduates in knowledge and field-work – Joint projects with ULSA2 to equip the social work undergraduates with practical skills-sets such as conducting surveys and research – Co-host study visits and learning exchanges between Singapore and Vietnam. This will target the sector specialists, professionals and academics	– Conducted 3 separate trainings sessions for ULSA2 Social Work undergraduates, lecturers and senior social workers – Total of 50 attendees for all the training sessions – Trainees' evaluation has indicated satisfaction with the training provided – Co-hosted 3 study visits by social work and early childhood education professionals between Vietnam and Singapore
Impact on local communities		6. Sector capacity building: specialist volunteers as trainers and consultants	Deployment of Singapore specialist volunteers who are domain experts in areas such as social work, early childhood education, public health systems and marketing. This is to support our training sessions and provide consultancy to our partners, non-profit entities and social enterprises	– 65 volunteer hours committed by specialist volunteers and our advisors – 5 full days of training sessions and 3 consultancy sessions

SUSTAINABILITY REPORT

Material Topics & Impacted SDGs	Why is it material	Policies and practices	Partnerships and programs	Performance Measures / Outcomes / Targets
Impact on local communities		7. Support like-minded social impact partners	Lakeside Family Services, a charitable organization which provides support to the local communities and families at risk in Singapore	– A sponsorship amount of $3000 was offered to Lakeside Family Services
Indirect economic impact	Thriving local communities help boost the economy, giving further impetus to our business	Enable and encourage access for neighbouring communities to participate and utilize the community development platforms Provision of job opportunities, a decent wage and career advancement to support local Vietnamese and by extension, the national economy, through our social development projects	– Invite sector professionals working in the community to participate in our social development programs for the purpose of knowledge sharing, upskilling and networking – Work closely with NHO to see how best we can improve the lives and working conditions of the local Vietnamese who support the design and building of our affordable residential housing developments	– 2 social workers from local non-government organizations attended our first parenting talk organised at Thành Lôc – Hundreds of local Vietnamese are provided with jobs at decent wage at our residential housing projects. As we scale up our social and affordable housing developments in Vietnam with NHO and EMAHF, more local Vietnamese will be hired for white and blue collar positions across the enterprise, thus increasing our positive impact on the local communities in Vietnam

SUSTAINABILITY REPORT

Material Topics & Impacted SDGs	Why is it material	Policies and practices	Partnerships and programs	Performance Measures / Outcomes / Targets
Governance				
Responsible procurement	Our impact and risks lie not only in our operations but also in our value chain and we can influence these by working with the right suppliers	Implement responsible procurement policies in the selection of construction vendors, material suppliers and project partners and monitor their ongoing performance. Gradually increase locally sourced material to help local suppliers	Our strategic partner, NHO, is committed to procuring locally sourced material for our building and construction projects NHO's approach to procurement is founded on the principles of transparency and integrity	– Number of new suppliers screened for environmental factors – Number of new suppliers screened for social factors – Spending on local suppliers
Product quality, health and safety	With the potential of natural disasters, it is imperative that our infrastructure is resilient and safe	Employ creative and functional architectural design for our buildings keeping in mind quality, resilience and health related factors		– More usable and functional space per unit for the benefit for end-user buyers – Greater availability and more effective use of community space to nurture healthy family and community life – Greater emphasis on design for better aesthetics and developments which are more pleasing on the eyes
Economic performance	Our objective is to distribute the economic performance fairly across our shareholders and the better we do as a business, the more we can contribute	Continue enhancing value for our communities and employees, while bringing returns for our investors	Establishing partnerships with stakeholders and partners who are committed to using business as a force for good and positive social impact	– Economic value generated and distributed for the greater and common good

SUSTAINABILITY REPORT

Material Topics & Impacted SDGs	Why is it material	Policies and practices	Partnerships and programs	Performance Measures / Outcomes / Targets
Anti-corruption	Corruption is a risk perceived in our business and across the geographies where we plan to operate. Any lapses can result in significant reputational damage and financial liabilities	Enforce our strict anti-corruption policies and maintain a whistle-blowing channel. Maintain training on anti-corruption and bribery policies to employees	Our social impact eco-system partners are committed to transparency and a culture of integrity and honesty Conduct anti-corruption communication and training Educate our eco-system of partners and stakeholders as to our position on corruption	– No reported incidents of corruption and no whistle blowing incident to follow up – The Company and our principal stakeholders are committed to zero incidents of corruption

GRI CONTENT INDEX

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102-9	Supply chain	Omission
102-10	Significant changes to the organization and its supply chain	No significant changes
102-11	Precautionary Principle or approach	Omission
102-12	External initiatives	Omission
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CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Olive Tree Estates Limited (the "**Company**") (together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the Company's shareholders ("**Shareholders**"). The Board works with the Management in achieving this objective and the Management is accountable to the Board. This report describes the Group's corporate governance practices and structures that were or would be put in place (during the financial year ended 31 December 2019 and following thereafter) with specific reference to the principles and provisions of the Code of Corporate Governance issued by the Monetary Authority of Singapore on 6 August 2018 (the "**2018 Code**"), and where applicable, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**").

BOARD MATTERS

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

The Board is responsible for the overall performance of the Group. It sets the Company's values and standards, puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. The Board also ensures that the necessary financial and human resources are in place for the Company to achieve its objectives by:

- approving policies, strategies and financial objectives of the Group and monitoring the performance of the Group, including the release of financial results and timely announcement of material transactions;
- approving annual budgets, key operational matters, major funding proposals, investment and divestment proposals, material acquisitions and disposals of assets, interested person transactions of a material nature and convening of shareholders' meetings;
- reviewing the processes for evaluating the adequacy of internal controls, risk management, including financial, operational and compliance risk areas identified by the Audit Committee that are required to be strengthened for assessment and its recommendation on actions to be taken to address and monitor the areas of concern;
- advising Management on major policy initiatives and significant issues and monitoring its performance against set goals;
- approving dividend payments or other returns to Shareholders;
- approving all Board appointments or re-appointments and appointments of key management personnel as well as reviewing their compensation packages;
- overseeing the proper conduct of the Company's business and assuming responsibility for corporate governance; and
- considering sustainability issues, in particular, economic, environmental, social and governance factors as part of its strategic formulation.

CORPORATE GOVERNANCE REPORT

The Board objectively makes decisions in the interests of the Group and has delegated specific responsibilities to three Board committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). The committees have the authority to examine particular issues and report to the Board with their recommendations. The composition and terms of reference of the AC, NC and RC are set out further in this report.

The Board conducts meetings on interim basis to coincide with the announcement of the Group's interim and full year financial results, and as and when it deems necessary. The Constitution of the Company provides for the Directors to attend Board meetings in person or by way of teleconferencing or videoconferencing.

The approval of the Board is required for matters which are likely to have a material impact on the Group's operating units and/or financial position, including, but not limited to the appointment of new Directors to the Board, release of results announcements and major acquisitions and/or disposals.

The number of meetings of the Board and Board committees held in the financial year ended 31 December 2019 and the attendance of each Board member at these meetings are disclosed as follows:–

	BOARD			AC			NC			RC		
		No. of meetings			No. of meetings			No. of meetings			No. of meetings	
Name	**Position**	**Held**	**Attended**	**Position**	**Held**	**Attended**	**Position**	**Held**	**Attended**	**Position**	**Held**	**Attended**
Mr. Daniel Cuthbert Ee Hock Huat	C	4	4	C	4	4	M	1	1	M	1	1
Mr. Daniel Long Chee Tim	M	4	4	–	4	4	–	1	1	–	1	1
Mr. Alan Cheong Mun Cheong	M	4	4	M	4	4	M	1	1	C	1	1
Mr. Aloysius Wee Meng Seng	M	4	4	M	4	4	C	1	1	M	1	1

Note:
C = Chairman, M = Member.

Directors are briefed on their respective duties and obligations, in accordance with the terms of reference of the respective Board committees, upon their appointment to the Board and Board committees.

Where a Director has a conflict of interest, or it appears that the Director might have a conflict of interest in relation to any matter, the Director must immediately declare personal or business interest at the Board meeting or send a written notice to the Company containing details of personal or business interest in the matter and the actual or potential conflict, and the Director shall recuse from participating in any discussion or decision on the matter.

The Company regularly provides its Directors with background information on its history, mission, values, financials and operations. The Company encourages and provides opportunities for its Directors to undertake on-going training and education on Board processes and best practices, and to keep themselves abreast of the latest developments in corporate governance practices, at the Company's expense. The Directors are provided opportunities to meet with Management to discuss pertinent issues relating to the Group from time to time. The Directors were briefed by the Management periodically concerning challenges faced by the Group, the status of the development in our regional real estate projects, and strategic plans and objectives of the Group. All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company. The Company will provide a formal letter to each newly appointed Director, setting out the Director's duties and obligations.

CORPORATE GOVERNANCE REPORT

In order to ensure that the Board is able to fulfil its responsibilities, Management is required to regularly provide the Board with information about the Group. Board papers are prepared for each meeting of the Board and are circulated in advance of each meeting. The Board papers include sufficient information from Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board meetings.

The members of the Board, in their individual capacity, also have access to Management, and to all relevant information on a timely basis in the form and quality reasonably necessary for the discharge of their duties and responsibilities.

All Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board and Board committee meetings and is responsible to the Board for advising on corporate and administrative matters, as well as facilitating orientation and assisting with professional development as required. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board had, for the financial year ended 31 December 2019, four Directors, one of whom was an Executive Director, and three were Independent Non-Executive Directors. The Executive Director is Mr. Daniel Long Chee Tim. The Independent Non-Executive Directors are Mr. Daniel Cuthbert Ee Hock Huat, Mr. Alan Cheong Mun Cheong and Mr. Aloysius Wee Meng Seng. The Chairman of the Board, Mr. Daniel Cuthbert Ee Hock Huat, is an Independent Non-Executive Director. The profiles of the Directors are set out in the "Board of Directors" section of this Annual Report.

As Mr. Aloysius Wee Meng Seng has served on the Board since 28 August 2009, he has served on the Board for an aggregate period of more than nine years from the date of his appointment. The members of the NC, comprising the Independent Non-Executive Chairman, Mr. Daniel Cuthbert Ee Hock Huat and the Independent Non-Executive Director, Mr. Alan Cheong Mun Cheong (with Mr. Aloysius Wee recusing himself from the relevant discussions and decision-making process) had conducted a review of the independence of Mr. Aloysius Wee Meng Seng. The NC had considered, among others, Mr. Wee's participation in and contribution to the Board's discussions, his relationship with Management and major shareholders and also took into account the need for his expertise on the Board. The NC (excluding Mr. Wee) also considered that Mr. Wee had conducted himself in an independent manner with Management and the controlling shareholder. Although Mr. Wee has been on the Board since 28 August 2009, the Company has undergone a transformation by way of corporate restructuring in December 2017, with a complete change of business and Management as well as a reconstituted Board. However his historical knowledge of the Company prior to is reverse takeover is an advantage to the existing Board and Management. The NC also noted that Mr. Wee had attended all Board meetings held during FY2019 and had participated in the discussions on matters at the Board meetings, and had also provided his legal expertise on matters discussed. The NC had also considered the requirements in provision 2.1 of the 2018 Code, and noted that Mr. Wee is not a shareholder of the Company. Neither he nor any of his immediate family members had been in the employment of the Group or received any payment for any services, other than Director's fees paid to Mr. Wee. In view of the forgoing, the NC (excluding Mr. Wee) is of the view that Mr. Aloysius Wee Meng Seng remains independent.

CORPORATE GOVERNANCE REPORT

None of the Independent Non-Executive Directors or their immediate family members hold any shares in the Company or any of its subsidiaries, and they had also not received any payment for any services other than their Directors' fees. Each Independent Non-Executive Director has, on an annual basis, provided a declaration of his independence that is deliberated upon by the NC and the Board. Each of the Independent Non-Executive Directors has confirmed that he does not have any relationship (including those provided in Provision 2.1 of the 2018 Code) with the Company and its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Independent Non-Executive Director's independent business judgement in the best interest of the Group. Accordingly, the NC and the Board consider each of the Independent Non-Executive Directors to be independent based on the considerations of the requirements in Provision 2.1 of the 2018 Code and the declarations made by each of the Independent Non-Executive Directors.

The Directors bring with them a wealth of expertise and experience in areas such as accounting, finance, investment banking, law, business and management, industry knowledge and strategic planning. The Board possesses the necessary balance and diversity of competencies, experience and knowledge to lead and govern the Group effectively, foster constructive debate, and avoid groupthink. Further, no individual or small group of individuals dominates the Board's decision-making process.The Board is of the view that its present composition and Board size is appropriate to facilitate effective decision making, taking into account the size, nature and scope of the Group's operations. As three quarters of the Board are independent, the Board has a substantial independent element to ensure that objective judgment is exercised on corporate and governance affairs.

During Board meetings, the Independent Non-Executive Directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Non-Executive Directors meet regularly, when required, without the presence of Management.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman is responsible for the workings of the Board and, together with the AC, ensures the integrity and effectiveness of the governance process of the Board.

The role of the Independent Non-Executive Chairman is separate from that of the Chief Executive Officer ("**CEO**"). The Company does not have an Executive Chairman. In addition, the Independent and Non-Executive Directors exercise objective and important judgment on corporate matters, thus ensuring a balance of power and authority. Major decisions on significant matters are made in consultation with the entire Board. To ensure that there is no concentration of power and authority vested in one individual, Mr. Daniel Cuthbert Ee Hock Huat, as Independent and Non-Executive Director, has been appointed as the Chairman of the Board. As he is non-executive and independent from the Management, Mr. Ee will be available to the Shareholders where they have concerns which cannot be resolved through the normal channels of the CEO or other members of the Management, or where such contact is not possible or inappropriate.

The Board does not have a lead independent director given that the Chairman is independent and the majority of the Board are non-executive directors.

CORPORATE GOVERNANCE REPORT

The Chairman leads the Board to ensure its effectiveness on all aspects of its role, ensures effective communication with Shareholders, and encourages constructive relations between the Board and Management, as well as between Board members. He is also expected to take a lead role in promoting good corporate governance standards.

Mr. Daniel Long Chee Tim is the CEO and Executive Director of the Company. As CEO, Mr. Long is responsible for the overall management and day-to-day operations of the Group.

PRINCIPLE 4: BOARD MEMBERSHIP

The members of the NC are as follows:

Mr. Aloysius Wee Meng Seng (Chairman)
Mr. Daniel Cuthbert Ee Hock Huat
Mr. Alan Cheong Mun Cheong

The NC is responsible for the following matters:

(i) the review of Board succession plans for Directors, in particular, the Chairman, the CEO and key management personnel;

(ii) the development of a process for evaluation of the performance of the Board, its Board committees and Directors;

(iii) the review of training and professional development programs for the Board;

(iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable); and

(v) determining the independence of Directors.

The NC has in place a process for the selection of new Directors and re-appointment of Directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment, as well as to advance the Company's objective of promoting board diversity. In identifying potential new Directors, the NC will consider the various aspects of board diversity, including gender diversity, before making a recommendation to the Board. The NC will also evaluate the potential candidates by undertaking background checks, assessing individual competency, management skills, relevant experience and qualifications. When appointing new Directors, the NC will, in consultation with the Board, give due consideration to the balance and mix of skills, knowledge, experience, gender, age and other aspects of diversity and qualities of the Board as a whole.

CORPORATE GOVERNANCE REPORT

Despite some of the Directors having other board representations and other principal commitments, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. In making this determination, the NC had considered the respective director's actual conduct and effectiveness on the Board, and the time and attention given by each of them to the affairs of the Company. As a guide, the NC has decided that Directors should hold no more than six listed company board representations. Details of directorships and other principal commitments of the Directors have been disclosed from pages 6 to 7 of this Annual Report. As time requirements are subjective, the NC recognises that its assessment of each Director's ability to discharge his duties adequately should not be confined to the sole criterion of the number of his board representations. Thus, it will also take into account contributions by Directors during Board and Board Committee meetings and their attendance at such meetings, in addition to each of their principal commitments.

The NC is also responsible for recommending a framework for the evaluation of the Board of Directors the results of which will be taken into consideration during the process of the re-appointment of Directors to the Board. Relevant considerations in the evaluation may include attendance at the meetings of the Board and Board Committees, active participation during these meetings and the quality of his contributions. Each member of the NC will abstain from voting on any resolution in respect of the assessment of his performance or re-nomination. There are currently no alternate Directors on the Board.

The Company's Constitution requires not less than one-third of the Directors to retire from office by rotation at every annual general meeting ("**AGM**") and each Director to retire from office at least once every three years. The retiring Directors are eligible for re-election at the meeting at which they retire. In addition, any new Director appointed by the Board during the year will have to retire at the AGM following his appointment but will be eligible for re-election if he so desires.

The NC has recommended to the Board that Mr. Daniel Cuthbert Ee Hock Huat and Mr. Daniel Long Chee Tim, both of whom are retiring pursuant to Article 97 of the Constitution, be nominated for re-appointment at the forthcoming AGM. Mr. Daniel Cuthbert Ee Hock Huat, being a member of the NC, had abstained from the deliberation process in respect of his own nomination. Based on the recommendation of the NC, the Board (save for Mr. Daniel Cuthbert Ee Hock Huat and Mr. Daniel Long Chee Tim, who had abstained from the deliberation process in respect of their own re-election) has accepted the NC's recommendation, and proposes to the Company's shareholders to approve their re-election as Directors of the Company.

PRINCIPLE 5: BOARD PERFORMANCE

The fiduciary responsibilities of the Board include the following:

- to conduct itself with proper due diligence and care;
- to act in good faith;
- to comply with applicable laws; and
- to act in the best interests of the Company and its Shareholders at all times.

CORPORATE GOVERNANCE REPORT

In addition, the Board is charged with the key responsibilities of leading the Group and setting strategic directions.

The Company is of the belief that the Group's performance and that of the Board are directly related. The Company assesses the Board's performance based on its ability to steer the Group in the right direction and the support it renders to the Management. For the purpose of evaluating each individual Director's performance, the NC takes into consideration a number of factors including the Director's attendance, participation and contributions at the meetings of the Board and Board committees, and other Company activities.

The NC has adopted and will continue to put in place a formal system of assessing the performance and effectiveness of the Board as a whole and the various sub-committees. The evaluation of the Board is conducted annually. The performance criteria for the Board evaluation covers, amongst others, size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging the Board's principal responsibilities and standards of conduct of the Board members.

As part of the process, all Directors will be asked to complete a board evaluation questionnaire which is then collated and presented to the NC together with comparatives from the previous years' results. The evaluation exercise provides feedback from each Director, his view on the Board, procedures, processes and effectiveness of the Board as a whole.

Upon the completion of the performance evaluation, the NC will discuss the results with Board members with the view of determining the areas that could be improved further.

REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The members of the RC are as follows:

Mr. Alan Cheong Mun Cheong (Chairman)
Mr. Daniel Cuthbert Ee Hock Huat
Mr. Aloysius Wee Meng Seng

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and Management, and for employees related to the Executive Directors and controlling shareholders of the Group to ensure that the remuneration frameworks are appropriate and proportionate to the sustained performance and value creation of the Group. The RC also reviews and approves specific remuneration packages for each Executive Director and selected executives (namely, the senior members of Management). The recommendations of the RC on all aspects of the remuneration of Directors and key executives, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind, will be submitted for endorsement by the Board. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration or remuneration package.

CORPORATE GOVERNANCE REPORT

The RC had reviewed the Company's obligations arising in the event of termination of the Executive Director's and key management personnel's contracts of service, and is of the view that the termination clauses in the contracts of service are fair and reasonable and not overly generous or onerous.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The remuneration for the Executive Director, who is also the CEO of the Company, comprises a fixed and a variable component. The fixed component includes a base salary and benefits, while the variable component is in the form of a performance-based bonus to be approved by the Board. The Company does not have contractual provisions to allow the reclamation of incentive components of remuneration as there are no prescribed incentives tied to the performance of the Group. In determining the remuneration packages of the CEO, the Company also takes into account the performance of the Group and that of the CEO. No performance bonus is payable to the CEO in respect of the financial year ended 31 December 2019 in view of the fact that the business plans of the Group are still in the process of being rolled out and have yet to bear fruit.

As a matter of principle, Independent Non-Executive Directors receive Directors' fees that commensurate with their individual responsibilities. Such fees comprise a basic retainer fee as Director and additional fees for serving on Board committees and are subject to approval by the Shareholders at the AGM.

The Company adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary, while the variable component is in the form of a variable bonus that is linked to the Group's and the individual's performance.

The Company has adopted the Olive Tree Performance Share Plan as part of its long term incentive plans for Directors and employees of the Company.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

1. Directors' Remuneration

The remuneration of the Directors of the Group (to the nearest thousand dollars) for the financial year ended 31 December 2019 is as follows:

	Salary/ Directors' fees %	Bonus %	Benefits in kind %	Share options %	Share-based incentives %	Other long-term incentives %	Total compensation (S$'000)
Executive Director							
Mr. Daniel Long Chee Tim	100	–	–	–	–	–	192
Independent Non-Executive Directors							
Mr. Daniel Cuthbert Ee Hock Huat	100	–	–	–	–	–	55
Mr. Alan Cheong Mun Cheong	100	–	–	–	–	–	45
Mr. Aloysius Wee Meng Seng	100	–	–	–	–	–	45

CORPORATE GOVERNANCE REPORT

2. Key Executives' Remuneration

The remuneration bands of the top five key management personnel of the Group (who are not Directors or the CEO) for the financial year ended 31 December 2019 is as follows:

	Salary %	Bonus %	Benefits in kind %	Share options %	Share-based incentives %	Other long-term incentives %
Below S$250,000						
Mr. Wee Liang Hiam – Chief Financial Officer (Resigned on 31 August 2019)	100	–	–	–	–	–
Ms. Evangeline Goh Kang Hsien – Assistant Director, Partnerships	100	–	–	–	–	–
Mr. Yang Myung Chul Paul – Country Director, Vietnam of Company, appointed on 19 March 2019	100	–	–	–	–	–
Mr. Daniel Lim Yongjian – Business Development Director (Resigned on 31 October 2019)	100	–	–	–	–	–
Ms. Amanda Lim Huimin – Project Manager (Resigned on 28 February 2019)	100	–	–	–	–	–

The aggregate total remuneration paid and payable to the top five key management personnel (who are not Directors or the CEO) for the financial year ended 31 December 2019 was S$437,000.

There are no termination, retirement and post-employment benefits that may be granted to the CEO, the Directors and the top five key management personnel (who are not Directors or the CEO). No share option schemes were in place for the financial year ended 31 December 2019.

For the year ended 31 December 2019, no employee is a substantial shareholder of the Company, or an immediate family member of a Director, the CEO or a substantial shareholder of the Company.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

In presenting the annual financial statements and quarterly financial statement announcements to Shareholders, it is the aim of the Board to provide the Shareholders with a balanced and comprehensible assessment of the Group's position and prospects.

The Management currently provides the Board with appropriately detailed reviews of the Group's performance, position and prospects on a regular basis. The Board will update the Shareholders on the operations and financial position of the Company through quarterly and full year results announcements, as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for ensuring that the Management maintains a sound system of risk management and internal controls, including financial, operational, compliance and information technology controls, to safeguard the interests of the Company and its shareholders. In the current financial year, the processes will be reviewed and, if necessary, enhanced to meet the needs of the business of the Group. An internal audit review was commissioned to assess the operating and internal control protocols of the Group. The aforementioned review was conducted by BDO LLP and completed in accordance with the objectives as outlined in the latter's engagement letter. The external auditors, during the course of their audit, also reported on matters relating to internal controls. Any material non-compliance and recommendation for improvement had in the past been and will in future be reported to the AC. Nonetheless, the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on both the internal and external auditors' reports, the actions taken by the Management, the on-going review and continuing efforts in improving internal controls and processes, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls that has been maintained by the Management throughout the financial year being reported on is adequate and effective to meet the needs of the Group, and addresses the financial, operational, compliance and information technology risks.

In line with the 2018 Code, the AC, with the concurrence of the Board, has also adopted a management assurance confirmation statement ("**Management Assurance Statement**") confirming that the financial records of the Company have been properly maintained, that the Company's financial statements give a true and fair view of the Group's operations and finances, and that an adequate and effective risk management system and internal control system has been put in place. The Management Assurance Statement will be signed by the CEO and the Chief Financial Officer ("**CFO**") and tabled at the end of each financial year. For the financial year ended 31 December 2019, the Board has obtained a duly signed Management Assurance Statement.

PRINCIPLE 10: AUDIT COMMITTEE

The members of the AC are as follows:

Mr. Daniel Cuthbert Ee Hock Huat (Chairman)
Mr. Alan Cheong Mun Cheong
Mr. Aloysius Wee Meng Seng

The AC is responsible for assisting the Board in discharging its responsibilities to safeguard the assets, maintain adequate accounting records and develop and maintain an effective system of internal controls, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group.

CORPORATE GOVERNANCE REPORT

The AC meets periodically to perform the following functions:

(i) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(ii) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;

(iii) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(iv) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

(v) making recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(vi) meeting with the external auditors and internal auditors, in each case without the presence of the management, at least annually;

(vii) reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(viii) reviewing the audit plans and reports of the Company's internal and external independent auditors;

(ix) reviewing the financial statements and external auditors' report 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, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(x) reviewing the internal control and procedures, and ensuring co-ordination between the external auditors and the management, reviewing the assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which auditors may wish to discuss (in the absence of the management where necessary);

(xi) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Company's operating results or financial position;

(xii) reviewing and approving interested person transactions, if any, falling within the scope of Chapter 9 of the SGX-ST Catalist Rules;

(xiii) reviewing any potential conflicts of interest and ensuring that procedures for resolving such conflicts are sufficient and strictly adhered to by the Company;

(xiv) reviewing the adequacy of the Company's enterprise risk management process. The company has engaged BDO LLP to perform an enterprise risk framework and assessment to ensure that key risks are being monitored and managed;

(xv) undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(xvi) generally undertaking such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

The AC Chairman, Mr. Daniel Cuthbert Ee Hock Huat, had been in senior management positions in investment banking and has 19 years of experience as an independent director of various listed companies. Mr. Alan Cheong Mun Cheong has more than 20 years of experience in the real estate and finance sector as indicated in the section on information on the Board of Directors. Mr. Aloysius Wee Meng Seng is an advocate and solicitor of the Supreme Court of Singapore and is currently the managing partner of a boutique law firm.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and access to reasonable resources to enable it to discharge its functions properly.

The AC will meet with the external and internal auditors as well without the presence of the Management, at least once a year.

Significant Matters	How the AC reviewed these matters and what decisions were made
Classification of investments as associate companies	The AC has considered the approach and methodology used in determining the investments as associate companies. The AC noted that though the Company's shareholding in its investee entitles is less than 20% shareholding, the company exercises significant influence over said entities through its representative on the Board of Management and Supervisory Committee of each entity. Through the representative, the company actively participates in the relevant activities and decision making process of those entities. The AC concurs with management's approach in determining the investments as associate companies. The classification of investment as associate companies was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in the audit report for the financial year ended 31 December 2019. Refer to page 48 of this AR.

CORPORATE GOVERNANCE REPORT

Valuation of development properties	The AC has considered the approach and methodology used in assessing the net realisable values of development properties. The AC has also reviewed the assumptions of the current market prices as determined by an independent valuer. The AC concurs with management's approach and methodology. The valuation of development properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in their audit report for the financial year ended December 31, 2019. Refer to page 49 of this AR.

The Group's external auditors, Nexia TS Public Accounting Corporation, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. The aggregate amount of fees paid and payable to the external auditors for the financial year ended 31 December 2019 was S$112,000. No non-audit services were provided by the external auditors for the same period. The AC reviewed the independence of the external auditors through the review of the materiality of the non-audit services (if any) and also the confirmation that there were no former partner or director of the Company's external audit firm being a member of the AC or the Board. Any changes to accounting standards and issues which have a direct impact on financial statements will be highlighted to the AC from time to time by the external auditors.

The Board of Directors and the AC, having reviewed the adequacy of the resources and experience of Nexia TS Public Accounting Corporation, the audit engagement partner assigned to the audit, their other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, are satisfied that the Group has complied with Rules 712 and 715 of the SGX-ST Catalist Rules.

The AC has also reviewed and recommended a whistle blowing policy which provides for the mechanisms by which employees may, in confidence, raise concerns about any possible corporate improprieties in matters of financial reporting and other matters, and the AC may then decide on any appropriate courses of action. The set of guidelines, which was reviewed by the AC and approved by the Board, will be made available to all employees.

INTERNAL AUDIT

The AC has the responsibility to establish an independent internal audit function, review the internal audit program and ensure co-ordination between internal auditors, external auditors and the Management, and ensure that the internal auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Company outsourced the internal audit function to BDO LLP. The internal auditor reports directly to the AC Chairman on internal audit matters and to the Management on administrative matters. To ensure the adequacy of the internal audit function, the AC will review and approve, on an annual basis, the internal audit plans and the resources required to adequately perform this function.

CORPORATE GOVERNANCE REPORT

During the financial year being reported on, the Company has reviewed BDO LLP's internal control report on the Group and will progressively implement BDO LLP's recommendations to strengthen the Group's processes and protocols.

PRINCIPLES 11 TO 12: SHAREHOLDER RIGHTS AND ENGAGEMENT

It is the policy of the Company to ensure that all Shareholders are informed of all major developments that impact the Group in a timely manner. Pertinent information is communicated to Shareholders on a regular and timely basis through the following means:

(i) results and annual reports announced or issued within the mandatory period;

(ii) material information disclosed in a timely manner via SGXNET and the news release;

(iii) AGMs; and

(iv) the Company's website, www.olivetreeestates.com.

Shareholders can vote for resolutions or appoint up to two proxies to attend and vote at all general meetings on his behalf using a proxy form sent with the annual report. In line with the amendments to the Companies Act, relevant intermediaries which provide nominee or custodial services to third parties are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to different shares held by its members. All resolutions are put to a vote by poll. The Company does not allow abstention voting and does not employ electronic voting. The Company may employ electronic voting in the future, when the need arises. The participation of Shareholders at AGMs, which is also attended by the Directors and the external auditors, is encouraged as it is the principal forum for dialogue with Shareholders. During each AGM, there will be an open question and answer session at which Shareholders may raise questions or share their views regarding the proposed resolutions and the Company's businesses and affairs. Resolutions are proposed separately at general meetings for each separate issue. At the AGM held on 24 April 2019, all the Directors attended the AGM.

The Company Secretary 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. Such minutes will be published on its corporate website.

The Company does not have a fixed dividend policy. The form and frequency and/or amount of dividends will depend on the Company's cash, earnings, gearing, financial performance and position, project capital expenditure, future investments plans, funding requirements and any other factors that the Directors consider relevant. For the financial year ended 31 December 2019, the Directors have not recommended the declaration and payment of dividends to Shareholders in the light of the losses suffered by the Group in the financial year ended 31 December 2019 and the preceding years, and due to the future investment plans of the Group.

CORPORATE GOVERNANCE REPORT

The Chief Financial Officer is responsible for the investor relations function of the Company. Shareholders may contact the Company with their questions via emails, phone calls or the Company's website. Feedback from shareholders gathered from general meetings and/or the Company's website are gathered and reported to the Board. The Board will, through the Chief Financial Officer, communicate their response to the Shareholders through SGXNET announcement or the Company's website in a timely manner.

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

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

The details on the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019 are disclosed in pages 14 to 15 of the of this Annual Report under the section headed Sustainability Report.

The Company has maintained a corporate website to communicate and engage with stakeholders. Apart from communicating through email or phone calls, stakeholders may also submit queries via the Company's website to ask questions and receive responses in a timely manner.

DEALINGS IN SECURITIES

In compliance with Rule 1204(19) of the SGX-ST Catalist Rules, the Group has adopted an internal compliance code for securities transactions undertaken by all Directors and employees.

All Directors and employees must refrain from dealing in the Company's securities on short-term consideration and when they are in possession of unpublished material price sensitive information in relation to the Company and/or its subsidiaries or associated companies. Directors and employees are also not to deal in the Company's securities during the period beginning one month before the date of the announcement of the full year financial results and two weeks before the date of the announcement of each of the first three quarters financial results. Directors and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

MATERIAL CONTRACTS

Save as disclosed in the financial statements, there were no material contracts entered into by the Company or its subsidiaries in which the CEO, any Director, or controlling shareholder had an interest.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Group has in place procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the Shareholders. When a potential conflict of interest occurs, the Director who is conflicted will be excluded from discussions and will refrain from exercising any influence over other members of the Board. For the financial year reported on, there was no interested person transaction. The Group does not have a general mandate from Shareholders in relation to interested person transactions.

NON-SPONSOR FEES

No non-sponsor fees were paid to the Company's sponsor, RHT Capital Pte. Ltd., for the financial year ended 31 December 2019.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

In the opinion of the directors,

(i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 53 to 105 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Long Chee Tim, Daniel
Daniel Cuthbert Ee Hock Huat
Cheong Mun Cheong Alan
Wee Meng Seng Aloysius

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		**Holdings in which director is deemed to have an interest**	
Company	**At 31.12.2019**	**At 1.1.2019**	**At 31.12.2019**	**At 1.1.2019**
(No. of ordinary shares)				
Long Chee Tim, Daniel	2,500,000	2,500,000	–	–

The directors' interests in the ordinary shares of the Company as at 27 March 2020 were the same as those as at 31 December 2019.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Daniel Cuthbert Ee Hock Huat (Chairman)
Cheong Mun Cheong Alan
Wee Meng Seng Aloysius

All members of the Audit Committee were independent and non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

- the assistance given by the Company's management to the independent auditor;

- the statement of financial position of the Company as at 31 December 2019 and the consolidated financial statements of the Group for the financial year ended 31 December 2019 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;

- interested person transactions as defined under Chapter 9 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual to ensure that they are on normal commercial terms and not prejudicial to the interest of the Company or its shareholders;

- the independence and objectivity of the independent auditor; and

- make recommendation to the Board of Directors on the appointment, re-appointment and removal of independent auditor, and approve the remunerations and terms of engagement of the independent auditor.

The Audit Committee has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Directors

Long Chee Tim, Daniel
Director

Daniel Cuthbert Ee Hock Huat
Director

27 March 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Olive Tree Estates Limited (the "Company") and its subsidiary corporations (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 105.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Classification of investments in associated companies
Refer to Note 3 and Note 16 to the financial statements.

Area of focus

During the financial year ended 31 December 2019, the Company acquired 8.17% interest in National Housing Organisation – Phu My 2 Joint Stock Company Group ("NHO PM2") and Bai Chay National Housing Organisation Joint Stock Company Group ("NHO BC") respectively and 13.33% interest in JME Investments Pte. Ltd. ("JMEI") for total consideration of approximately S$3.8 million, for the purpose of co-development of four properties development projects in Vietnam.

Based on the agreements signed between shareholders of respective entity, the Company would be able to appoint a representation on the board of NHO PM2, NHO BC and JMEI and to participate in the relevant activities of each entity through its representative on the board of Management and Supervisory Committee of respective entity. The determination of the Company's investments in NHO PM2, NHO BC and JMEI is the result of management's consideration of many factors, principally, the Company's ability to exercise significant influence over NHO PM2, NHO BC and JMEI.

The Company has assessed that it deemed to have significant influence over NHO PM2, NHO BC and JMEI through its representative on the board of NHO PM2, NHO BC and JMEI and accordingly, classified these acquisitions as investments in associated companies in accordance with SFRS(I) 1-28 *Investments in Associates and Joint Ventures* and accounted for these investments using equity method.

Due to the significance of amount involved and judgement involved in the determination of the appropriate classification of the Company's investments in NHO PM2, NHO BC and JMEI, we have considered this as key audit matter.

How our audit addressed the area of focus

We evaluated the appropriateness of management's assessment of whether significant influence was obtained with reference to SFRS(I) 28 *Investments in Associates and Joint Ventures* in view that the Company's interests in each of the investee is less than 20% by reviewing the terms and conditions of the sale and purchase agreements and the shareholders agreements and relevant minutes of meetings supporting the appointment of the Company's representation on the board or equivalent governing body in NHO PM2, NHO BC and JMEI and the Company's participation in policy-making and interchange of managerial personnel in NHO PM2, NHO BC and JMEI.

Also, we assessed the reasonableness of the computation of the goodwill included in the carrying amounts of the investments and the assumptions used in the computation by reviewing the source information the assumptions are based on and basis used.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Valuation of development properties
Refer to Note 3 and Note 14 to the financial statements

Area of focus

The Group's development properties comprise of light industrial buildings held for sale in Singapore, which are stated at lower of cost and net realisable value ("NRV"). NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs necessary to make the sale.

Specific audit focus in this area is required, as the determination of the estimated net realisable value of the development properties involves significant judgments and is critically dependent upon the Group's expectation of current market prices as determined by independent valuer ("management's expert") and/or management's estimation of future selling prices. In addition, the general macroeconomic condition in Singapore might exert downward pressure on transaction volume and prices of the industrial properties, which potentially may result in the future trends in the market departing from known trends. There is therefore a risk that the Group's estimates of NRV may exceed future selling prices, which may result in the development properties having to be written-down.

How our audit addressed the area of focus

We obtained understanding of the valuation process, assessed the qualification and competency of management's expert and evaluated the appropriateness of valuation methodology used. We also reviewed the significant underlying assumptions used by management expert and management by comparing the estimated selling prices to indicative market prices less estimated selling expenses to assess whether the development properties are stated at lower of cost and NRV.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Meriana Ang Mei Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
27 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 S$'000	2018 S$'000
Revenue	4	**1,128**	3,573
Cost of sales		**–**	(1,567)
Gross profit		**1,128**	2,006
Other income	5	**169**	172
Selling and distribution expenses		**–**	(104)
Administrative expenses		**(2,070)**	(1,987)
Finance expenses	8	**(432)**	(519)
Other losses, net	9	**(21)**	–
Share of profit of associated companies	16	**78**	–
Loss before income tax		**(1,148)**	(432)
Income tax expense	10	**(102)**	(83)
Net loss		**(1,250)**	(515)
Other comprehensive loss			
Item may be reclassified subsequently to profit or loss:			
– currency translation differences arising from consolidation		**(2)**	–
Total comprehensive loss		**(1,252)**	(515)
Loss per share attributable to equity holders of the Company			
– Basic and diluted (S$)	11	**(0.02)**	(0.01)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group	
		2019	**2018**
		S$'000	**S$'000**
ASSETS			
Current assets			
Cash and bank balances	12	**2,546**	7,021
Trade and other receivables	13	**383**	506
Development properties	14	**3,761**	3,761
		6,690	11,288
Non-current assets			
Investments in associated companies	16	**3,828**	–
Investment properties	17	**10,960**	11,563
Financial assets, at fair value through profit or loss ("FVPL")	18	**1,035**	–
Plant and equipment	19	**4**	6
		15,827	11,569
Total assets		**22,517**	22,857
LIABILITIES			
Current liabilities			
Trade and other payables	20	**1,790**	848
Borrowings	21	**1,184**	3,325
Current income tax liabilities		**89**	119
		3,063	4,292
Non-current liabilities			
Borrowings	21	**10,661**	8,520
Total Liabilities		**13,724**	12,812
NET ASSETS		**8,793**	10,045
EQUITY			
Share capital	22	**7,946**	7,946
Reverse acquisition reserve	23	**(10,597)**	(10,597)
Currency translation reserve		**(2)**	–
Retained profits		**11,446**	12,696
TOTAL EQUITY		**8,793**	10,045

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Company	
		2019	**2018**
		S$'000	**S$'000**
ASSETS			
Current assets			
Cash and bank balances	12	**1,114**	776
Trade and other receivables	13	**84**	114
		1,198	890
Non-current assets			
Trade and other receivables	13	**274**	264
Investments in subsidiary corporations	15	**20,219**	20,219
Investment in associated companies	16	**3,752**	–
Financial assets, at fair value through profit or loss ("FVPL")	18	**1,035**	–
Plant and equipment	19	**4**	6
		25,284	20,489
Total assets		**26,482**	21,379
LIABILITIES			
Current Liabilities			
Trade and other payables	20	**1,423**	14,206
Total liabilities		**1,423**	14,206
NET ASSETS		**25,059**	7,173
EQUITY			
Share capital	22	**56,342**	56,342
Treasury shares	22	**(23)**	(23)
Accumulated losses		**(31,260)**	(49,146)
TOTAL EQUITY		**25,059**	7,173

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital S$'000	Reverse acquisition reserve S$'000	Currency translation reserve S$'000	Retained profits* S$'000	Total equity S$'000
2019					
Beginning of financial year	7,946	(10,597)	–	12,696	10,045
Total comprehensive loss for the financial year	–	–	(2)	(1,250)	(1,252)
End of financial year	7,946	(10,597)	(2)	11,446	8,793
2018					
Beginning of financial year	7,946	(10,597)	–	13,211	10,560
Total comprehensive loss for the financial year	–	–	–	(515)	(515)
End of financial year	7,946	(10,597)	–	12,696	10,045

* Retained profits of the Group are fully distributable.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 S$'000	2018 S$'000
Cash flows from operating activities			
Net loss		**(1,250)**	(515)
Adjustments for:			
– Depreciation of investment properties	6	**603**	603
– Depreciation of plant and equipment	6	**3**	2
– Income tax expense	10	**102**	83
– Interest expense	8	**432**	519
– Interest income	5	**(9)**	–
– Fair value loss on financial assets, at FVPL	9	**27**	–
– Share of profits of associated companies	16	**(78)**	–
		(170)	692
Changes in working capital:			
– Trade and other receivables		**123**	(136)
– Development properties		**–**	1,567
– Trade and other payables		**942**	(1,919)
Cash generated from operations		**895**	204
Interest received		**9**	–
Income tax paid		**(132)**	(473)
Net cash provided by/(used in) operating activities		**772**	(269)
Cash flows from investing activities			
Payment of deferred cash consideration to vendors		**–**	(15,178)
Purchase of plant and equipment	19	**(1)**	(8)
Additions to investments in associated companies	16	**(3,752)**	–
Additions to financial asset, at FVPL	18	**(1,062)**	–
Net cash used in investing activities		**(4,815)**	(15,186)
Cash flows from financing activities			
Repayment of bank borrowings		**–**	(2,725)
Interest paid		**(432)**	(519)
Net cash used in financing activities		**(432)**	(3,244)
Net decrease in cash and bank balances		**(4,475)**	(18,699)
Beginning of financial year		**7,021**	25,720
End of financial year	12	**2,546**	7,021

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Reconciliation of liabilities arising from financing activities

	As at 1 January S$'000	Principal and interest repayments S$'000	Non-cash changes Interest expense S$'000	As at 31 December S$'000
2019				
Bank borrowings	**11,845**	**(432)**	**432**	**11,845**
2018				
Bank borrowings	14,570	(3,244)	519	11,845

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

Olive Tree Estates Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 29 December 2017.

The registered office of the Company is at 3 Phillip Street, #16-02A Royal Group Building, Singapore 048693.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 15.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("S$") and have been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

Revenue is recognised when the Group satisfied a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good and service. A performance obligation may be satisfied at a point of time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of development properties

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract liability is recognised when the Group has not transferred the control over the property to customer but has received advanced payments from the customer. Contract liabilities are recognised as revenue when customer obtains control over the property.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) Rental income

Rental income from operating leases (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (Continued)

(c) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.3 Group accounting

(i) Subsidiary corporations

(a) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation’s net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

The acquisition method of accounting is used to account for business combinations entered into by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(i) Subsidiary corporations (Continued)

(b) Acquisitions

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill.

If these amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

(c) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(i) Subsidiary corporations *(Continued)*

(c) Disposals (Continued)

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(ii) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above. If an investor holds, directly or indirectly (eg. through subsidiary corporations), less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

The existence of significant influence by an investor is usually evidenced in one or more of the following ways:

– representation on the board of directors or equivalent governing body of the investee;

– participation in policy-making processes, including participation in decisions about dividends or other distributions;

– material transactions between the investor and the investee;

– interchange of managerial personnel; or

– provision of essential technical information.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(ii) Associated companies (Continued)

(a) *Acquisition*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated companies over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(b) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated companies, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated companies. If the associated companies subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

***(ii) Associated companies** (Continued)*

(b) Equity method of accounting (Continued)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(c) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated companies is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in subsidiary corporations and associated companies in the separate financial statements of the Company.

2.4 Plant and equipment

(a) Measurement

(i) Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Plant and equipment (Continued)

(b) Depreciation

Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Computers	3 years

The estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the profit or loss when the changes arise.

Fully depreciated plant and equipment still in use are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses), net".

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the development of properties under construction. This includes those costs on borrowings acquired specifically for the development of properties under construction as well as those in relation to general borrowings used to finance the development properties under construction.

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment properties

Investment properties include those portions of leasehold factory units that are held for long-term rental yield and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 20 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.7 Investments in subsidiary corporations and associated companies

Investments in subsidiary corporation and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are stated at lower of cost and the estimated net realisable value. Net realisable value of development properties is the estimated selling price in the ordinary course of business based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. Where necessary, write-down is made for development properties when it is anticipated that the net realisable value has fallen below cost.

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction costs, related overhead expenditure, and financing charges and other net costs incurred during the period of development. A write-down is made for development properties when it is anticipated that the net realisable value has fallen below cost. Revenue recognition on development properties is described in Note 2.2(a) to the financial statements. The costs of development properties are recognised in profit or loss on disposal are determined with reference to specific costs incurred on the property sold on an allocation of any non-specific costs based on relative size of property sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets

Investments in subsidiary corporations and associated companies
Investment properties
Plant and equipment

Investments in subsidiary corporations and associated companies, investment properties and plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVPL").

The classification of debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivative are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss

At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade and other receivables and unlisted debt securities.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(a) *Classification and measurement* *(Continued)*

At subsequent measurement (Continued)

Debt instruments (Continued)

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or fair value through other comprehensive income are classified as FVPL. Movement in fair value and interest income is recognised in profit or loss in the period in which arises and presented in other gains/(losses), net.

(b) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 – *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantees are initially measured at fair values plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Operating leases

When the Group is the lessor:

The Group leases factory units under operating leases to non-related parties.

Lease of investment properties where the Group retains substantially all risks and rewards incidental to ownership is classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Income taxes (Continued)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.19 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) *Transaction and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

All other foreign exchange gains and losses impacting profit or loss are presented in profit or loss within "Other gains/(losses), net".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Currency translation (Continued)

(c) Translation of Group entities financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subjected to an insignificant risk of change in value, and bank overdrafts. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When the Company or any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.23 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimation of net realisable value for development properties

Development properties are stated at the lower of cost and net realisable value.

The Group assesses at each reporting date the net realisable value of development properties by reference to sales price of comparable properties, timing of sales launches, location of property, expected net selling prices and development expenditures. Market conditions may, however, change which may affect the future selling prices on the remaining unsold units of the development properties and accordingly, the carrying amount of development properties for sale may have to be written down in future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(a) *Estimation of net realisable value for development properties (Continued)*

Management has assessed that no write down in the carrying amount of the development properties is required to be made in the financial statements for the financial years ended 31 December 2019 and 2018.

The carrying amount of the development properties is disclosed in Note 14 to the financial statements.

(b) *Significant influence over associated companies*

Judgement is required to determine when the Company establishes significant influence over an investee. Management reviews the classification of its investments in associated companies upon acquisition and at least annually or whenever there are any changes to the percentage of shareholding. The Company is presumed to not have significant influence if it holds, directly or indirectly, less than 20% of voting power of the investee.

During the financial year ended 31 December 2019, the Company acquired 8.17% interest in National Housing Organisation – Phu My 2 Joint Stock Company Group ("NHO PM2") and Bai Chay National Housing Organisation Joint Stock Company Group ("NHO BC") respectively and 13.33% interest in JME Investments Pte. Ltd. ("JMEI"). Pursuant to the sale and purchase agreements, the Company would be able to appoint a representation on the board of NHO PM2, NHO BC and JMEI and to participate in the relevant activities of each entity through its representative on the board of Management and Supervisory Committee of the respective entity. Based on this, management concluded that the Company has significant influence over NHO PM2, NHO BC and JMEI and has accounted for its investments in NHO PM2, NHO BC and JMEI as associated companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 REVENUE

	Group	
	2019	**2018**
	S$'000	**S$'000**
Rental income	**1,128**	1,102
Sale of completed development properties	**–**	2,471
	1,128	3,573

5 OTHER INCOME

	Group	
	2019	**2018**
	S$'000	**S$'000**
Rental support income from controlling shareholder	**73**	118
Discounts received from suppliers	**–**	25
Forfeiture of rental deposit	**–**	29
Reversal of long outstanding payables	**87**	–
Interest income on bank balances	**9**	–
	169	172

6 EXPENSES BY NATURE

	Group	
	2019	**2018**
	S$'000	**S$'000**
Cost of development properties sold	**–**	1,567
Depreciation of investment properties (Note 17)	**603**	603
Depreciation of plant and equipment (Note 19)	**3**	2
Directors' fee	**145**	145
Director's remuneration	**192**	192
Employee compensation (Note 7)	**581**	529
Fee on audit services paid/payable to:		
– Auditor of the Company	**105**	78
– Other auditors	**2**	–
Legal and professional fees	**28**	84
Maintenance and sinking fund	**46**	53
Property tax	**113**	115
Selling and marketing	**–**	104
Sponsorship fee	**68**	66
Others	**184**	120
Total cost of sales, selling and distribution and administrative expenses	**2,070**	3,658

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7 EMPLOYEE COMPENSATION

	Group	
	2019	**2018**
	S$'000	**S$'000**
Salaries	**536**	463
Employer's contribution to defined contribution plans including Central Provident Fund	**44**	53
Other short-term benefits	**1**	13
	581	529

8 FINANCE EXPENSES

	Group	
	2019	**2018**
	S$'000	**S$'000**
Interest expense on bank borrowings	**432**	519

9 OTHER LOSSES, NET

	Group	
	2019	**2018**
	S$'000	**S$'000**
Currency exchange gains – net	**(6)**	–
Fair value losses on financial assets, at FVPL	**27**	–
	21	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 INCOME TAXES

	Group	
	2019	2018
	S$'000	S$'000
Tax expense attributable to profit or loss is made up of:		
– Profit for the financial year – Current income tax	**85**	58
– Under provision of current income tax in prior financial years	**17**	25
	102	83

The tax on the Group's results before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2019	2018
	S$'000	S$'000
Loss before income tax	**(1,148)**	(432)
Less: Share of profit of associated companies, net of tax	**(78)**	–
	(1,226)	(432)
Tax calculated at tax rate of 17% (2018: 17%)	**(209)**	(73)
Effects of:		
– expenses not deductible for tax purposes	**218**	194
– income not subject to tax	**(12)**	(29)
– corporate income tax rebate	**–**	(26)
– statutory tax exemption	**(17)**	(10)
– deferred tax assets not recognised	**103**	–
– under provision of tax in prior financial years	**17**	25
– others	**2**	2
	102	83

The Group recognises deferred income tax assets on carried forward tax losses and allowances to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately S$606,000 at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirement. The tax losses has no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11 LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The basic and diluted loss per share for the financial years ended 31 December 2019 and 2018 are the same as there were no potential dilutive ordinary shares in existence for the financial years ended 31 December 2019 and 2018.

The following table reflects the loss and share data used in the computation of basic and diluted loss per share for the financial years ended 31 December 2019 and 2018:

	Group	
	2019	**2018**
Net loss for the financial year attributable to equity holders of the Company (S$'000)	**(1,250)**	(515)
Weighted average number of ordinary shares outstanding for basic and diluted loss per share computation ('000)	**68,848**	68,848
Basic and diluted loss per share (S$ per share)	**(0.02)**	(0.01)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 CASH AND CASH EQUIVALENTS

	Group	
	2019	**2018**
	S$'000	**S$'000**
Bank balances	**2,546**	7,021

	Company	
	2019	**2018**
	S$'000	**S$'000**
Bank balances	**1,114**	776

13 TRADE AND OTHER RECEIVABLES

	Group	
	2019	**2018**
	S$'000	**S$'000**
Current		
Trade receivables – Non-related parties	**24**	108
Other receivables – Controlling shareholder	**78**	107
GST receivables	**7**	19
Deposits	**267**	265
Prepayments	**7**	7
	383	506

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

	Company	
	2019	**2018**
	S$'000	**S$'000**
Other receivables:		
– Non-related parties	**–**	4
– Controlling shareholder	**78**	107
	78	111
Prepayments	**6**	3
	84	114
Non-current		
Other receivables – subsidiary corporation	**274**	264

Current

Other receivables from controlling shareholder are non-trade, unsecured, interest-free and receivable on demand.

Non-current

Other receivables from a subsidiary corporation are non-trade, unsecured and interest-free. The amounts are not repayable within the next 12 months and will be subject to an annual review.

Fair value of non-current receivables:

	Company	
	2019	**2018**
	S$'000	**S$'000**
Other receivables – subsidiary corporation	**260**	252

The above fair value is determined from the cash flow analyses, discounted at market borrowing rate of an equivalent instrument at the reporting date which the directors expect to be available to the Company as follows:

	Company	
	2019	**2018**
	%	**%**
Other receivables – subsidiary corporation	**5.00**	5.00

The fair value is within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 DEVELOPMENT PROPERTIES

	Group 2019 S$'000	Group 2018 S$'000
Properties held for sale	**3,761**	3,761

At 31 December 2019, the development properties held by the Group are as follows:

Location	Description	Tenure	Issuance date of Temporary Occupation Permit ("TOP")	Issuance date of Certificate of Statutory Completion ("CSC")	Site area (sq. m)	Gross floor area (sq.m)
421 Tagore Industrial Avenue	4 storey multi user industrial building	Freehold	17 June 2015	02 September 2015	13,314	26,628

The development properties are pledged as security for the Group's bank borrowings (Note 21) of S$3,325,000 as at 31 December 2019 (2018: S$3,325,000).

15 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company 2019 S$'000	Company 2018 S$'000
Equity investments, at cost	**20,219**	20,219

The Company has the following subsidiary corporations as at 31 December 2019 and 2018:

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Company 2019 %	2018 %
Held by the Company				
Chiu Teng 8 Pte Ltd ("CT8")[(a)]	Property development	Singapore	100	100
WBH Investments Pte Ltd[(a)]	Investment properties holdings and rental	Singapore	100	100
Tree Top Realty Sdn Bhd[(b)]	Property development	Malaysia	100	100

(a) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International.
(b) Audited by Nexia SSY, Malaysia, a member firm of Nexia International.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 INVESTMENT IN ASSOCIATED COMPANIES

	Company	
	2019	2018
	S$'000	S$'000
Equity investments, at cost	3,752	–

The Company has the following associated companies as at 31 December 2019 and 2018:

Name of associated companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Company 2019 %	2018 %
JME Investment Pte Ltd ("JMEI")[a]	Property development	Singapore	13.33	–
Bai Chay National Housing Organization Joint Stock Company ("NHO BC")[b]	Property development	Vietnam	8.17	–
National Housing Organization – Phu My 2 Joint Stock Company ("NHO PM2")[b]	Property development	Vietnam	8.17	–

(a) Audited by Ernst & Young Singapore
(b) Audited by BDO Vietnam

As at 31 December 2019, the Company completed its acquisition of 8.17% equity interest in NHO BC and NHO PM2 respectively and 13.33% equity interest in JMEI for the purpose of co-development of three properties development in Vietnam. The Group has significant influence over these entities.

There are no contingent liabilities relating to the Group's interest in the associated companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

The following summarises the financial information of the Group's material associated companies based on their respective consolidated financial statements prepared in accordance with SFRS(1) modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	JMEI Group $'000	NHO BC Group $'000	NHO PM2 Group $'000	Total S$'000
31 December 2019				
Revenue	–	15,150	–	
(Loss)/Profit after tax	(7)	852	217	
Other comprehensive income	50	(143)	26	
Total comprehensive income	43	709	243	
Attributable to:				
– Non-controlling interests	–	–	103	
– Associate's shareholders	43	709	140	
Current assets	17,368	8,993	24,996	
Non-current assets	49	6,916	4	
Current liabilities	(3,390)	(5,884)	(4,039)	
Non-current liabilities	(71)	(116)	–	
Net assets	13,956	9,909	20,961	
Attributable to:				
– Non-controlling interests	–	–	12,450	
– Associate's shareholders	13,956	9,909	8,511	
Proportion of the Group's ownership	13.33%	8.17%	8.17%	
Group's share of net assets	1,861	809	695	3,365
Goodwill	322	188	10	520
Others	–	(31)	(26)	(57)
Carrying amount of interest in associate at end of the financial year	2,183	966	679	3,828
Carrying amount of interest in associate at the acquisition date	2,177	907	668	3,752
Group's share of (loss)/profit	(1)	70	9	78
Group's share of comprehensive income	7	(11)	2	(2)
Carrying amount of interest in associated company at end of the financial year	2,183	966	679	3,828

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 INVESTMENT PROPERTIES

	Group	
	2019	**2018**
	S$'000	**S$'000**
Cost		
Beginning and end of financial year	**12,166**	12,166
Accumulated depreciation		
Beginning of financial year	**603**	–
Depreciation charge (Note 6)	**603**	603
End of financial year	**1,206**	603
Net book value		
End of financial year	**10,960**	11,563
Fair value		
End of financial year	**12,166**	12,166

The investment properties are pledged as security for the Group's bank borrowings (Note 21) of S$8,520,000 as at 31 December 2019 (2018: S$8,520,000).

At the reporting date, the details of the Group's investment properties are as follows:

Location	Description	Tenure
1 Commonwealth Lane, Units #01-07 to #01-15 and #01-17 to #01-20, Singapore	Factory units	30 years from 1 March 2008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 INVESTMENT PROPERTIES (CONTINUED)

The following amounts are recognised in profit or loss:

	Group	
	2019 S$'000	2018 S$'000
Rental income (Note 4)	**1,128**	1,102
Direct operating expenses arising from rental generating investment properties	**133**	133

Fair value hierarchy

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) S$'000	Significant other observable inputs (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000
2019			
– Factory units in Singapore	**–**	**12,166**	**–**
2018			
– Factory units in Singapore	–	12,166	–

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been derived using the Market Comparison method. Market prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation method is market price per square metre.

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year based on the properties' highest and best use. As at 31 December 2019, the fair values of the investment properties have been determined by RHT Chestertons Valuation and Advisory Pte Ltd (2018: Dennis Wee Realty Pte Ltd).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

	Group and Company	
	2019	**2018**
	S$'000	**S$'000**
Beginning of financial year	**–**	–
Addition	**1,062**	–
Fair value losses (Note 9)	**(27)**	–
End of financial year	**1,035**	–
Non-current		
Non-listed debt instrument		
– Convertible loans	**1,035**	–

The convertible loans were designated as financial assets, at FVPL upon initial recognition.

19 PLANT AND EQUIPMENT

	Computers
	S$'000
Group and Company	
2019	
Cost	
Beginning of financial year	**8**
Additions	**1**
End of financial year	**9**
Accumulated depreciation	
Beginning of financial year	**2**
Depreciation charge (Note 6)	**3**
End of financial year	**5**
Net book value	
End of financial year	**4**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 PLANT AND EQUIPMENT (CONTINUED)

	Computers S$'000
Group and Company	
2018	
Cost	
Beginning of financial year	–
Additions	8
End of financial year	8
Accumulated depreciation	
Beginning of financial year	
Depreciation charge (Note 6)	2
End of financial year	2
Net book value	
End of financial year	6

20 TRADE AND OTHER PAYABLES

	Group	
	2019 S$'000	**2018 S$'000**
Accrued operating expenses	**142**	160
Other payables – Non-related parties	**265**	401
Unutilised Sponsorship	**1,295**	–
GST payables	**24**	188
Advance rental receipt	**64**	99
	1,790	848

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 TRADE AND OTHER PAYABLES (CONTINUED)

	Company	
	2019	**2018**
	S$'000	**S$'000**
Other payables		
– Non-related parties	**28**	100
– Subsidiary corporations	**–**	14,000
	28	14,100
Unutilised Sponsorship	**1,295**	–
Accrued operating expenses	**90**	96
GST payables	**10**	10
	1,423	14,206

Other payables to subsidiary corporations are non-trade, unsecured, interest-free and payable on demand.

21 BORROWINGS

	Group	
	2019	**2018**
	S$'000	**S$'000**
Bank borrowings		
– Current	**1,184**	3,325
– Non-current	**10,661**	8,520
Total borrowings	**11,845**	11,845

The exposure of the borrowings of the Group to interest rate changes and the contractual re-pricing dates at the reporting dates are as follows:

	Group	
	2019	**2018**
	S$'000	**S$'000**
Less than one year	**11,845**	11,845

NOTES TO THE FINANCIAL STATEMENTS

21 BORROWINGS (CONTINUED)

(a) Securities granted

Secured bank borrowings amounting to S$11,845,000 as at 31 December 2019 (2018: S$11,845,000) were secured by the followings:

(i) Corporate guarantee from the Company;

(ii) A first legal mortgage to be executed over the development properties (Note 14) and investment properties (Note 17);

(iii) Legal assignment of rental proceeds/charge over rental account of all current and future rental income from the investment property; and

(iv) A legal assignment of all rights, titles and interests resulting from the sale and purchase agreement(s).

(b) Fair value of non-current borrowings

	Group	
	2019	**2018**
	S$'000	**S$'000**
Bank borrowings	**9,967**	8,861

The fair value above is determined from the cash flow analyses, discounted at market borrowing rate of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group	
	2019	**2018**
	%	**%**
Bank borrowings	**4.00**	4.00

The fair value is within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22 SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Issued share capital S$'000	Treasury shares S$'000
Group				
2019				
Beginning and end of financial year	**68,848**	**(3)**	**7,946**	**–**
2018				
Beginning and end of financial year	68,848	(3)	7,946	–
Company				
2019				
Beginning and end of financial year	**68,848**	**(3)**	**56,342**	**(23)**
2018				
Beginning and end of financial year	68,848	(3)	56,342	(23)

The equity structure (i.e. the number and type of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to effect the reverse acquisition.

The amount of the Group's share capital differs from that of the Company as a result of reverse acquisition accounting on 11 December 2017.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The newly issued shares rank pari passu in all respects with the previously issued shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Treasury shares

The Company acquired 2,500 (2018: 2,500) of its shares in the open market in financial year 2010. The total amount paid to acquire the shares was S$23,000 and this was presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23 REVERSE ACQUISITION RESERVE

Reverse acquisition reserve is the cash consideration paid/payable for the acquisition of CT8 which was accounted for as cash distribution from consolidated group to CT8's shareholders. In view that the consolidated financial statement are a continuation of CT8 financial statement in conjunction with reverse acquisition, the cash consideration cannot form part of the consideration transferred by acquirer as the Company is the accounting acquiree.

This reserve is non-distributable.

24 CONTINGENT LIABILITIES

The Company has provided corporate guarantees to banks for borrowings of certain subsidiary corporations, amounting to S$11,845,000 as at 31 December 2019 (2018: S$11,845,000).

The Company has evaluated the fair values of the corporate guarantees and is of the view that both the consequential liabilities derived from its guarantees to the banks with regard to certain subsidiary corporations and the fair values of the corporate guarantees are minimal. The subsidiary corporations for which the guarantees were provided are in favourable equity positions, with no default in the payment of borrowings and credit facilities.

25 OPERATING LEASE COMMITMENT

The Group leases factory units to non-related parties under non-cancellable operating leases. The leases have varying terms and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2019	**2018**
	S$'000	**S$'000**
Not later than one year	**874**	1,128
Between one and five years	**1,173**	1,889
	2,047	3,017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. As at 31 December 2019, the Group does not hold or issue derivative instrument for trading purposes.

Risk management is integral to the whole business of the Group. Financial risk management is carried out by the Board of Directors. The Group has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Market risk

(i) Currency risk

The Group and the Company do not have significant exposure to currency risk as it operates only in Singapore. Revenue and expenses are predominantly denominated in Singapore Dollar. As at 31 December 2019, the Group's and the Company's exposure to currency risk arise from financial assets, at FVPL amounting to S$1,035,000 which are denominated in United States dollar. As at 31 December 2018, the Group and the Company did not exposed to any currency risk.

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from non-current variable-rate borrowings.

The Group's borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates had increased/decreased by 1% with all other variables including tax rate being held constant, the impact to profit after tax as a result of higher/lower interest expenses on these borrowings would not be significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Executive Directors based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the Directors.

Cash and bank balances are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables which derived from rental income are substantially companies with a good collection track record.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 60 days when they fall due, which are derived based on the Group's historical information.

As at 31 December 2019, the loan or receivables are not past due and are not subject to any material credit losses.

As at 31 December 2019, the trade receivables are corporate companies and comprise of 2 (2018: 1) debtors that individually represent 66% and 34% (2018: 41%) of trade receivables in the respective financial year ended.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Credit risk *(Continued)*

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position except as follows:

	Company	
	2019	**2018**
	S$'000	**S$'000**
Corporate guarantees provided to banks on subsidiary corporation's loans (Note 21)	**11,845**	11,845

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the reporting date, assets held by the Group for managing liquidity risk included cash and bank balances.

The Group's policy in managing liquidity risk is to maintain sufficient cash and bank balances and adequate amount of committed credit facilities to enable the Group to meet its operating commitments.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(c) Liquidity risk *(Continued)*

	Less than 1 year S$'000	Between 1 to 5 years S$'000	Total S$'000
Group			
At 31 December 2019			
Trade and other payables	**407**	**–**	**407**
Borrowings	**1,184**	**11,406**	**12,590**
	1,591	**11,406**	**12,997**
At 31 December 2018			
Trade and other payables	561	–	561
Borrowings	3,325	9,137	12,462
	3,886	9,137	13,023

	Less than 1 year S$'000
Company	
At 31 December 2019	
Trade and other payables	**118**
Financial guarantee contract	**11,845**
	11,963
At 31 December 2018	
Trade and other payables	14,196
Financial guarantee contract	11,845
	26,041

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's strategy is to maintain a gearing ratio not higher than 1.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and bank balances. Total capital is calculated as net debt plus equity.

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Net debt	**11,178**	5,791	**309**	13,430
Total equity	**8,793**	10,045	**25,059**	7,173
Total capital	**19,971**	15,836	**25,368**	20,603
Gearing ratio (times)	**0.56**	0.37	**0.01**	0.65

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2019 and 2018.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Financial assets at amortised cost	**2,915**	7,501	**1,466**	1,151
Financial assets, at FVPL	**1,035**	–	**1,035**	–
Financial liabilities at amortised cost	**12,252**	12,406	**118**	14,196

27 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

Key management personnel compensation

The key management personnel compensation for the Group and the Company is as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Wages and salaries:				
– Director of the Company	**180**	180	**180**	180
– Other key management	**465**	427	**465**	427
Employer's contribution to defined contribution plans, including Central Provident Fund:				
– Director of the Company	**12**	12	**12**	12
– Other key management	**34**	45	**34**	45
Directors' fees	**145**	145	**145**	145
	836	809	**836**	809

28 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Directors, who are also the chief operating decision maker and uses the reports to make strategic decisions.

Management considers the business from both a geographical and business segment perspective. The Group has 3 reportable operating segments: Investment, property development and property rental, which currently operate only in Singapore as the Group's property development in Malaysia has not commenced.

The following summary describes the operations in each of the Group's reportable segments:

(a) Investment, Investment holding

(b) Property development: Development and sale of light industrial buildings

(c) Property rental: Property management

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 SEGMENT INFORMATION (CONTINUED)

The segment information provided by management for the reportable segments and reconciliation to consolidated statement of comprehensive income are as follows:

Group	← Singapore	→		Malaysia	Vietnam	
	Property development S$'000	Property rental S$'000	Investment S$'000	Property development S$'000	Property development S$'000	Total S$'000
2019						
Revenue from external parties	–	1,128	–	–	–	1,128
Cost of sales from external parties	–	–	–	–	–	–
Gross profit	–	1,128	–	–	–	1,128
Other income	–	73	96	–	–	169
Other losses, net	–	–	(21)	–	–	(21)
Selling and distribution expenses	–	–	–	–	–	–
Administrative expenses	(69)	(762)	(1,226)	(13)	–	(2,070)
Finance expenses	(120)	(312)	–	–	–	(432)
Share of profit of associated companies	–	–	–	–	78	78
(Loss)/Profit before income tax	(189)	127	(1,151)	(13)	78	(1,148)
Income tax expense	–	(93)	(9)	–	–	(102)
Net (loss)/profit for the financial year	(189)	34	(1,160)	(13)	78	(1,250)
Segment assets	4,299	11,887	6,065	266	–	22,517
Segment liabilities	(3,357)	(8,939)	(1,423)	(5)	–	(13,724)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 SEGMENT INFORMATION (CONTINUED)

Group	Singapore			Malaysia	Vietnam	
	Property development S$'000	Property rental S$'000	Investment S$'000	Property development S$'000	Property development S$'000	Total S$'000
2018						
Revenue from external parties	2,471	1,102	–	–	–	3,573
Cost of sales from external parties	(1,567)	–	–	–	–	(1,567)
Gross profit	904	1,102	–	–	–	2,006
Other income	–	29	143	–	–	172
Selling and distribution expenses	(104)	–	–	–	–	(104)
Administrative expenses	(135)	(796)	(1,056)	–	–	(1,987)
Finance expenses	(194)	(324)	(1)	–	–	(519)
Profit/(Loss) before income tax	471	11	(914)	–	–	(432)
Income tax expense	(15)	(68)	–	–	–	(83)
Net profit/(loss) for the financial year	456	(57)	(914)	–	–	(515)
Segment assets	9,079	12,617	896	265	–	22,857
Segment liabilities	(3,530)	(9,076)	(206)	–	–	(12,812)

(a) Revenue from major products and services

Revenue from external customers is derived mainly from the sale of development properties and rental income in Singapore. The breakdown of the Group's revenue is disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

The Group's three business segments operate mainly in Singapore, Malaysia and Vietnam.

Singapore – the Company is headquartered. The operations in this area are principally the development and sale of properties and property rental.

Malaysia – The operations in this area are principally the development and sale of properties which have not commenced.

Vietnam – the Company's associated companies has operation in this area. The operations in this area are principally the development and sale of properties.

	Group	
	2019	**2018**
	S$'000	**S$'000**
Non-current assets		
Singapore		
– Investment properties	**10,960**	11,563
– Plant and equipment	**4**	6
Vietnam		
– Investment in associated companies	**3,828**	–
– Financial assets, at FVPL	**1,035**	–
	15,827	11,569

29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Amendments to SFRS(I) 3 Business Combination (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

30 SUBSEQUENT EVENTS

(a) On 6 February 2020, the Company, as part of the Covenant Partnership Agreement (with National Housing Organization Joint Stock Company and Emerging Market Affordable Housing Fund) had entered into various definitive investment agreements for the purposes of acquiring 1.3 hectares of land in Binh Duong Province, Vietnam to build circa 1,100 affordable housing units. The Company's contribution to the afore-mentioned project is an investment of approximately US$1 million.

(b) The impact of the coronavirus disease (COVID-19) outbreak on public life and industry in various countries, including the jurisdictions in which the Group operates, may have an adverse impact on the Group's s operating results in the coming financial year. As the COVID-19 situation is fluid and evolving, the Group is unable to quantify the magnitude and duration of such impact and unable to ascertain such impact (if any) for the financial year ending 2020.

31 AUTHORISATION OF FINANCIAL STATEMENT

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Olive Tree Estates Limited on 27 March 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 10 MARCH 2020

SHARE CAPITAL

Number of Issued Shares	:	68,847,711
Number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings[(1)])	:	68,845,211
Number and Percentage of Treasury Shares	:	2,500 (0.0036%)[(2)]
Number and Percentage of Subsidiary Holdings	:	0
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares and Subsidiary Holdings)	:	One vote per share

Notes:

(1) "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.

(2) Percentage calculated against the number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings).

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shares	% of Shares	No. of Shareholders	% of Shareholders
No. of ordinary shares held				
1 – 99	4,650	0.01	822	58.55
100 – 1,000	160,082	0.23	358	25.50
1,001 – 10,000	496,021	0.72	168	11.97
10,001 – 1,000,000	4,888,850	7.10	44	3.13
1,000,001 and above	63,298,108	91.94	12	0.85
Grand Total	**68,847,711**	**100.00**	**1,404**	**100.00**

TWENTY LARGEST ORDINARY SHAREHOLDERS

(As shown in the Register of Members and Depository Register)

No.	Name of Shareholders	No. of Shares	%
1	CHIU TENG ENTERPRISES PTE LTD	34,911,777	50.71
2	FONG KIM CHIT	3,750,000	5.45
3	KOH TONG HO	3,750,000	5.45
4	WANG & LEE INVESTMENTS PTE LTD	3,700,098	5.37
5	LEE TEE ENG	2,613,118	3.80
6	ONG & ONG ENTERPRISE PTE. LTD.	2,613,118	3.80
7	SERENA LEE CHOOI LI	2,613,118	3.80
8	LONG CHEE TIM DANIEL	2,500,000	3.63
9	RHT CAPITAL PTE. LTD.	2,000,000	2.90
10	TAN HONG BOON	1,819,800	2.64
11	JINCHEN INVESTMENT HOLDINGS PTE. LTD.	1,772,000	2.57
12	PHILLIP SECURITIES PTE LTD	1,255,079	1.82
13	EQUINOX INVESTMENT GROUP LTD	972,000	1.41
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	694,115	1.01
15	RAMESH S/O PRITAMDAS CHANDIRAMANI	689,400	1.00
16	CHINA HUI XIN INVESTMENT MANAGEMENT LTD	416,666	0.61
17	HO CHEE KIN	400,000	0.58
18	CITIBANK NOMINEES SINGAPORE PTE LTD	352,986	0.51
19	XU NAIQUN	259,200	0.38
20	RHB SECURITIES SINGAPORE PTE. LTD.	140,794	0.20
	TOTAL	**67,223,269**	**97.64**

STATISTICS OF SHAREHOLDINGS

AS AT 10 MARCH 2020

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
CHIU TENG ENTERPRISES PTE LTD	34,911,777	50.71	–	–
FONG KIM CHIT	3,750,000	5.45	–	–
KOH TONG HO	3,750,000	5.45	–	–
WANG & LEE INVESTMENTS PTE LTD	3,700,098	5.37	–	–

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the above information and to the best knowledge of the Directors and Substantial Shareholders of the Company, approximately 29.39% of the issued ordinary shares of the Company excluding treasury shares are held in the hands of the public as at 10 March 2020. Accordingly, the Company had complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

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OLIVE TREE
ESTATES

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