

OEL (HOLDINGS) LIMITED

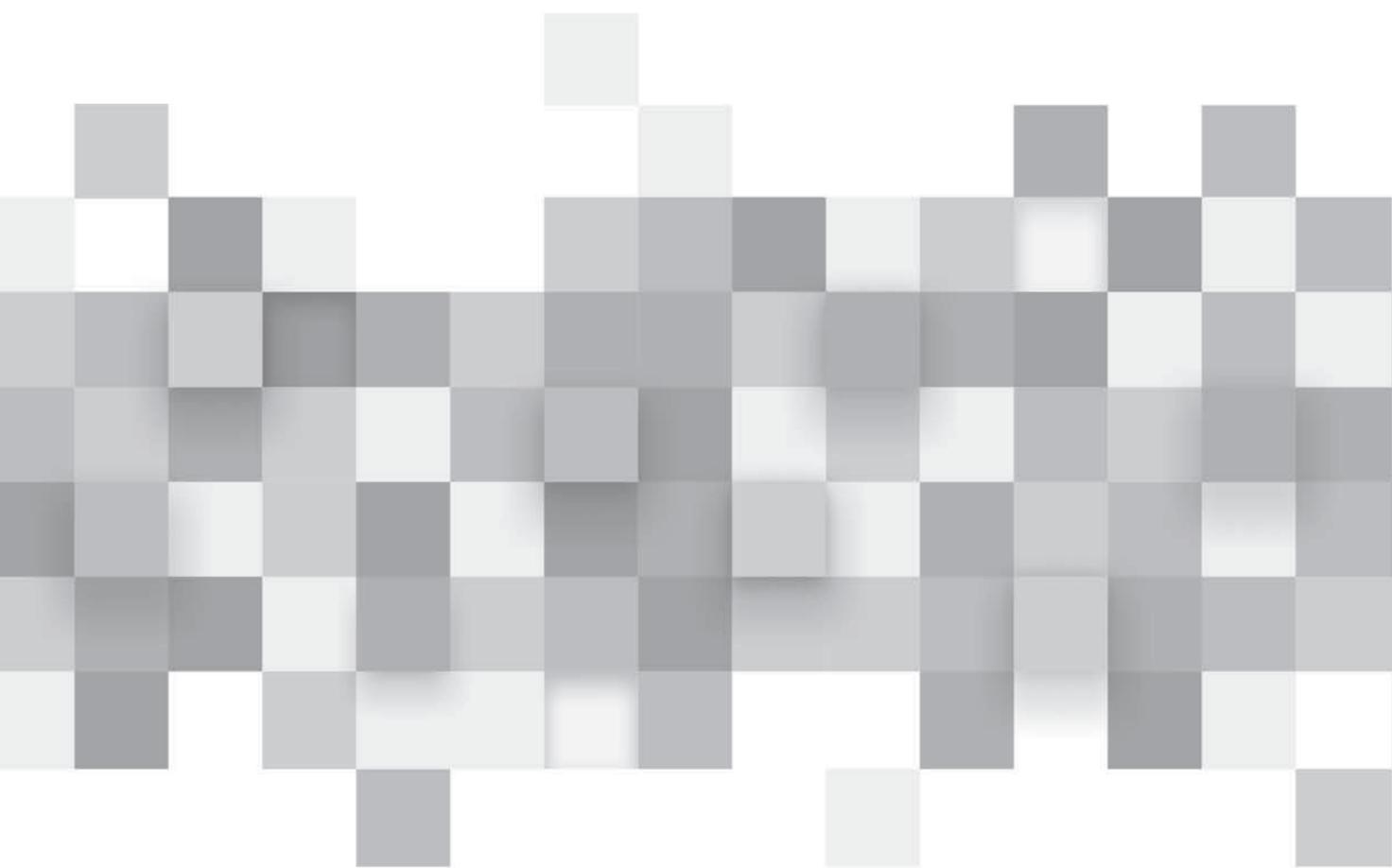
ANNUAL REPORT
2019

OEL (HOLDINGS) LIMITED

Registration No. 198403368H
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Tel: 6235 5091 Fax: 6747 4402

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CORPORATE PROFILE

OEL (Holdings) Limited (“OEL” or the “Company”, and together with its subsidiaries, the “Group”) is an investment holding company with operations mainly in the rental of a property. The Company had on 1 April 2020 obtained its shareholders’ approval on the diversification of the existing business of the Group to include business in the health industry, such as health education business and healthcare business.

The Group will continue to explore and evaluate business opportunities (including but not limited to, strategic investments, partnerships, or mergers and acquisitions) that have the potential to generate value for shareholders.

OEL was established in Singapore in 1984 and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 21 December 1994.

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 Trading 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 contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The details of the contact person for the sponsor is Mr Shervyn Essex (Registered Professional, RHT Capital Pte. Ltd.) at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619. Tel: 6381 6966.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("Board"), I hereby present the Annual Report and Financial Statements for the financial year ended 31 December 2019 ("FY2019").

In December 2019, the Group welcomed a new group of investors, in particular Dr Zhang Jian, our controlling shareholder, Ms Zhao Xin, our CEO since January 2020 and Ms Wang Jue, our executive director since February 2020. The Board was also reconstituted, and I was appointed as Interim Independent Non-Executive Chairman in February 2020 while Mr Yap Koon Loong was appointed as an independent director on 27 February 2020. I look forward to working together with the new shareholders and new Board as they continue to seek strategic investment opportunities with the potential to generate value to shareholders over the medium to long term. I would also like to thank all our employees and service providers for their extra hard work during this period.

A NEW FOCUS

In particular, the Group has announced the proposed acquisition of Discovery Kidz Preschool Pte. Ltd., and the entry into a non-binding memorandum of understanding for the acquisition of 51% shareholdings in Shanghai Longjian Hospital Management Co., Ltd. in March 2020. This is in line with the Groups' intention to diversify into the healthcare Business and Health Education Business which was unanimously approved by shareholders in an extraordinary general meeting held on 1 April 2020 ("EGM").

OUTLOOK

The Group is in a transitional phase with the new shareholders and new management taking the Group in a new direction. While the Group continues to push forward with its diversification plans, the Company had entered into a loan agreement with the controlling shareholder for an interest-free loan of S\$1.19 million in January 2020. The Company had also entered into a placement agreement with certain subscribers for placement shares and warrants to raise up to S\$3.8 million in placement proceeds and up to a further S\$3.8 million upon exercise of the warrants. We will also consider other fundraising activities to improve our working capital.

We are mindful of external pressures such as the COVID-19 pandemic. We remain confident and full of energy but will operate in a prudent, safe and socially responsible manner. As a gesture of our commitment to corporate social responsibility, our EGM proceeded with strict measures to manage the number of participants, availability of sanitizers, social distancing and interaction and movement of participants within the venue, even providing all participants with face masks, while allowing for maximum shareholder queries on our diversification plans.

Looking forward, I thank our shareholders for your understanding and continued support as the Company strives to a brighter future.

CHANGES TO THE BOARD

Over the course of January 2020 to February 2020, the Group also announced the resignations of Mr Lai Kwok Seng ("Mr Lai"), Mr Renny Yeo Ah Kiang ("Mr Yeo") and Mr Jeffrey Hing Yih Peir ("Mr Hing"). On behalf of the Board, I would like to thank Mr Lai, Mr Yeo and Mr Hing for their past services to the Group.

APPRECIATION

I would also like to extend my sincere appreciation to our shareholders, business partners and all our stakeholders for their support over the past year and look towards the same in the years ahead as the Group strive to bring the Company forward on a path of growth. The new Board would strive to perform our duties to all shareholder to the best of our abilities.

Yours Sincerely,

LAM KWONG FAI

Interim Non-Executive Chairman and
Independent Non-Executive Director

BOARD OF DIRECTORS

LAM KWONG FAI

Interim Independent Non-Executive Chairman and Independent Non-Executive Director

Mr Lam Kwong Fai (“Mr Lam”) was appointed to the Board as Independent Non-Executive Director on 15 January 2020 and as an Interim Independent Non-Executive Chairman on 20 January 2020. He was also appointed as the Chairman of Nominating Committee and a member of Audit Committee and Remuneration Committee. Mr Lam will be seeking re-appointment at the forthcoming AGM.

Mr Lam is the CEO of Crowe Horwath Capital Pte. Ltd. (part of Crowe Global, a leading international network of over 700 offices in 130 countries), a boutique corporate finance advisory firm providing corporate governance advisory, financial advisory for equity and debt fundraising, financial advisory for corporate actions and independent financial advisory opinions. He started his career as a regulator before moving into investment banking handling a variety of IPO and other corporate actions. He then moved into Catalyst regulation, working with a wide portfolio of listed companies, advising on the listing rules and corporate governance. In his various capacities, he has amassed over 10 years of experience in the Singapore corporate finance scene. Mr Lam obtained a Bachelor of Accountancy from Nanyang Technological University in 2002.

He is also an independent director of Pan Asian Holdings Limited and China Kunda Technology Holdings Limited, which are listed on the SGX-ST, and D’Nonce Technology Bhd, which is listed on Bursa Malaysia.

ZHAO XIN

Chief Executive Officer and Executive Director

Ms Zhao Xin (“Ms Zhao”) was appointed as Chief Executive Officer and Executive Director of the Company on 20 January 2020 and will be seeking re-appointment at the forthcoming AGM. Based on her prior experience in the financial investment space, Ms Zhao professes valuable insight on financial, healthcare, medical, childcare, commodities and tourism industries.

Prior to her appointment to the Company, Ms Zhao was an executive director of the Strategy and Risk Management in Eminence Investment Pte. Ltd.. She brings with her skills and knowledge on merger and acquisitions and asset management.

Ms Zhao holds a Master of Social Sciences (China and Global Governance) from Nanyang Technological University, a Master of Science in Professional Accountancy from University of London and a Bachelor of Science in Finance and Accounting Management from Northeastern University in the United States.

WANG JUE

Executive Director

Ms Wang Jue (“Ms Wang”) was appointed as Executive Director of the Board on 27 February 2020 and will be seeking re-appointment at the forthcoming AGM.

Ms Wang has over 15 years experience in merger and acquisition and in the media industry. With her experience as a business owner, she holds expertise in areas ranging from business administration to business development, marketing and execution of recruiting and training staff. She is also well versed in the knowledge and skills in all facets of branding, including brand management, brand development, brand architecture, business matching and digital marketing.

Ms Wang is the founder and director of HS International Pte. Ltd., a one stop business consulting firm based in Singapore with presence in various ASEAN countries. She incorporated HS International Pte. Ltd. in 2012 and holds the position of Chairman for the Asia Pacific Top Excellence Brand CEO forum from 2012 to 2016. She had successfully expanded the business locally and within the South East Asia region to 10 locations in 3 years and setting up various offices in the region. Prior to that, she was a Director for Asia Pacific Top Excellence Brand Committee (APC), Hong Kong holdings company from 2012 to 2016, she was responsible to offer support, industry perspective and strategy development for Hong Kong holdings company.

She is also a director of Top Asia CEO Pte. Ltd. (formerly known as GB Explorer Pte. Ltd.), a business consulting agency specializing in digital marketing and being the WeChat authorized overseas advertisement distributor since 2015.

She was also acting Chief Strategy Officer (Overseas Business Development) for various well-known education brands from 2016 to 2019.

Ms Wang holds a Bachelor in Business Marketing and Administrative from Inter-American University of Puerto Rico in 2007, a Bachelor in Electrical and Electronic Engineering from Nanyang Technological University in 2004 and a Diploma in Mechatronics from Ngee Ann Polytechnic in 2001.

BOARD OF DIRECTORS

YAP KOON LOONG

Independent Non-Executive Director

■
Mr Yap Koon Loong (“Mr Yap”) was appointed as Independent Director of the Board on 27 February 2020 and will be seeking re-appointment at the forthcoming AGM. He was also appointed as the Chairman of Audit Committee and Remuneration Committee, and a member of Nominating Committee.

Mr Yap has more than 15 years of experience in accounting, financial and corporate matters and has held senior financial positions in listed companies. He is currently the Chief Financial Officer (“CFO”) of Chongqing Yuhai Precision Manufacturing Co., Ltd, responsible for its corporate finance activities, investor relations and all aspects of the financial and accounting functions. Prior to that, he served as CFO of Crosspoint Telecom Pte Ltd from October 2016 to June 2018, and the CFO of Astaka Holdings Limited (a company listed on the SGX-ST) from April 2015 to October 2016.

Mr Yap holds a Master of Business in Professional Accounting from Victoria University of Technology, Australia in June 1998.



OPERATIONS AND FINANCIAL REVIEW

OPERATIONS AND FINANCIAL REVIEW

The Group's continuing business consists of rental income from leasing of part of a property.

CONTINUING OPERATIONS

Revenue from continuing operations reduced by 75.7% from S\$0.74 million in FY2018 to S\$0.18 million in FY2019.

Other operating income for the Group also remained stable at S\$0.03 million for FY2019 and FY2018.

Operating expenses comprised of mainly administrative and other operating expenses. The total operating expenses remained relatively stable at S\$1.16 million in FY2019 and S\$1.15 million in FY2018.

The Group reported a loss of S\$0.96 million from continuing operations in FY2019 as compared to a loss of S\$0.52 million from continuing operations in FY2018.

FINANCIAL POSITION AS AT 31 DECEMBER 2019

The Group's current assets increased from S\$0.05 million as at 31 December 2018 to S\$0.10 million as at 31 December 2019. This increase was due to higher deposits and prepayments.

Current liabilities of the Group increased from S\$1.59 million as at 31 December 2018 to S\$2.43 million as at 31 December 2019. The increase was due to an increase in other payables, higher loan from a director and lease liabilities following the adoption of SFRS(I) 16 Leases on 1 January 2019.

The Group's non-current liabilities increased from S\$0.28 million as at 31 December 2018 to S\$7.50 million as at 31 December 2019. The increase was due to the recognition of lease liabilities following the adoption of SFRS(I) 16.

The Group reported cash and bank balances of S\$3,000 as at 31 December 2019 as compared to S\$21,000 as at 31 December 2018.

As at 31 December 2019, the Group has net current liabilities of S\$2.33 million. The Company announced a change of controlling shareholder on 20 December 2019 and a change of Chief Executive Officer ("CEO") on 20 January 2020. On 23 January 2020, the Company entered into a loan agreement with the controlling shareholder pursuant to which the controlling shareholder has agreed to provide the Company an interest-free loan of S\$1.19 million subject to the terms and conditions of the loan agreement. The Group is also considering other fund raising activities to improve its working capital.

As a result of the above, the Group reported a lower shareholders' equity of S\$5.50 million as at 31 December 2019 as compared to S\$6.50 million as at 31 December 2018.



CORPORATE INFORMATION

OEL (HOLDINGS) LIMITED

BOARD OF DIRECTORS

Lam Kwong Fai
(Interim Independent Non-Executive Chairman
and Independent Non-Executive Director)

Zhao Xin
(Chief Executive Officer and Executive Director)

Wang Jue
(Executive Director)

Yap Koon Loong
(Independent Non-Executive Director)

COMPANY SECRETARY

Yoo Loo Ping

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #11-02
Singapore 068898

REGISTERED OFFICE

8 Temasek Boulevard
#23-02 Suntec Tower Three
Singapore 389933
Tel: +65 62355091

PRINCIPAL BANKER

United Overseas Bank Limited

AUDIT COMMITTEE

Yap Koon Loong (Chairman)
Lam Kwong Fai

NOMINATING COMMITTEE

Lam Kwong Fai (Chairman)
Yap Koon Loong

REMUNERATION COMMITTEE

Yap Koon Loong (Chairman)
Lam Kwong Fai

AUDITOR

PKF-CAP LLP
6 Shenton Way
OUE Downtown 1, #38-01
Singapore 068809

Partner In-Charge:
Mr John Lim Geok Peng
(Appointed on 25 April 2018)

SPONSOR

RHT Capital Pte. Ltd.
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619

Registered Professional:
Mr Shervyn Essex



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REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors (“**Board**”) and management of OEL (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) are committed to a high standard of corporate governance, including accountability, transparency and sustainability, to engender investor confidence and achieve long-term sustainable business performance.

This report sets out the Company’s corporate governance practices with reference to the principles and the provisions of the Code of Corporate Governance 2018 (“**2018 Code**”). Where there is any deviation, the Company will explain them based on the recommended principles in the 2018 Code.

PRINCIPLE 1: BOARD MATTERS: THE BOARD’S CONDUCT OF AFFAIRS

Roles and Duties of the Board

In managing the Group’s business, the Board performs the following key functions:

- (a) Provide entrepreneurial leadership, and set strategic objectives, which include an appropriate focus on value creation, innovation and sustainability;
- (b) Ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- (c) Establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Company performance;
- (d) Constructively challenge Management and review its performance;
- (e) Instil an ethical corporate culture and ensure that the Company’s values, standards, policies and practices are consistent with the culture; and
- (f) Ensure transparency and accountability to key stakeholder groups.

Scope of Directors’ Duties

The directors are aware of their duties at law, which includes:

- (a) Acting in good faith and the best interests of the Company;
- (b) Exercising due care, skills and diligence; and
- (c) Avoiding conflicts of interest.

There are also policies, structures and mechanisms in place to ensure compliance with legislative and regulatory requirements, establish appropriate tone-at-the-top, desired organisational culture and standards of ethical behaviour.

Conflicts of Interest

There are clear policies and procedures in place for dealing with conflicts of interest. Where a Board member faces a conflict of interest, the Board member is required to disclose this and recuse himself or herself from meetings and decisions involving the issue.

Director Competencies

Each newly appointed Director will be provided with a formal employment letter setting out his or her roles, duties, obligations and responsibilities, and the expectations of the Company. To allow each Director to develop his or her competencies to effectively discharge his or her duties, newly appointed Directors will also be briefed on the Group’s business activities and its strategic directions.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

To ensure that Directors have the opportunities to develop their skills and knowledge, newly appointed Directors with no prior experience as a director of a listed company will be attending trainings organised by the Singapore Institute of Directors (“**SID**”) to familiarise themselves on the roles and responsibilities of a director of a public listed company in Singapore.

Directors are kept informed of the relevant laws, regulations and challenging commercial risks from time to time. Relevant updates, news releases issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Accounting and Corporate Regulatory Authority (“**ACRA**”) are circulated to the Board for information. To keep abreast with changes and developments in rules, regulations and the business environment, all Directors are encouraged to attend relevant training courses.

The Nominating Committee will regularly review and agree with each Director his training and professional development needs, to ensure that they have the opportunities to develop their skills and knowledge.

Matters Reserved for the Board’s Decision

The Board has adopted internal guidelines on matters that require the Board’s approval, including the appointment of Directors, major funding, investment proposals and material capital expenditures.

The approval of the Board is required for any matter which is likely to have a material impact on the Group’s operating divisions or the financial position as well as matters other than in the ordinary course of business.

Matters requiring extensive discussion would be first prepared by Management and circulated to the Board in advance for their information. Management would then table the agenda to the Board for discussion so that the presented matters can be reviewed in detail.

In case of any conflict of interest, the Board member is required to disclose this and recuse himself or herself from meetings and decisions involving the issue.

Delegations of Authority to the Board Committees

The Board is supported by three Board committees to assist in the discharge of its responsibilities and to enhance the Company’s corporate governance framework. These committees include the Audit Committee (“**AC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”) (each, a “**Board Committee**” and collectively, “**Board Committees**”).

Each Board Committee has its specific terms of reference (“**TOR**”) setting out their composition, the scope of its duties and responsibilities, rules and regulations, authorities delegated by the Board, and procedures governing the manner in which it is to operate and how decisions are to be taken. Any change to the TOR for any Board Committee requires the Board’s approval. More information on the Board Committees can be found in the respective sections of the Board Committees in this report.

Meetings of the Board and Board Committees

The Board and the Board Committees meet regularly based on a meeting schedule planned of each financial year to ensure maximum attendance by all participants. Ad hoc meetings are arranged as and when warranted by particular circumstances. On occasions, when directors are unable to attend meetings in person, telephonic or video conference participation at meetings is allowed under the constitution of the Company. To enable members of the Board and the Board Committees to prepare for the meetings, agendas and materials are circulated at least one week before each meeting.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

Details of Directors' attendance at the Board and Board Committees meetings, as well as the frequency of such meetings held in the financial year ended 31 December 2019 ("FY2019") are summarised in the table below:

FY2019 Meeting Attendance	Board	AC	RC	NC
Total Number of Meetings	4	4	1	1
Mr Jeffrey Hing Yih Peir ⁽¹⁾	4	4	1	1
Mr Renny Yeo Ah Kiang ⁽²⁾	4	4	1	1
Mr Lai Kwok Seng ⁽³⁾	4	4	1	1
Mr Lam Kwong Fai ⁽⁴⁾	–	–	–	–
Ms Zhao Xin ⁽⁵⁾	–	–	–	–
Mr Yap Koon Loong ⁽⁶⁾	–	–	–	–
Ms Wang Jue ⁽⁷⁾	–	–	–	–

Annotations:

- (1) Mr Jeffrey Hing Yih Peir was re-designated as a Non-Executive Director of the Company on 20 January 2020 and resigned as a Non-Executive Director of the Company on 27 February 2020. Following his resignation, he ceased to be a member of the AC, NC and RC.
- (2) Mr Renny Yeo Ah Kiang resigned as a Lead Independent Director on 27 February 2020. Following his resignation, he ceased to be the Chairman of the AC and RC and a member of the NC.
- (3) Mr Lai Kwok Seng resigned as an Independent Non-Executive Director of the Company on 15 January 2020. Following his resignation, he ceased to be the Chairman of the NC and member of the AC and RC.
- (4) Mr Lam Kwong Fai was appointed as an Independent Non-Executive Director of the Company, the Chairman of the NC and member of the AC and RC on 15 January 2020. On 20 January 2020, Mr Lam was appointed as the Interim Independent Non-Executive Chairman of the Board.
- (5) Ms Zhao Xin was appointed as a Chief Executive Officer ("CEO") and Executive Director on 20 January 2020.
- (6) Mr Yap Koon Loong was appointed as an Independent Non-Executive Director of the Company, Chairman of the AC and RC and a member of the NC on 27 February 2020.
- (7) Ms Wang Jue was appointed as an Executive Director of the Company on 27 February 2020.

Access to Information for the Directors

To enable the Board to fulfil its responsibilities, the management provides adequate and timely information to the Board to make informed decisions. A system of communication between the management and the Board, and between the Board and Board Committees has been established and improved over time. All scheduled Board's and Board Committees' meetings are planned in advance of each financial year and meeting papers are distributed to the directors at least one week before the meetings.

In addition to the annual budget and business plans submitted to the Board for approval, the management also keeps the Board apprised of material variances between the actual results with the previous corresponding period and against the budget. Appropriate explanations on such variances are provided. Additional information is circulated to the Board on a regular basis as and when there is material development in the Group's business operations.

Separate and Independent Access

All Directors have separate and independent access to the management, Company Secretary and the external advisers (where necessary) at the Company's expense. The Directors are free to request for additional information when necessary to make informed decisions.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board is also supported by the Company Secretary, who attends all Board meetings. The Company Secretary's responsibilities include advising the Board on corporate and administrative matters, as well as facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Composition of the Board

Independence of Directors

The NC determines the independence of each director annually. An independent director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that can interfere, or be reasonably perceived to interfere with the exercise of the director's independent business judgement to the best interests of the Company.

The Board, having considered the view of the NC, assessed the independence of each of the Independent Directors annually. Based on confirmation of independence provided by the Directors and considering the guidance in the 2018 Code, the NC and the Board are satisfied that Mr Lam and Mr Yap are considered independent.

As the Chairman is not conflicted and is independent, the independent directors do not need to make up a majority of the Board and there is no lead independent Director.

As of the date of this report, there is no Independent Director who have served beyond nine (9) years since the date of their appointments as an Independent Directors.

Size, Composition and Competency of the Board

The Board consists of members who have the appropriate level of independence and diversity of thought and background, with established track records to enable it to make decisions in the best interests of the Company.

The Company's Board members are as follows:

1. Mr Lam Kwong Fai – Interim Independent Non-Executive Chairman
2. Ms Zhao Xin – Chief Executive Officer and Executive Director
3. Mr Yap Koon Loong – Independent Non-Executive Director
4. Ms Wang Jue – Executive Director

The Company has not met the requirement of the 2018 Code in having a majority of the Board comprising of Non-Executive Directors and will work towards complying this requirement in FY2020.

Although the Company does not have a written policy on Board Diversity, it has maintained a culture of diversity to benefit from a wide talent pool. The current Board composition provides diversity in terms of skills, experience, knowledge and gender.

The NC will be tasked to develop a Board Diversity policy setting out the qualitative and quantitative objectives at an appropriate time.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

The NC regularly review the structure, size and composition (including the skills, qualifications, experience and diversity) of the Board and its committees. The Board, taking into account the views of NC, is of the view that there exists a sufficiently strong element of independence on the Board to enable independent exercise of objective judgement of corporate affairs of the Group, taking into account factors such as the number of Independent Non-Executive Directors on the Board, as well as the size and scope of the affairs and operations of the Group.

As a group, the Directors bring with them a broad range of expertise and experience in areas such as finance, law, corporate, business and management experience and knowledge. The Board considers the combination of experience, knowledge and expertise of its members, as well as the diversity of gender and age, to be balanced and effective in carrying out its functions.

The Independent Non-Executive Directors contribute to the Board by monitoring and reviewing management's performance against goals and objectives. Their views and opinions provide different perspectives to the Group's business. While challenging Management's proposals or decisions, they bring independent judgement on business activities and transactions, involving conflicts of interest and other complexities.

The Independent Non-Executive Directors will, where appropriate and necessary, led by the Interim Independent Non-Executive Chairman, meet regularly without the presence of Management, and provide feedback to the Board as appropriate.

Details of the Board members are set out in the "Board of Directors" section of the Annual Report.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Separation of Role and Responsibilities

The Company has different individuals assuming the role of Chairman and Chief Executive Officer to ensure effective supervision and maintenance of an appropriate balance of power and authority.

The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established in the written terms of reference of the Board. The Chairman manages the business of the Board whilst the Chief Executive Officer and his management team execute the Board's decisions. The Chief Executive Officer has executive responsibilities for the Group's businesses and is accountable to the Board.

In FY2019, there was no familial relationship between the Chairman and the Chief Executive Officer.

Roles and Responsibilities of the Chairman

The role of the Chairman is to lead and ensure the effectiveness of the Board. This includes:

- (a) Promoting a culture of openness and debate at the Board;
- (b) Facilitating the effective contribution of all directors; and
- (c) Promoting high standards of corporate governance.

The Interim Independent Non-Executive Chairman also ensures that Board meetings are held as and when necessary and ensures that information and materials to be discussed at Board meetings are circulated on a timely basis to Directors so as to enable them to be updated and prepared, enhancing the effectiveness of the Board as a whole. He engages and promotes constructive discussions among the Directors and engages with members of the management regularly.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

At general meetings, the Chairman plays a pivotal role in fostering constructive dialogues between shareholders, the Board and the management.

Roles and Responsibilities of the CEO

Ms Zhao Xin, the CEO and Executive Director of the Company plays an instrumental role in developing the business of the Group and is responsible for the overall strategic planning and direction of the Group. Ms Zhao also provides the Group with strong leadership and vision.

Lead Independent Director

The 2018 Code encourages the appointment of a lead independent director to lead and coordinate the activities of non-executive directors in circumstances where it will be inappropriate for the Chairman to serve in such capacity. As the Interim Chairman of the Company, Mr Lam Kwong Fai, is independent, the Board is of the view that the appointment of a lead independent director is not necessary.

The directors and management are accessible to the Company's shareholders, and the Company has always responded to queries raised by its shareholders. The absence of a lead independent director has not impacted and is unlikely to impact the efficient communication between the Board and the shareholders or other stakeholders of the Company. However, the Company will work towards complying this requirement in FY2020.

As part of the Group's continuous efforts to upkeep its corporate governance practices, the Company's independent directors have continued to set aside time to meet without the presence of other directors. In addition, the independent directors will also meet regularly and on an ad hoc basis with the executive directors and the management team.

PRINCIPLE 4: BOARD MEMBERSHIP

Roles and Responsibilities of the Nominating Committee

The NC is guided by its written key terms of reference which describe its responsibilities, and these include:

- (1) The review of board succession plans for Directors, in particularly the Chairman, the CEO and key management personnel of the Company;
- (2) The process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- (3) The review of training and professional development programmes for the Board and its Directors;
- (4) The appointment and re-appointment of Directors;
- (5) The regular review of the structure, size and composition (including the skills, qualifications, experience, and diversity) of the Board and its committees, and make recommendations to the Board with regards to any adjustments that are deemed necessary; and
- (6) To determine the independence of each Director (in accordance with the requirement of 2018 Code) and assessing the adequacy of the Director in carrying out their duties as a Director of the Company, taking into consideration the Director's number of board representations and other principal commitments.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

Composition of Nominating Committee

The NC comprises of 2 members, all of which are Independent. The NC currently consists of:

Mr Lam Kwong Fai	(Chairman)
Mr Yap Koon Loong	(Member)

The NC and the Board are actively looking into the appointment of an additional Board member to comply with the requirement of having 3 Directors in the NC as soon as practicable.

Process for the Selection, Appointment and Re-appointment of Directors

The Board will assess and evaluate whether new Director(s) and/or retiring Directors will be appointed/re-appointed, taking into consideration their skills, experience and contribution. The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience and knowledge, to complement and strengthen the Board. Potential candidates are sourced from the network of contacts of the Board and Management, including engaging professional search firms and recruitment consultants if the appointment requires a specific skill set or industry specialisation. The NC, after having assessed each candidate based on the essential and desirable competencies for a particular appointment, will then nominate the most suitable candidate for the appointment to the Board.

In considering the nomination of Director(s) for re-appointment, the NC took into account the composition of the Board and the competency, performance and contribution of the Directors with reference to their attendance, preparedness and participation in the Board and Board Committees as well as the time and effort accorded to the Group's business and affairs. Following the NC's satisfactory assessment, they would then recommend to the Board for consideration and approval. No director is involved in the discussion made in respect of his own re-appointment.

Continuous Review of Directors' Independence

Each independent director of the Company will confirm his independence (or otherwise) based on a checklist annually. The checklist is drawn up based on the guidelines provided under the 2018 Code. In FY2019, the NC had reviewed the independence of the independent directors, having regard to the circumstances set forth in the 2018 Code, its Practice Guidance and the Catalist Rules. Details of the review process are set out under Principle 2 of this report. The NC is also committed to reassess the independence of each independent director as and when warranted.

Directors' Adequacy of Commitments

The NC assess each Director's competencies, commitment, contribution and performance, as well as independence on an annual basis or when necessary to decide whether a Director has been adequately carrying out their duties and obligations as a Director.

The NC also decides if a Director is able to devote sufficient time and has adequately carried out their duties as a director of the Company. The NC, having reviewed each Director's attendance and contributions to the Board, is satisfied that sufficient time and attention were given by the Directors of the Company to discharge their duties in FY2019.

The NC will continue to review from time to time, the number of the Directors' board representations and other principal commitments to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. So far, no minimum number of Board seats has been set by the NC.

None of the Directors have appointed any alternate Director(s).

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

PRINCIPLE 5: BOARD PERFORMANCE

Assessment of the Effectiveness of the Board and Board Committees

The Company has implemented an annual process whereby all Directors are required to complete questionnaires to evaluate (i) the performance and effectiveness of the Board as a whole, and of its Board Committees; (ii) the contribution by the Chairman and each individual director to the Board; and (iii) the ability of the Board to discharge its responsibilities in providing stewardship, corporate governance and oversight of management's performance. A summary of the findings was prepared based on the completed questionnaires and was reviewed and deliberated by the NC. Recommendations and/or follow-up actions would be made to further enhance the effectiveness of the Board and Board Committees when appropriate.

The performance criteria were recommended by the NC and approved by the Board. The NC has established objective criteria to evaluate the Board's performance. More relevant and meaningful criteria will also be used when applicable.

As the current Board was constituted subsequent to FY2019, the NC agreed that it would be more meaningful to carry out the assessment of effectiveness of the Board and Board Committees, as well as the Chairman and each individual Director to the effectiveness of the Board at the next financial year ending 31 December 2020.

PRINCIPLE 6: REMUNERATION MATTERS: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Roles and Responsibilities of the Remuneration Committee

The RC is guided by its written key terms of reference which describe its responsibilities, and these include:

- (1) To review and recommend to the Board a framework of remuneration for the Directors and key management personnel and to review and recommend to the Board the specific remuneration packages and terms of employment for the Directors, key management personnel and employees related to Directors or controlling shareholders of the Group;
- (2) Reviews whether the Executive Director and key management personnel should be eligible for benefits under any long-term incentive schemes;
- (3) Review the on-going appropriateness and relevance of the Company's remuneration policy;
- (4) Administer the performance-based bonus scheme and any other share option scheme or share plan established from time to time for the Directors and key management personnel; and
- (5) Reviews and recommends to the Board the terms of renewal of Directors' service contracts.

Composition of Remuneration Committee

The RC comprises of 2 members, all of whom are non-executive and independent. The RC currently consists of:

Mr Yap Koon Loong	(Chairman)
Mr Lam Kwong Fai	(Member)

The RC and the Board are actively looking into the appointment of an additional Board member to comply with the requirement of having 3 Directors in the RC as soon as practicable.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

Developing Remuneration Framework

In setting the remuneration framework, the RC has considered all aspects of remuneration. The RC aims to be fair and avoid rewarding poor performance.

The RC also reviews the Company's obligations in the event of termination of the Executive Director's and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Access to Advice on Remuneration Matters

There were no external remuneration consultants engaged by the Company for FY2019. Nonetheless, the RC may from time to time seek external professional advice on remuneration matters, if required.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

Remuneration of the CEO, the Executive Directors and Key Management Personnel

The RC reviews the recommendation from the CEO on the remuneration of key management personnel of the Group. The RC considers amongst other things, the Directors' and key management personnel's responsibilities and contributions to the Company's performance.

In setting remuneration packages for the Executive Directors of the Company and key management personnel of the Group, the pay and the employment conditions within the industry and in comparable companies are taken into account to maintain an appropriate and competitive level of remuneration that recognises the performance, potential and responsibilities of these individuals.

The Company has in place a remuneration policy for the Executive Directors and the key management personnel which comprises of a fixed and variable component. The fixed component is in the form of a base salary. The variable component, on the other hand, is a cash-based incentive that is performance related and is linked to the Company's performance as well as the individual's performance. This is designed to align remuneration with the interests of shareholders and to link rewards to corporate and individual performance to promote long-term success of the Group.

Considering the size of the current business operations of the Group as well as its existing workforce, the Company does not have any long-term incentive plan for the Executive Directors and key management personnel.

Remuneration of Non-Executive Directors

Directors' fees payable to the Non-Executive Directors are set in accordance within a remuneration framework and in consideration of their contributions, effort, time spent and responsibilities.

The remuneration of Executive Directors and Independent Non-Executive Directors are set appropriate to the level of their contribution, taking into account factors such as effort and time spent, and responsibilities of each Director, and to ensure the appropriateness to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to manage the Company for the long term. The RC also considered the nature and responsibilities of the Chairman and members of the Board Committees who receive higher additional fees which is commensurate with their additional roles and responsibilities.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

A breakdown of the Directors' remuneration and that of the Group's key management personnel (who are not Directors of the Company), for FY2019 are as follows:

Remuneration of Directors

Name of Director	Salary and CPF S\$	Bonus and other variable performance components S\$	Allowances and other benefits S\$	Directors' fee S\$	Total S\$
Mr Jeffrey Hing Yih Peir ⁽¹⁾	45,792	–	–	–	45,792
Mr Renny Yeo Ah Kiang ⁽²⁾	–	–	–	23,500	23,500
Mr Lai Kwok Seng ⁽³⁾	–	–	–	21,500	21,500

Annotations:

- (1) Mr Jeffrey Hing Yih Peir was re-designated as a Non-Executive Director of the Company on 20 January 2020 and resigned as a Non-Executive Director of the Company on 27 February 2020.
- (2) Mr Renny Yeo Ah Kiang resigned as a Lead Independent Director on 27 February 2020.
- (3) Mr Lai Kwok Seng resigned as an Independent Non-Executive Director of the Company on 15 January 2020.

The remuneration breakdown of Mr Lam Kwong Fai, Ms Zhao Xin, Ms Wang Jue and Mr Yap Koon Loong are not disclosed in the table above as they were appointed as Directors of the Company subsequent to FY2019.

The Company has no other key management personnel other than the Executive Director in FY2019.

There were no employees in the Group who are substantial shareholders of the company, or the immediate family members of a Director, the CEO or a substantial shareholder of the company and whose remuneration exceeds S\$100,000 in FY2019.

Currently, the Company does not have an employee share scheme within the Group.

PRINCIPLE 9: ACCOUNTABILITY & AUDIT: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. During FY2019, the Board Committees assisted the Board in the identification of risks and oversight of the Group's risk profile and policies, adequacy, and effectiveness of the Group's risk management systems and internal controls. The Board Committees reported to the Board on critical risk issues facing the Group, material matters, findings and suggested appropriate levels of risk tolerance for the Company to achieve its strategic objectives and value creation, as well as the review and update of risk policies and risk management.

To ensure that internal controls and risk management processes are adequate and effective, the AC is also assisted by the external auditor and the internal auditor to carry out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the external auditor and/or internal auditor to further improve and enhance the internal controls were reported to the AC. The AC will also follow up on the actions taken by Management on the recommendations made by the internal and external auditor.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

Based on the reports submitted by the internal and external auditor received by the AC and the Board, nothing material has come to the attention of the AC and the Board to believe that the internal controls and risk management processes are not satisfactory for the type and size of business conducted.

Based on the internal controls established and maintained by the Group and the statutory audit conducted by the external auditor and reviews performed by management and AC, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls and risk management, were adequate and effective as at 31 December 2019 to meet the needs of the Group's existing business objectives, having addressed the risks which the Group considers relevant and material to its operations. While acknowledging their responsibility for the system of internal controls, the Directors are aware that such a system is designed to manage, rather than eliminate risks, and therefore cannot provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors or mis-statements, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

Assurance from CEO and Key Management Personnel

As the Company does not have a Chief Financial Officer, the Board has obtained a written confirmation from the CEO (who was appointed on 20 January 2020) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances since her appointment.

Based on the reports submitted by the external auditor received by the Board, nothing material has come to the attention of the CEO to believe that the financial records have neither been properly maintained nor the financial statements give a true and fair view of the Group's operations and finances.

The Board also received assurance from the CEO and other key management personnel who are responsible that Group's risk management and internal control systems are adequate and effective.

PRINCIPLE 10: AUDIT COMMITTEE

Roles and Responsibilities of Audit Committee

The AC has the 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 key management personnel to attend its meetings, and reasonable resources to enable it to discharge its functions effectively.

The AC is guided by its written key terms of reference which describe its responsibilities, and these include:

- (1) Reviewing significant financial reporting issues and judgments to ensure integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (2) Report to the Board for any significant issues (e.g. significant adjustments) which have a material impact on the financial statements or financial updates previously announced by the company raised by the external auditors in their review or audit of the company's year-end financial statements, and consider whether an immediate announcement is required;
- (3) Review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management systems (such review can be carried out internally or with the assistance of any competent third parties);
- (4) Reviewing the assurance from the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements;
- (5) Make recommendations to the Board on proposals to shareholders on the appointment and removal of the external auditors, and on the remuneration and terms of engagement of the external auditors;

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

- (6) Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- (7) Review the policy and arrangements by which staff of the Company or the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters and conduct an independent investigation of such matters for appropriate follow up action in accordance to the Company's whistle-blowing program; and
- (8) Review interested person transactions (IPTs) falling within the scope of the Catalist Rules on a quarterly basis (including transactions that fall within the scope of Rule 912, i.e. the review and approval of proposed sale(s) of any units of property projects to the Company's interested persons and/or relatives of a Director, chief executive officer or controlling shareholder, where applicable).

Annually, the AC meets with the internal and external auditors, without the presence of Management, to review the assistance and co-operation given by the Company's management to the internal and external auditors.

The AC has discussed with Management and the external auditors the accounting principles that were applied and their judgement of items might affect the integrity of the financial statements. The following significant issue and assumption was discussed with Management and the external auditors and reviewed by the AC in respect of FY2019:

Significant matter	How the AC reviewed this matter
Valuation of leasehold building	<p>The AC discussed with the external auditors on their review of the reasonableness, relevance, and robustness of the basis, estimates, forecasts, key assumptions, and methodology used in the valuation of leasehold building.</p> <p>Following the review and discussions with Management and the external auditors, the AC is satisfied with the criteria applied by Management for the purposes of the valuation of leasehold building.</p>

External Auditors

The Company's external auditors is PKF-CAP LLP, an auditing firm registered with the ACRA. For FY2019, the Company does not have any Singapore-incorporated significant associated companies, other than a wholly-owned subsidiary which is dormant. Accordingly, the Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditor.

The AC noted there is no non-audit services provided by the external auditor to the Group and is satisfied with the independence of PKF-CAP LLP as the external auditors of the Company.

Composition of the Audit Committee

The AC comprises of 2 members, all of which are Independent and Non-Executive. The AC currently consists of:

Mr Yap Koong Loong (Chairman)
Mr Lam Kwong Fai (Member)

The Board acknowledges that there should be a minimum of 3 members in the AC, and are currently looking out for suitable candidates to fulfil the requirement.

The Board is of the view that the AC has the relevant and recent financial management expertise and experience to discharge its responsibilities properly. None of the members of the AC is a former partner or director of the Company's existing auditing firm.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

Internal Audit

The Company's Internal Audit ("IA") function is outsourced to Messrs One e-Risk Services Pte Ltd, who is independent of the Company's business activities. The AC approves the appointment, removal, evaluation and compensation of the internal auditors.

The IA function is also adequately staffed with persons with the relevant qualifications and experience. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In reviewing the effectiveness of key internal controls, the internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

The function of the IA is carried out according to 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 internal auditors have a direct and primary reporting line to the AC and assist the AC in overseeing and monitoring the implementation and improvements required on internal control weaknesses identified. The AC assesses the adequacy and effectiveness of the internal audit function annually.

Accordingly, the AC is satisfied that the Company's IA function is independent, effective, adequately resourced and qualified.

PRINCIPLE 11: SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 13: MANAGING STAKEHOLDERS RELATIONSHIPS: ENGAGEMENT WITH STAKEHOLDERS

Shareholders' Rights

The Group treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. The Company ensure that all material information is disclosed on a timely basis via SGXNet. Results and annual reports are announced or issued within the mandatory periods.

Shareholders are encouraged to attend and participate at the general meetings to ensure a greater level of shareholders' participation and for them to be kept up to date on the strategies and goals of the Group. All shareholders of the Company will receive a copy of the Annual Report, the notice of general meeting and circulars (where applicable) prior to the meeting with the details of the agenda of the general meeting. All documents related to the general meetings are announced via SGXNet and notices of general meetings are advertised in newspapers.

If the shareholders are unable to attend in person or in the case of a corporate shareholder, through its appointed representative, the Company's Constitution allows all shareholders to appoint proxy(ies) to attend and vote at general meetings of the Company on their behalf. A shareholder (who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50)) is entitled to appoint not more than two proxies to attend, speak and vote at the general meetings through proxy forms deposited 48 hours before the meeting. Indirect investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may also attend and vote at the general meeting. The Company currently does not provide for voting in absentia.

Conduct of General Meetings

Shareholders are informed of the rules, including the voting procedures that govern the general meetings during the general meetings.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. As authentication of shareholder identity information and other related security issues remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, facsimile or email. The Company does not bundle any of its resolution to be tabled to shareholders.

Participation of shareholders is encouraged at the general meetings through the open question and answer sessions. All Directors, the Board Chairman and the respective Chairman of the AC, NC and RC, management and the external auditors are present at the general meetings to address any queries or concerns on matters relating to the Group and its operations. All directors attended the last AGM held for FY2019.

The Company prepares minutes of general meetings which includes key comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. The Company's minutes of the AGM for FY2019 will be published in the Company's website as soon as practicable.

The Company conducts voting of all its resolutions by poll at all general meetings. The detailed voting results, including the total number of votes cast for or against each resolution tabled, are announced immediately at the general meetings and via SGXNET after the general meetings.

At each AGM and/or general meetings, shareholders are given the opportunity to participate effectively and raise their concerns with the Directors and management on matters pertaining to the Group and its operations. Any notice of a general meeting to shareholders is despatched at least 14 days (or 21 days if there is any special resolutions) before the scheduled date of the meeting.

Disclosure of information on timely basis

The Board believes in timely communication of information to shareholders and the investing public. It is the Board's policy that all shareholders and the investing public should be timely informed of all major developments that impact the Group and Company.

Information is communicated to shareholders and the investing public through the following channels:

- Details of all general meetings via SGXNET, notices of general meetings published in newspapers and circulars/reports;
- Annual Reports that are issued to all shareholders. The Board makes every effort to ensure that the Annual Report includes all relevant information on the Group, including current developments, strategic plans and disclosures required under the Singapore Companies Act, Singapore Financial Reporting Standards, etc; and
- Announcements of quarterly, half-yearly and full-year results released via SGXNET; announcements relating to major developments of the Group made via SGXNET; press and analysts' briefings as may be appropriate.

The Company does not engage a dedicated investor relations firm.

To date, the Company does not have a fixed dividend policy. Nonetheless, Management will review the Group's performance and make appropriate recommendations to the Board on dividend declaration. The form, frequency, and/or amount of dividends will depend on the Company's cash, earnings, gearings, financial performance and position, project capital expenditure, future investment plans, funding requirements and any other factors that the Directors consider relevant. The Company will communicate any dividend payout to shareholders via announcements released to the SGX-ST via SGXNET. The Company did not declare any dividends in respect of FY2019 as it was in a loss-making position.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

Corporate Website

The Company aim to provide clear and continuous disclosure of our corporate governance practices through the efficient use of technology.

The latest Annual Report, financial results and Company announcements are posted on the Company's corporate website (<http://www.ohldg.com>) following their release to the market through SGXNet, to ensure fair dissemination to shareholders. Currently, the website is undergoing maintenance. The Company is looking to finish their maintenance of the website as soon as practicable. Shareholders are encouraged to download a copy of the Annual Report via SGXNET instead.

The Company has internal investor relations function to facilitate the communications with the shareholders on a regular basis, attend to their queries or concerns.

The Company's corporate website (<http://www.ohldg.com>) has a dedicated "Investor Relations" link where the contact details of the investor relations team are available therein, to enable shareholders to contact the Company easily. The Company's investor relations team has procedures in place to address investors' queries or complaints as soon as possible.

Engagement with Stakeholders

The Company has its materiality assessment process to identify key stakeholders that may have direct or indirect impact to the company's business and operations. The Company's engagement with the key stakeholders, including engagement methods and key issues will be disclosed in the Company's Sustainability Report 2019 which will be announced to the SGXNet not later than 31 May 2020.

Stakeholders can know more about the Group's business and governance practices through the Company's corporate website (<http://www.ohldg.com>) and to communicate with the Company through Investor Relations team with their contact details mentioned in the corporate website.

INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved and are conducted at arms' length basis. All interested person transactions are subject to review by the AC.

There are no interested person transactions entered into during FY2019 which exceeded S\$100,000.

The Company does not have a shareholders' mandate for interested person transactions.

SECURITIES TRANSACTIONS

The Group has adopted a Code of Best Practice Guides for Dealings in Securities (the "**Securities Code**") which sets out the policy on dealings in securities of the Company and implications of insider trading.

In line with the Securities Code, Directors, key management personnel and employees of the Group who have access to unpublished price-sensitive and confidential information have been informed not to deal in the securities of the Company, at least two weeks before the release of the quarterly financial results and at least one month before the release of the full-year financial results to the SGX-ST and ending on the date of announcement of the relevant results, or when they are in possession of any unpublished material price-sensitive information.

Directors, key management personnel and employees are also discouraged to deal in the Company's securities on short-term considerations.

REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

MATERIAL CONTRACTS

On 11 December 2018, the Company entered into a loan agreement with Mr Jeffrey Hing Yih Peir, Director and Controlling Shareholder of the Company, for the director's loan to the Company for an amount of up to S\$306,000.

The loan is unsecured, and it carries an interest at the rate 5% per annum on the amount that is disbursed. The loan is repayable when the Company has sufficient working capital.

On 31 December 2018, Mr Jeffrey Hing Yih Peir gave a letter of undertaking to the Company that he would provide further and continuing support to the Company for a total aggregate amount of up to S\$750,000 (inclusive of the S\$306,000) on the same terms and conditions as aforesaid.

Subsequent to the financial year end, the amount due to Mr Hing was settled by the Company on 5 March 2020.

On 23 January 2020, the Company entered into a loan agreement with Mr Zhang Jian, a Controlling Shareholder of the Company, for an amount of S\$1.19 million.

The loan is interest free and shall be fully repayable on the date falling three hundred and ninety-nine (399) days from the date of disbursement by the Lender and shall be repaid by the Company not later than three hundred and ninety-nine (399) days from the date of disbursement by the Lender.

CODE OF BUSINESS CONDUCT

The Directors, officers and employees are required to observe and maintain high standards of integrity, and are in compliance with the law, regulations and the Company's policies.

SPONSORSHIP

Pursuant to Catalist Rule 1204 (21) of the Listing Manual, the Company did not pay any non-sponsor fees to the Company's sponsor, RHT Capital Pte. Ltd.

SUSTAINABILITY REPORT SUMMARY

The Group believes that the management of environmental, social and governance (ESG) factors is crucial in ensuring the sustainability and growth of the business in the long run.

The Group intends to publish its standalone FY2019 Sustainability Report in May 2020. The Sustainability Report comprises information relating to the Group's sustainability approach and governance, the material ESG factors that are relevant to our business and stakeholders, the policies and processes in place to monitor these factors as well as the performance against targets set for each factor.

The Sustainability Report is prepared in line with Catalist Rules – Sustainability Reporting Guide and will be publicly accessible on SGXnet as well as the Group's website.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of OEL (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; 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:

Lam Kwong Fai	(appointed on 15 January 2020)
Zhao Xin	(appointed on 20 January 2020)
Wang Jue	(appointed on 27 February 2020)
Yap Koon Loong	(appointed on 27 February 2020)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year and their interests in the shares of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company in accordance with Section 164 of the Singapore Companies Act, Chapter 50 were as follows:

Name of director and entity in which interests are held	Shareholdings registered in the names of directors		Shareholdings in which directors are deemed to have interests	
	At beginning of year	At end of year	At beginning of year	At end of year
Ordinary shares of the Company				
Jeffrey Hing Yih Peir	33,195,000	–	164,350,000 ⁽¹⁾	–
Renny Yeo Ah Kiang	1,765,000	1,765,000	–	–

(1) 164,350,000 shares were registered in the name of Phillip Securities Pte Ltd.

DIRECTORS' STATEMENT

DIRECTORS' INTEREST IN SHARES AND DEBENTURES (CONTINUED)

The directors holding office as at 21 January 2020 and their interests in the shares of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company in accordance with Section 164 of the Singapore Companies Act, Chapter 50 were as follows:

Name of director and entity in which interests are held	Shareholdings registered in the names of directors		Shareholdings in which directors are deemed to have interests	
	At beginning of year	At	At beginning of year	At
	or date of appointment	21 January 2020	or date of appointment	21 January 2020
Ordinary shares of the Company				
Jeffrey Hing Yih Peir	33,195,000	–	164,350,000 ⁽¹⁾	–
Zhao Xin	13,773,000	13,773,000	–	–
Renny Yeo Ah Kiang	1,765,000	1,765,000	–	–

(1) 164,350,000 shares were registered in the name of Phillip Securities Pte Ltd.

Except as disclosed in this statement, no director who held office at the end of the financial year or at 21 January 2020 had interests in shares, share options, warrants or debentures of the Company, or related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year, or at 21 January 2020.

SHARE OPTIONS

No options to take up unissued shares of the Company or of its subsidiaries were granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries, whether granted before or during the financial year.

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

AUDIT COMMITTEE

The audit committee ("AC") of the Company is chaired by Mr Yap Koon Loong and includes Mr Lam Kwong Fai at the date of this statement. The audit committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the SGX Listing Manual and Code of Corporate Governance including the following:

- Reviewed the audit plans of the external auditors of the Group and the Company, and reviewed the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to external auditors;
- Reviewed the quarterly and annual financial statements and the independent auditors' report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONTINUED)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC noted that there are no non-audit services provided by the external auditor to the Group and is satisfied with the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

AUDITOR

The auditor, PKF-CAP LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Zhao Xin
Director

Yap Koon Loong
Director

Singapore

13 April 2020



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OEL (HOLDINGS) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of OEL (Holdings) Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 31 to 68.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) 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 and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The result of our procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

We have determined the matter described below to be the key audit matter to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OEL (HOLDINGS) 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) (SFRS(I)), 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 consolidated 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OEL (HOLDINGS) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- 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.

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 have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. John Lim Geok Peng.

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore

13 April 2020



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	Group	
		2019 S\$'000	2018 S\$'000
Revenue	4	180	738
Other operating income	5	28	26
Administrative expenses		(440)	(440)
Other operating expenses		(717)	(709)
Finance costs	6	(108)	(29)
Loss before income tax	8	(1,057)	(414)
Income tax credit/(expense)	9	102	(105)
Loss for the year		(955)	(519)
Other comprehensive (loss)/income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Net (loss)/surplus on revaluation of leasehold building	21	(4)	35
Income tax relating to component of other comprehensive income that will not be reclassified subsequently	18	1	(6)
Other comprehensive (loss)/income, net of tax		(3)	29
Total comprehensive loss for the year		(958)	(490)
Loss per share:			
Basic and diluted	10	(0.143 cents)	(0.078 cents)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group		Company	
		2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	7,975	8,317	7,975	8,317
Right-of-use asset	19(a)	7,361	–	7,361	–
Investment in subsidiaries	12	–	–	–	–
Investment in an associate	13	–	–	–	–
Other non-current asset		–	–	26	26
		15,336	8,317	15,362	8,343
CURRENT ASSETS					
Other receivables	14	98	32	102	35
Cash and bank balances	15	3	21	3	21
		101	53	105	56
Total assets		15,437	8,370	15,467	8,399
CURRENT LIABILITIES					
Loans and borrowings	16	1,797	1,200	1,797	1,200
Lease liabilities	19	241	–	241	–
Trade and other payables	17	395	285	394	284
Income tax payable		–	104	–	104
		2,433	1,589	2,432	1,588
NON-CURRENT LIABILITIES					
Lease liabilities	19(b)	7,220	–	7,220	–
Deferred tax liabilities	18	280	281	280	281
		7,500	281	7,500	281
Total liabilities		9,933	1,870	9,932	1,869
Net assets		5,504	6,500	5,535	6,530
EQUITY					
Share capital	20	38,530	38,530	38,530	38,530
Accumulated losses		(40,723)	(39,730)	(40,692)	(39,700)
Foreign currency translation reserve		–	–	–	–
Revaluation reserve	21	7,879	7,882	7,879	7,882
Share issue reserve	22	(182)	(182)	(182)	(182)
Total equity		5,504	6,500	5,535	6,530

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Group	Share capital S\$'000	Accumulated losses S\$'000	Revaluation reserve S\$'000	Share issue reserve S\$'000	Total equity S\$'000
Balance as at 1 January 2018	38,530	(39,141)	7,853	(182)	7,060
Loss for the year	–	(519)	–	–	(519)
<u>Other comprehensive income for the year</u>					
Net surplus on revaluation of leasehold building	–	–	29	–	29
Total comprehensive loss for the year ended 31 December 2018	–	(519)	29	–	(490)
Reclassification to profit or loss on disposal of subsidiary	–	(70)	–	–	(70)
Balance as at 31 December 2018/ 1 January 2019	38,530	(39,730)	7,882	(182)	6,500
Effect on adopting SFRS(I)16	–	(38)	–	–	(38)
Balance as at 1 January 2019 (restated)	38,530	(39,768)	7,882	(182)	6,462
Loss for the year	–	(955)	–	–	(955)
<u>Other comprehensive loss for the year</u>					
Net loss on revaluation of leasehold building	–	–	(3)	–	(3)
Total comprehensive loss for the year ended 31 December 2019	–	(955)	(3)	–	(958)
Balance as at 31 December 2019	38,530	(40,723)	7,879	(182)	5,504
Company	Share capital S\$'000	Accumulated losses S\$'000	Revaluation reserve S\$'000	Share issue reserve S\$'000	Total equity S\$'000
Balance as at 1 January 2018	38,530	(39,113)	7,853	(182)	7,088
Loss for the year	–	(587)	–	–	(587)
<u>Other comprehensive income for the year</u>					
Net surplus on revaluation of leasehold building	–	–	29	–	29
Total comprehensive loss for the year ended 31 December 2018	–	(587)	29	–	(558)
Balance as at 31 December 2018/ 1 January 2019	38,530	(39,700)	7,882	(182)	6,530
Effect on adopting SFRS(I)16	–	(38)	–	–	(38)
Balance as at 1 January 2019 (restated)	38,530	(39,738)	7,882	(182)	6,492
Loss for the year	–	(954)	–	–	(954)
<u>Other comprehensive loss for the year</u>					
Net loss on revaluation of leasehold building	–	–	(3)	–	(3)
Total comprehensive loss for the year ended 31 December 2019	–	(954)	(3)	–	(957)
Balance as at 31 December 2019	38,530	(40,692)	7,879	(182)	5,535

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	Group	
		2019 S\$'000	2018 S\$'000
Cash flows from operating activities			
Loss before tax		(1,057)	(414)
Adjustments for:			
Depreciation of property, plant and equipment	11	339	338
Depreciation of right-of-use asset	19(a)	298	–
Interest expense	6	108	29
Operating cash flow before changes in working capital		(312)	(47)
Changes in working capital:			
Other receivables		(66)	6
Trade and other payables		104	(391)
Cash used in operations		(274)	(432)
Interest paid		(57)	(26)
Income tax paid		(2)	(5)
Net cash used in operating activities		(333)	(463)
Cash flows from financing activities			
Proceeds from bank borrowings		–	250
Repayment of bank borrowings		(100)	(100)
Payment of principal portion of lease liabilities	19(d)	(282)	–
Loan from a director (resigned on 27 February 2020) of the Company		697	50
Net cash generated from financing activities		315	200
Net decrease in cash and cash equivalents		(18)	(263)
Cash and cash equivalents at beginning of the year		21	284
Cash and cash equivalents at end of the year	15	3	21

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. CORPORATE INFORMATION

The Company (Registration No. 198403368H) is incorporated and domiciled in Singapore as a limited liability company and is listed on Catalist, the sponsor-supervised board of Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 8 Temasek Boulevard, #23-02 Suntec Tower Three, Singapore 038988.

The principal activities of the Company are that of an investment holding and property management. The principal activities of the subsidiaries and associates are disclosed in Note 12 and 13 to the financial statements.

On 1 April 2020, the Group has announced the diversification of its existing business of investment holding, property rentals and property management, to include business in the health industry, such as health education business and healthcare business (Note 29(j)).

1.1 Going concern

As at 31 December 2019, the Group and the Company have net current liabilities of S\$2,332,000 and S\$2,327,000 (2018: S\$1,536,000 and S\$1,532,000) respectively. The current liabilities include bank loans of S\$1,050,000 (2018: S\$1,150,000). The Group incurred a loss of S\$955,000 (2018: S\$519,000) during the year. The Group also had a net operating cash outflow of S\$333,000 (2018: S\$463,000) for the financial year ended 31 December 2019. As at 31 December 2019, the Group and the Company had available S\$1,100,000 (2018: S\$1,850,000) of undrawn committed borrowing facilities in respect of which the condition precedent had been met. The facilities are secured by the Group's and the Company's leasehold building which is carried at its revalued amount of S\$7,960,000 (2018: S\$8,300,000) as at 31 December 2019.

The financial statements have been prepared on a going concern basis as the Group has entered into a loan agreement with a controlling shareholder of the Group on 23 January 2020 for an interest-free loan of S\$1,190,000, repayable on 24 February 2021. The Group has fully repaid the existing bank loan on 24 January 2020. In addition, the Company propose to issue and allotment of (a) up to 142,999,000 new ordinary shares in the capital of the Company at the issue price of S\$0.027 per placement share and (b) up to 142,999,000 non-listed non transferrable warrants carrying the right to subscribe for 1 new ordinary share each in the capital of the Company at the exercise price of S\$0.027 per new share.

Based on the foregoing, the management is of the opinion that the Group is able to operate as a going concern and able to meet its obligations as and when they fall due and the Group's working capital is sufficient to meet its present requirement and for the next twelve months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or S\$), which is the functional currency of the Group and Company. All values in the tables are rounded to nearest thousand (S\$'000), except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of SFRS(I) 16 Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Company.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases-Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17 Leases. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application.

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	Increase
	S\$'000
Right-of-use asset	7,192
Lease liabilities	7,230
Accumulated losses	38

The Group has a lease contract for a land. Before the adoption of SFRS(I) 16, the Group classified its lease (as lessee) at the inception date as an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.8.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.8. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended standards and interpretations (Continued)

SFRS(I) 16 Leases (Continued)

(a) *Leases previously classified as finance leases*

The Group did not have any lease previously classified as finance lease.

(b) *Leases previously accounted for as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- right-of-use assets of S\$7,192,000 were recognised and presented separately in the statement of financial position;
- lease liabilities of S\$7,230,000 were recognised and presented separately in the statement of financial position;
- the net effect of these adjustments of S\$38,000 had been adjusted to accumulated losses. Comparative information is not restated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended standards and interpretations (Continued)

SFRS(I) 16 Leases (Continued)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	S\$'000
Operating lease commitments as at 31 December 2018	6,838
Weighted average incremental borrowing rate as at 1 January 2019	<u>3.10%</u>
Discounted operating lease commitments as at 1 January 2019	4,059
Add:	
Adjustment on lease payments based on letter from JTC	<u>3,171</u>
Lease liabilities as at 1 January 2019	<u>7,230</u>

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(a) *Basis of consolidation (Continued)*

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest (if any) even if that results in a deficit balance.

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency transactions

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting year are recognised in profit or loss.

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

Rental income

Rental income arising from operating leases on non-current asset is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.7 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Employee benefits (Continued)

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and re-measurement of the liability are recognised in profit or loss.

2.8 Leases

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 January 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.13.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

*These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 January 2019:
(Continued)*

(a) *As lessee (Continued)*

Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income arising from operating leases on the Company's leasehold building is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

These accounting policies were applied before the initial application date of SFRS(I) 16, 1 January 2019:

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

*These accounting policies were applied before the initial application date of SFRS(I) 16, 1 January 2019:
(Continued)*

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income arising from operating leases on the Company's leasehold building is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.9 Income taxes

Income tax expense represents the sum of the current tax and deferred tax liabilities in respect of the current financial year.

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Income taxes (Continued)

(ii) Deferred income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(iii) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than leasehold building are measured at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold building is measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis to write off the cost of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Useful lives
Leasehold building	30 years
Plant and equipment	3 to 10 years

Repair and maintenance expenses are taken to profit or loss during the financial year in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company, and depreciated over the remaining useful life of the asset.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal is determined by comparing proceeds with the carrying amount and is included in profit or loss from operations. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investment in subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

2.14 Financial instrument

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instrument (Continued)

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.15 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.17 Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.19 Borrowing cost

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.20 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(i) *Use of going concern assumption in the preparation of financial statements*

The use of going concern assumption in the preparation of the financial statements is discussed in Note 1.1 to the financial statements.

3.2 Key sources of estimation uncertainty

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

(i) *Valuation of leasehold building*

As described in Note 2.10, the Group's leasehold building is stated at its revalued amount. The valuation exercise involves judgement in determining appropriate valuation methodologies to be used, and is a source of estimation uncertainty due to the use of assumptions and unobservable inputs. Details are disclosed in Note 12 to the financial statements.

The estimated values may differ from the prices at which the Group's asset could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates, such as overall market conditions, require an assessment of factors not within management's control. As a result, actual results of operations and realisation of net assets in the future could differ from the estimates set forth in these financial statements. The carrying value of leasehold building is disclosed in Note 12 to the financial statements.

(ii) *Leases – estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using the effective interest rate of bank loan with charge on the leasehold land secured from a bank in previous years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. REVENUE

	Group	
	2019 S\$'000	2018 S\$'000
Rental income – satisfied over-time	180	738

5. OTHER OPERATING INCOME

	Group	
	2019 S\$'000	2018 S\$'000
Administrative and management income	27	25
Others	1	1
	28	26

6. FINANCE COSTS

	Group	
	2019 S\$'000	2018 S\$'000
Interest expense on:		
– Loan and borrowings	62	29
– Lease liabilities (Note 19(c))	46	–
	108	29

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2019 S\$'000	2018 S\$'000
Salaries and wages (including director)	138	163
Defined contribution plans	17	18
Short-term employee benefits	6	–
	161	181

The above employee benefits expense includes compensation payable to key management personnel as disclosed in Note 23 to the financial statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

8. LOSS BEFORE INCOME TAX

Loss before income tax is determined after charging/(crediting) of the following:

	Group	
	2019 S\$'000	2018 S\$'000
Directors' fee	45	60
Depreciation of property, plant and equipment (Note 11)	339	338
Depreciation of right-of-use asset (Note 19(c))	298	–
Employee benefits expense (Note 7)	161	181
Impairment loss reversed on trade receivables	–	(32)
Land lease	–	277
Property tax	65	58
Sublet consent fee	22	29
Audit fees:		
Paid to auditor of the Company		
– for current year's audit	27	29
– adjustment in respect of prior year	–	3
	<u> </u>	<u> </u>

9. INCOME TAX (CREDIT)/EXPENSE

The major components of income tax (credit)/expense for the years ended 31 December 2019 and 2018 are:

	Group	
	2019 S\$'000	2018 S\$'000
Current income tax:		
(Over)/under provision in respect of previous years	(102)	105
	<u> </u>	<u> </u>

The tax (credit)/expense on the loss of the financial year varies from the amount of tax credit determined by applying the Singapore Statutory rate of income tax on the Group's losses as a result of the followings:

	Group	
	2019 S\$'000	2018 S\$'000
Loss before income tax	<u>(1,057)</u>	<u>(414)</u>
Tax credit calculated at tax rate of 17% (2018: 17%)	(180)	(70)
Non-deductible expenses	180	71
Under/(over) provision in respect of previous years	(102)	105
Singapore statutory stepped income exemption	–	(1)
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

10. LOSS PER SHARE

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

Diluted loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent (after adjusting for interest on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share calculations:

	Group	
	2019 S\$'000	2018 S\$'000
Loss for the year, used in the computation of basic and diluted loss per share	<u>(955)</u>	<u>(519)</u>
	No of shares 2019	No of shares 2018
Weighted average number of ordinary shares, used in the computation of basic and diluted loss per share	<u>668,266,667</u>	<u>668,266,667</u>

11. PROPERTY, PLANT AND EQUIPMENT

Group and Company	Leasehold Building S\$'000 <i>At valuation</i>	Plant and Equipment S\$'000 <i>At cost</i>	Total S\$'000
<u>At cost or valuation</u>			
As at 1 January 2018	10,272	81	10,353
Revaluation	44	–	44
As at 31 December 2018	10,316	81	10,397
Revaluation	(4)	–	(4)
As at 31 December 2019	<u>10,312</u>	<u>81</u>	<u>10,393</u>
<u>Accumulated depreciation</u>			
As at 1 January 2018	1,672	61	1,733
Charge during the year	335	3	338
Revaluation	9	–	9
As at 31 December 2018	2,016	64	2,080
Charge during the year	337	2	339
Revaluation	(1)	–	(1)
As at 31 December 2019	<u>2,352</u>	<u>66</u>	<u>2,418</u>
<u>Net book value</u>			
As at 31 December 2018	8,300	17	8,317
As at 31 December 2019	<u>7,960</u>	<u>15</u>	<u>7,975</u>

During the year ended 31 December 2019 and 2018, the warehouse located on the ground floor, part of the second floor, and the third floor of the building were leased out under an operating lease (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluation of leasehold building

The Group engaged Asian Appraisal Company Pte. Ltd., an independent valuer to determine the fair value of the leasehold building. The date of the revaluation was 9 January 2020 (2018: 7 January 2019). Details of valuation techniques and inputs used are disclosed in Note 25.

If the leasehold building was measured using the cost model, the carrying amounts would be as follows:

	Group and Company	
	2019 S\$'000	2018 S\$'000
Leasehold building:		
– Cost	3,334	3,334
– Accumulated depreciation	2,808	2,786
– Net carrying amount	526	548

Assets pledged as security

The Group's leasehold building with a carrying amount of \$7,960,000 (2018: \$8,300,000) is mortgaged to secure the Group's bank loans.

12. INVESTMENT IN SUBSIDIARIES

Company	2019 S\$'000	2018 S\$'000
Unquoted equity shares, at cost	5,000	5,000
Less: Impairment loss	(5,000)	(5,000)
Balance as at end of the year	–*	–*

* Balance represents the Company's investment in Yahweh China Pte. Ltd. of SGD100.

The Company's investment in OSEC Shipyard Pte. Ltd. had been fully impaired.

The details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective interest of the Company		Principal activities
		2019	2018	
<i>Held by the Company</i>				
Yahweh China Pte. Ltd. ¹	Singapore	100%	100%	Investment holding
OSEC Shipyard Pte. Ltd. ²	Singapore	100%	100%	Ship repairs
<i>Held through OSEC Shipyard Pte. Ltd.</i>				
OSC Co., Ltd. ³	Thailand	100%	100%	Ship repairs

1 Dormant subsidiary and not audited as insignificant

2 Not audited as the entity has been placed under liquidation in 2017

3 Not audited as the entity's immediate parent has been placed under liquidation in 2017

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. INVESTMENT IN ASSOCIATE

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Unquoted equity shares, at cost	36	36	36	36
Share of post-acquisition losses	(36)	(36)	-	-
Less: Impairment loss	-	-	(36)	(36)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of the associate are as follows:

Name of associate	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activities
		2019 %	2018 %	
OCT Co., Ltd.	Thailand	49	49	Providing construction and repair services for marine vessels. Inactive in 2017.

The Group has fully impaired its investment in the associate and has not recognised further share of the associate's cumulative losses. The associate's accounts have not been audited since the financial year ended 31 December 2012.

Access to the associate was restrictive during the financial year ended 31 December 2019. Management exercised judgement that the recoverable amounts of the associate's assets, if any, will be used to fulfil the associate's obligations to third party creditors first. Management is satisfied that the carrying amount of the investment in associate as at 31 December 2019 is appropriate.

A legal claim was made against the associate in 2015 and remains ongoing as at 31 December 2019. No guarantees had been issued in respect of the associate and the Group has no other commitments in relation to the associate, hence no provision is recorded in these financial statements.

On 12 April 2020, the Group has entered into a Share Purchase Agreement with a purchaser to sell 49.0% of the issued and paid-up capital of OCT Co., Ltd, an associate of the Group ("Proposed Disposal"). The aggregate consideration payable by the purchaser for the Proposed Disposal is S\$1. The condition precedent is yet to be completed at the date of this statement (Note 29(l)).

14. OTHER RECEIVABLES

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Other receivables	71	22	75	25
Prepayment	27	10	27	10
	<u>98</u>	<u>32</u>	<u>102</u>	<u>35</u>

Other receivables are non-interest bearing and repayable on demand. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

No allowance has been recognised on other receivables as they are not past due nor impaired and the directors are in the view that these receivables are recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15. CASH AND BANK BALANCES

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Cash on hand	-	-	-	-
Cash at bank	3	21	3	21
Cash and bank balances	3	21	3	21
Add: Other receivables (Note 14)	71	22	75	25
Total financial asset carried at amortised cost	74	43	78	46

The carrying amounts of the cash and bank balances approximate their fair values.

16. LOANS AND BORROWINGS

	Group and Company	
	2019 S\$'000	2018 S\$'000
Current		
Short term bank loans ⁽ⁱ⁾	1,050	1,150
Loan from director ⁽ⁱⁱ⁾	747	50
	1,797	1,200

(i) Short term bank loans

The loans are secured by a charge over the Group's leasehold building (Note 11). The loans are arranged at fixed interest rates that ranged from 3.26 % to 3.92% (2018: 3.26% to 3.74%) per annum with repayment terms of 6 months (2018: 6 months). As at 31 December 2019, the Group and the Company had available S\$1,100,000 (2018: S\$1,850,000) of undrawn committed borrowing facilities in respect of which the condition precedent had been met. The Company has fully repaid the existing bank loan of S\$1,050,000 on 24 January 2020.

(ii) Loan from a director (resigned on 27 February 2020)

This loan is unsecured and bears interest rate at 5% (2018: 5%) per annum.

Management is of the view that the carrying amount of the loans approximate their fair value due to relatively short term maturity of the loans.

The Company has fully settled the loan via cash payment of S\$606,000 and waiver of the remaining balance on 5 March 2020 (Note 29(h)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16. LOANS AND BORROWINGS (CONTINUED)

A reconciliation of liabilities arising from financing activities is as follows:

	1 January 2019 S\$'000	Cash flows S\$'000	Non-cash changes		31 December 2019 S\$'000
			Accretion of interests S\$'000	Other S\$'000	
Liabilities					
Lease liabilities					
– current	236	(282)	46	241	241
– non-current	6,994	–	–	226	7,220
Short term bank loans	1,150	(100)	–	–	1,050
Loan from director	50	697	–	–	747
	8,430	315	46	467	9,258

	1 January 2018 S\$'000	Cash flows S\$'000	Non-cash changes		31 December 2018 S\$'000
			Accretion of interests S\$'000	Other S\$'000	
Liabilities					
Short term bank loans	1,000	150	–	–	1,150
Loan from director	–	50	–	–	50
	1,000	200	–	–	1,200

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
<u>Trade payables</u>				
Third parties	121	119	121	119
<u>Other payables</u>				
Accrued operating expenses	184	57	184	56
Other payables	33	38	33	38
Rental deposits	19	37	19	37
Related party	38	34	37	34
	274	166	273	165
Total trade and other payables	395	285	394	284
Add: Loans and borrowings (Note 16)	1,797	1,200	1,797	1,200
Add: Lease liabilities (Note 19(b))	7,461	–	7,461	–
Total financial liabilities carried at amortised cost	9,653	1,485	9,652	1,484

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

17. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables

These amounts are unsecured, non-interest bearing and are normally settled on 60 days term. The carrying amount of trade and other payables approximate its fair value at the end of reporting date.

18. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at 31 December relate to the following:

	Group and Company	
	2019 S\$'000	2018 S\$'000
Deferred tax liabilities		
Balance at beginning of the year	281	275
Deferred tax arising from revaluation of property	(1)	6
Balance at the end of the year	<u>280</u>	<u>281</u>

The deferred tax liabilities represent mainly the tax effects of accelerated tax depreciation.

19. LEASES

Group as a lessee

The Group has a lease contract for leasehold land, used in its operations. The lease has a lease term of 30 years. The Group's obligations under its lease are secured by the lessor's title to the leased asset. The Group is restricted from assigning and subleasing the leased assets. The lease contract does not include extension option and there is no externally imposed covenant on the lease arrangement.

- (a) Right-of-use asset

	Group and Company
	2019 S\$'000
At 1 January	7,192
Additions	467
Depreciation	(298)
At 31 December	<u>7,361</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

19. LEASES (CONTINUED)

Group as a lessee (Continued)

(b) Lease liabilities

	Group and Company
	2019
	S\$'000
At 1 January	7,230
Additions	467
Accretion of interests	46
Payments	(282)
At 31 December	<u>7,461</u>
Current	241
Non-current	<u>7,220</u>
	<u>7,461</u>

Maturity analysis of lease liabilities:

	2019				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Lease liabilities	<u>7,461</u>	<u>13,804</u>	<u>298</u>	<u>1,364</u>	<u>12,142</u>

(c) Amounts recognised in profit or loss

	Group and Company
	2019
	S\$'000
Depreciation of right-of-use assets (Note 8)	298
Interest expense on lease liabilities (Note 6)	46
Total amount recognised in profit or loss	<u>344</u>

(d) Total cash outflow

The Company had total cash outflows for leases of S\$282,000 in 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

19. LEASES (CONTINUED)

Group as a lessor

The Group rents out its leasehold building in Singapore under an operating lease. Property rental income earned during the year was S\$180,000 (2018: S\$738,000).

Rental income from leasehold building is disclosed in Note 4.

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

	Group and Company	
	2019 S\$'000	2018 S\$'000
Not later than one year	<u>19,000</u>	<u>–</u>

20. SHARE CAPITAL

	Group and Company			
	2019	2018	2019	2018
	Number of shares		S\$'000	S\$'000
Issued and fully paid				
Ordinary shares:				
At 1 January and 31 December	<u>668,266,667</u>	<u>668,266,667</u>	<u>38,530</u>	<u>38,530</u>

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

21. REVALUATION RESERVE

The asset revaluation reserve represents increases in the fair value of leasehold building, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

Where revalued property is sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings. The revaluation reserves are not available for distribution to the Company's shareholders.

22. SHARE ISSUE RESERVE

Share issue reserve represents the costs incurred in relation to the shares issued by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

23. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions between the Group and its related parties during the financial year on terms agreed between the parties concerned:

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
<u>Companies in which the Company's directors and key management personnel have a financial interest</u>				
Fees paid to companies in which the Company's directors have a financial interest	-	2	-	2
Fees paid to company in which the Company's key management personnel has a financial interest	30	62	30	62

The key management personnel includes the directors and those persons having authority and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly. The remuneration paid to directors and other members of key management for the financial year is as shown below.

	Group		Company	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Short-term benefits	159	195	159	195
Post-employment benefits	13	13	13	13
	172	208	172	208

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

24. COMMITMENT

(a) Operating lease commitment – as lessee

The Group is required to pay JTC Corporation (“JTC”) annual land rent in respect of its leasehold building (Note 11). The leases do not include contingent rental and are fixed for a term of 30 years.

The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreement limits any increase in the annual land rent from year to year to 5.5% (2018: 5%) of the annual land rent for the immediate preceding year.

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

	Group and Company 2018 S\$'000
Not later than one year	277
Later than one year but not later than five years	1,386
Later than five years	5,175
	<u>6,838</u>

The lease payment is subject to escalation adjustments from time to time and the above future lease payment has been computed based on the last escalation adjustment.

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 January 2019. The commitment has been recognised as right-of-use asset and lease liabilities on the statement of financial position as at 31 December 2019.

25. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

25. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group	
	2019 S\$'000	2018 S\$'000
Fair value measurements at the end of the reporting period using significant unobservable inputs (Level 3)		
Assets measured at fair value		
Non-financial assets		
Leasehold building (Note 11)	7,960	8,300

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value as at 31 December 2019 S\$'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Property, plant and equipment				
<i>Leasehold building</i>	7,960	Combination of: (i) Market comparable approach (ii) Income approach	(i) Yield adjustments based on management's assumptions* (ii) Weighted average cost of capital	(i) 2% to 15% (ii) 6%
<hr/>				
Description	Fair value as at 31 December 2018 S\$'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Property, plant and equipment				
<i>Leasehold building</i>	8,300	Combination of: (i) Market comparable approach (ii) Income approach	(i) Yield adjustments based on management's assumptions* (ii) Weighted average cost of capital	(i) 2% to 25% (ii) 6%

* The yield adjustments for market comparable approach are made for any difference in the type, size, location and condition of the specific property.

For leasehold building, a significant increase (decrease) in yield adjustments based on management's assumptions would result in a significantly lower (higher) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

25. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 3 fair value measurements (Continued)

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

The following table presents the reconciliation for leasehold building measured at fair value based on significant unobservable inputs (Level 3):

	Group	
	2019 S\$'000	2018 S\$'000
Total gains and losses for the period included in Other comprehensive income:		
– Net (loss)/surplus on revaluation	(3)	29

(iii) *Valuation policies and procedures*

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. The board of directors reviews and agrees on policies and procedures for the management of these risks. It is, and has been, throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Foreign currency risk

The Group and the Company do not have any significant foreign currency denominated financial instruments.

Management does not expect changes in foreign exchange rates to have significant impact on the Group's profit/loss before tax from continuing operations as all of the financial assets and financial liabilities are denominated in Singapore Dollar.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to minimise interest rate risk exposures while obtaining sufficient funds for business expansion and working capital needs. To achieve this, the Group regularly assesses and monitors its cash with reference to its business plans and day-to-day operations.

Sensitivity analysis for changes in interest rate is not disclosed as the effect on profit or loss is not considered to be significant.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposures to its counterparties are continuously monitored. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management on an on-going basis.

As of 31 December 2019 and 31 December 2018, the Group and the Company do not have any significant concentration of credit risk to any counterparty. Cash balances are held with reputable financial institutions.

(iv) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group is unable to generate sufficient cash flows from the rental of property to finance operating costs, interest payments and bank loans repayments. Notwithstanding these conditions, the financial statements have been prepared on a going concern on the basis that the Group has entered into a loan agreement with a controlling shareholder of the Group on 23 January 2020 for an interest-free loan of S\$1,190,000, repayable on 24 February 2021. The Group has fully repaid the existing bank loan on 24 January 2020. In addition, the Company propose to issue and allotment of (a) up to 142,999,000 new ordinary shares in the capital of the Company at the issue price of S\$0.027 per placement share and (b) up to 142,999,000 non-listed non transferrable warrants carrying the right to subscribe for 1 new ordinary share each in the capital of the Company at the exercise price of S\$0.027 per new share.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Liquidity risk (Continued)

Based on the foregoing, the management is of the opinion that the Group is able to operate as a going concern and able to meet its obligations as and when they fall due and the Group's working capital is sufficient to meet its present requirement and for the next twelve months.

All financial assets and liabilities are repayable on demand or within 12 months from the end of the reporting period, except for lease liabilities. The maturity analysis of lease liabilities is disclosed in Note 19.

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

28. SEGMENT INFORMATION

(a) Products and services from which reportable segments derive their revenues

The Group operates in a single segment which mainly involve the rental of a property.

Segment revenue represents revenue generated from external customers. Segment results represent the profit earned by each segment without allocation of interest income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

(b) Segment revenues and results

The Group's continuing operations during the year ended 31 December 2019 and 31 December 2018 relate to the rental of a property.

There were no inter-segment sales during the years ended 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

28. SEGMENT INFORMATION (CONTINUED)

(c) Segment assets and liabilities (Continued)

In 2019 and 2018, all assets and liabilities are allocated to reportable segments.

	Rental of property S\$'000
<u>31 December 2019</u>	
Assets	
Segment assets	<u>15,437</u>
Liabilities	
Segment liabilities	<u>9,933</u>
Other information	
Depreciation	637
<u>31 December 2018</u>	
Assets	
Segment assets	<u>8,370</u>
Liabilities	
Segment liabilities	<u>1,870</u>
Other information	
Depreciation	338

(d) Geographical and major customer information

The Group's revenue is derived from property rental, which operates in Singapore. Property rental revenue in 2019 and in 2018 was earned from two customers.

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 23 January 2020, the Company entered into a loan agreement with a controlling shareholder of the Company ("shareholder's loan") pursuant to which the shareholder has agreed to provide the Company an interest-free loan of S\$1,190,000. The loan is repayable on 24 February 2021. The Company has fully repaid the existing bank loan of S\$1,050,000 on 24 January 2020.
- (b) On 12 February 2020, the Company proposed to issue and allot (a) up to 142,999,000 new ordinary shares in the capital of the Company at the issue price of S\$0.027 per placement share and (b) up to 142,999,000 non-listed non transferrable warrants carrying the right to subscribe for 1 new ordinary share each in the capital of the Company at the exercise price of S\$0.027 per new share ("Proposed Placement").
- (c) On 18 February 2020, the Company has received cash amounting to S\$1,565,649 from the subscribers, which represent partial payment of the Proposed Placement. Such payment from subscribers shall, prior to the completion of Proposed Placement, constitute a loan to the Company on terms that the loan shall be unsecured and shall carry no interest.
- (d) On 18 February 2020, the wholly-owned subsidiary of the Company, Yahweh China Pte. Ltd. has changed its name to AJJ Health Care Management Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

- (e) On 1 March 2020, the Company has entered into a Sale and Purchase Agreement with a seller to acquire 100% of the issued and paid-up share capital of a company operating a preschool in Singapore, namely Discovery Kidz Preschool Pte. Ltd (“Proposed Acquisition”). The aggregate consideration payable by the Company for the Proposed Acquisition is S\$416,000. The condition precedent is yet to be completed at the date of this statement.
- (f) On 2 March 2020, the Company has partially repaid the shareholder’s loan amounting to S\$400,000.
- (g) On 4 March 2020, the Company has incorporated the following wholly owned subsidiaries:

Name of subsidiary	Country of incorporation	Initial issued and paid up share capital	Principal activities
W Property Management Pte. Ltd.*	Singapore	S\$1.00	Real estate leasing and real estate management
Alice Health Child Care Pte. Ltd.*	Singapore	S\$1.00	Early childhood childcare and health education business

* Dormant subsidiaries at the date of this statement.

- (h) On 5 March 2020, the Company has fully settled the loan from a director (resigned on 27 February 2020) amounted to S\$747,000 via cash payment of S\$606,000 and waiver of the remaining balance.
- (i) On 10 March 2020, the Company has entered into a non-binding Memorandum of Understanding with Shanghai Longjian Hospital Management Co., Ltd. (“Shanghai Longjian”) in relation to the proposed acquisition of 51% shareholdings in Shanghai Longjian through the Company’s wholly-owned subsidiary, AJJ Health Care Management Pte. Ltd. Founded in Shanghai, China on 25 March 2019, Shanghai Longjian is in the business of hospital management, medical technology, biotechnology technology development and health management consulting. The proposed acquisition is subject to the negotiation and execution of the definitive agreement. The final aggregate value of the consideration of Shanghai Longjian would be disclosed upon entry of the definitive agreement.
- (j) On 1 April 2020, the Group has announced the diversification of its existing business of investment holding, property rentals and property management, to include business in the health industry, such as health education business and healthcare business.
- (k) The COVID-19 outbreak which started in early 2020 was declared on 30 January 2020 as a Public Health Emergency of International Concern. COVID-19 continues to cause major damage to economies across the world as of the date of approval of these financial statements by the directors. It is currently difficult to predict the magnitude of the impact on the global economy and consumer sentiment as the tenure and severity of the virus is still unknown. The Group will continue to monitor the impact of the virus outbreak as part of its risk management activities.
- (l) On 12 April 2020, the Group has entered into a Share Purchase Agreement with a purchaser to sell 49.0% of the issued and paid-up capital of OCT Co., Ltd, an associate of the Group (“Proposed Disposal”). The aggregate consideration payable by the purchaser for the Proposed Disposal is S\$1. The condition precedent is yet to be completed at the date of this statement.

30. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the board of directors on 13 April 2020.

SHAREHOLDERS' INFORMATION

As at 19 March 2020

Class of Shares	: Ordinary Shares
Number of Issued and Paid-up Shares (excluding Treasury Shares)	: 668,266,667
Voting Rights	: One vote per ordinary share
Treasury Shares	: Nil
Subsidiary Holdings	: Nil

STATISTICS OF SHAREHOLDINGS AS AT 19 MARCH 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 – 99	2	0.07	12	0.00
100 – 1,000	294	10.15	284,157	0.04
1,001 – 10,000	862	29.75	4,937,300	0.74
10,001 – 1,000,000	1,669	57.61	211,338,011	31.63
1,000,001 and above	70	2.42	451,707,187	67.59
	2,897	100.00	668,266,667	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2020

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest		Total	
	Number of Shares	%	Number of Shares	%	number of Shares	Total %
Zhang Jian	138,331,000	20.70	–	–	138,331,000	20.70

SHAREHOLDERS' INFORMATION

As at 19 March 2020

TWENTY LARGEST SHAREHOLDERS AS AT 19 MARCH 2020

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	ZHANG JIAN	138,331,000	20.70
2	PHILLIP SECURITIES PTE LTD	30,464,100	4.56
3	LIU YUNHUA	19,397,000	2.90
4	LOW BENG TIN	18,750,654	2.81
5	DBS NOMINEES PTE LTD	16,739,300	2.50
6	ZHAO XIN	13,773,000	2.06
7	WANG JUE	13,365,000	2.00
8	HSBC (SINGAPORE) NOMINEES PTE LTD	12,646,600	1.89
9	OCBC SECURITIES PRIVATE LTD	12,089,500	1.81
10	MAYBANK KIM ENG SECURITIES PTE. LTD	10,780,653	1.61
11	DENG RONG	10,692,000	1.60
12	QUAK CHOON CHAI (GUO JUNCAI)	10,692,000	1.60
13	SHIE YONG FAH	10,100,000	1.51
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,928,000	1.49
15	UOB KAY HIAN PTE LTD	7,672,800	1.15
16	ANG AH LEK @AN AH LEK	6,000,000	0.90
17	MAURICE NG WEI CHUAN	5,900,000	0.88
18	LIM MOOI NGO	5,000,000	0.75
19	YEO LAY MAY	4,700,000	0.70
20	KOH YEW CHOO	4,218,000	0.63
	TOTAL	361,239,607	54.05

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

To the best knowledge of the Company, the percentage of shareholding held in the hands of public as at 19 March 2020 is approximately 75.24% of the total issued shares, excluding treasury shares and subsidiary holdings. Therefore, the Company complies with Rule 723 of the Catalyst Rules.

TREASURY SHARES AND SUBSIDIARY HOLDINGS

The Company does not have any treasury shares or subsidiary holdings.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(5) of the Catalist Rules, the following is the information relating to the Directors seeking re-appointment (as set out in Appendix 7F to the Catalist Rules) –

Name of Person	Lam Kwong Fai	Zhao Xin	Yap Koon Loong	Wang Jue
Date of Appointment	15 January 2020	20 January 2020	27 February 2020	27 February 2020
Date of last re-appointment (if applicable)	N.A.	N.A.	N.A.	N.A.
Age	41	30	50	37
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, working experiences, contribution, performance, attendance, preparedness, participation, candour and suitability of Mr Lam for re-election as an Independent Director of the Company and concluded that Mr Lam possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p> <p>The Board considers Mr Lam to be independent for the purpose of Rule 704(7) of the Catalist Rules.</p>	<p>The Board has considered, among others, the recommendation of the NC and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Ms Zhao for re-election as the CEO and Executive Director of the Company and concluded that Ms Zhao possess the experience, expertise knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, working experiences, contribution, performance, attendance, preparedness, participation, candour and suitability of Mr Yap for re-election as an Independent Director of the Company and concluded that Mr Yap possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p> <p>The Board considers Mr Yap to be independent for the purpose of Rule 704(7) of the Catalist Rules.</p>	<p>The Board has considered, among others, the recommendation of the NC and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Ms Wang for re-election as the Executive Director of the Company and concluded that Ms Wang possess the experience, expertise knowledge and skills to contribute towards the core competencies of the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Executive, General management, overall strategic planning and direction of the Group	Non-executive	Executive, responsible for mergers and acquisitions

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Lam Kwong Fai	Zhao Xin	Yap Koon Loong	Wang Jue
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, NC Chairman, AC and RC member	CEO and Executive Director	Independent Director, AC Chairman, RC Chairman and NC member	Executive Director
Professional qualifications	Bachelor of Accountancy, Nanyang Technological University	(i) Master of Social Sciences (China and Global Governance), Nanyang Technological University (ii) Master of Science with Merit in Professional Accountancy, University of London (iii) Bachelor of Science in Finance and Accounting Management, Northeastern University	(i) Master of Business in Professional Accounting, Victoria University of Technology (ii) Associate member of ASCPA	(i) Bachelor in Business Marketing and Administrative, Inter-American University of Puerto Rico (ii) Bachelor in Electrical and Electronic Engineering, Nanyang Technology University
Working experience and occupation(s) during the past 10 years	(i) October 2019 to present – Independent Director, China Kunda Technology Holdings Limited (ii) July 2019 to present – Chief Executive Officer, Crowe Horwath Capital Pte Ltd (iii) July 2019 to present – Independent Director, D'Nonce Technology Bhd (iv) October 2017 to present – Independent Director, Pan Asian Holdings Limited	(i) March 2018 to January 2020 – Eminence Investment Pte Ltd (ii) July 2014 to December 2017 – Manuli Fluiconneto Pte Ltd	(i) June 2019 – present Chief Financial Officer, Chongqing Yuhai Precision Manufacturing Co., Ltd (ii) October 2016 – June 2018 Chief Financial Officer, Crosspoint Telecom Pte. Ltd. (iii) April 2015 – October 2016 Finance Director, Astaka Holdings Limited (iv) August 2014 – March 2015 Chief Financial Officer, Blackco Group Pte. Ltd.	(i) 2012 to Present – Director, HS International Pte. Ltd. (ii) 2009 to Present – Director, Top Asia CEO Pte. Ltd.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Lam Kwong Fai	Zhao Xin	Yap Koon Loong	Wang Jue
	(v) June 2017 to July 2019 – Chief Executive Officer, 3 Peaks Capital Private Limited (vi) July 2015 to June 2019 – Independent Director, Medtecs International Corporation Limited (vii) July 2014 to July 2017 – Associate Director, Continuing Sponsorship, PrimePartners Corporate Finance Pte Ltd (viii) April 2012 to June 2014 – Director, CNP Compliance Pte Ltd (ix) July 2011 to March 2012 – Registered Professional, KW Capital (x) April 2009 to June 2011 – Compliance Officer, KW Capital		(v) May 2011 – December 2013 Chief Financial Officer, P99 Holdings Ltd (f.k.a China Fashion Holdings Limited) (vi) June 2010 – April 2011 Chief Financial Officer, Renewable Energy Asia Group Ltd (vii) November 2009 – June 2010 Deputy Director of Finance, Excelpoint Technology Ltd	
Shareholding interest in the listed issuer and its subsidiaries	No	13,773,000 ordinary shares	No	13,365,000 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Business relationship with the substantial shareholder, Dr Zhang Jian. Ms Zhao holds 9.99% shares in Eminence Investment Pte Ltd and Dr Zhang holds 70.01% shares. Dr Zhang is the CEO of Eminence Investment Pte Ltd.	Nil	Nil

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Lam Kwong Fai	Zhao Xin	Yap Koon Loong	Wang Jue
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#				
* "Principal Commitments" has the same meaning as defined in the Code.				
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).				
Past (for the last 5 years)	<ol style="list-style-type: none"> 1. Medtecs International Corporation Limited 2. Medtecs (Asia Pacific) Pte Ltd 	Eminence Investment Pte Ltd	<ol style="list-style-type: none"> 1. Crosspoint Telecom Pte. Ltd. 2. Astaka Holdings Limited 3. Blackco Group Pte Ltd 	Nil
Present	<ol style="list-style-type: none"> 1. Chief Executive Officer of Crowe Horwath Capital Pte Ltd 2. Independent Director of Pan Asian Holdings Limited 3. Independent Director of D'Nonce Technology Bhd 4. Independent Director of China Kunda Technology Holdings Limited 	Nil	<ol style="list-style-type: none"> 1. Chief Financial Officer of Chongqing Yuhai Precision Manufacturing Co., Ltd 2. Director of Chongqing Yuhai Precision Manufacturing (Singapore) Co. Pte. Ltd. 3. Director of FFC Alliance Pte. Ltd. 	<ol style="list-style-type: none"> 1. Non-Executive Director of HS International Pte. Ltd. 2. Non-Executive Director of Top Asia CEO Pte. Ltd. 3. Director of Star Oxford (Toa Payoh) Pte. Ltd. 4. Director of Imperial Onyx Capital Pte. Ltd. 5. Director of Indulgence Loyalty Pte. Ltd. 6. Director of AJJ Health Care Management Pte. Ltd. 7. Director of Star Oxford International Education Hub Pte. Ltd.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Lam Kwong Fai	Zhao Xin	Yap Koon Loong	Wang Jue
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Lam Kwong Fai	Zhao Xin	Yap Koon Loong	Wang Jue
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Lam Kwong Fai	Zhao Xin	Yap Koon Loong	Wang Jue
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Lam Kwong Fai	Zhao Xin	Yap Koon Loong	Wang Jue
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–				
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Lam Kwong Fai	Zhao Xin	Yap Koon Loong	Wang Jue
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Lam Kwong Fai	Zhao Xin	Yap Koon Loong	Wang Jue
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No
Disclosure applicable to the appointment of Director only.				
Any prior experience as a director of an issuer listed on the Exchange?	This relates to re-appointment of Director.			
If yes, please provide details of prior experience	N.A.	N.A.	N.A.	N.A.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange	N.A.	N.A.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	N.A.	N.A.	N.A.	N.A.

SUMMARY OF PROPOSED RESOLUTIONS FOR THE FORTHCOMING ANNUAL GENERAL MEETING

As announced by OEL (Holdings) Limited (“**Company**”) on 8 April 2020, the Company is deferring the holding of the annual general meeting (“**AGM**”) for the financial year ended 31 December 2019 (“**FY2019**”). Accordingly, this Annual Report does not contain the notice of AGM and the proxy form. The Company will release announcement(s) via SGXNet on any further updates in respect of the AGM FY2019, and the notice of AGM together with the proxy form will be issued and despatched to the shareholders, in due course.

The following is a summary of the proposed resolutions to be tabled at the AGM FY2019:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Auditors’ Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Regulation 94 of the Company’s Constitution:

Mr Lam Kwong Fai	(Resolution 2)
Ms Zhao Xin	(Resolution 3)
Ms Wang Jue	(Resolution 4)
Mr Yap Koon Loong	(Resolution 5)

[See Explanatory Note (i)]

3. To approve the sum of S\$123,399 as Directors’ fees for the financial year ending 31 December 2020, to be paid quarterly in arrears. (FY2019: S\$45,000)

[See Explanatory Note (ii)] **(Resolution 6)**

4. To re-appoint PKF-CAP LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

6. **Share Issue Mandate**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Section B: Rules of Catalyst (the “**Catalist Rules**”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

SUMMARY OF PROPOSED RESOLUTIONS FOR THE FORTHCOMING ANNUAL GENERAL MEETING

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

provided that:

- (1) the aggregate number of shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of convertible securities;
- (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 8)

SUMMARY OF PROPOSED RESOLUTIONS FOR THE FORTHCOMING ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Lam Kwong Fai will, upon re-election as Director of the Company, remain as the Interim Non-Executive Chairman of the Board, a member of the Audit Committee and Remuneration Committee, and Chairman of the Nominating Committee. Mr Lam is considered by the Board as an Independent Director for the purposes of Rule 704(7) of the Catalist Rules.

Mr Yap Koon Loong will, upon re-election as Director of the Company, remain as a member of the Nominating Committee and Chairman of the Audit Committee and Remuneration Committee. Mr Yap is considered by the Board as an Independent Director for the purposes of Rule 704(7) of the Catalist Rules.

Information pursuant to Rule 720(5) of the Catalist Rules on Mr Lam Kwong Fai, Ms Zhao Xin, Ms Wang Jue and Mr Yap Koon Loong can found under the section "Information on Directors Seeking Re-election" on page 71 of the Annual Report.

- (ii) The proposed Directors' fees of S\$123,399 for the financial year ending 31 December 2020 comprises of (a) S\$75,399, being the Directors' fees for the existing and resigned independent and non-executive directors of the Company (on a pro-rata basis); and (b) the remaining amount reserved for the additional independent and non-executive director(s) to be appointed by the Company. The Company will make suitable announcements for the appointment of new director(s) to SGXNet as and when appropriate.
- (iii) The Ordinary Resolution 8 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments (such as options, warrants and debentures) convertible into shares and to issue shares pursuant to such instruments, for such purposes as they consider would be in the interests of the Company, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders..

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