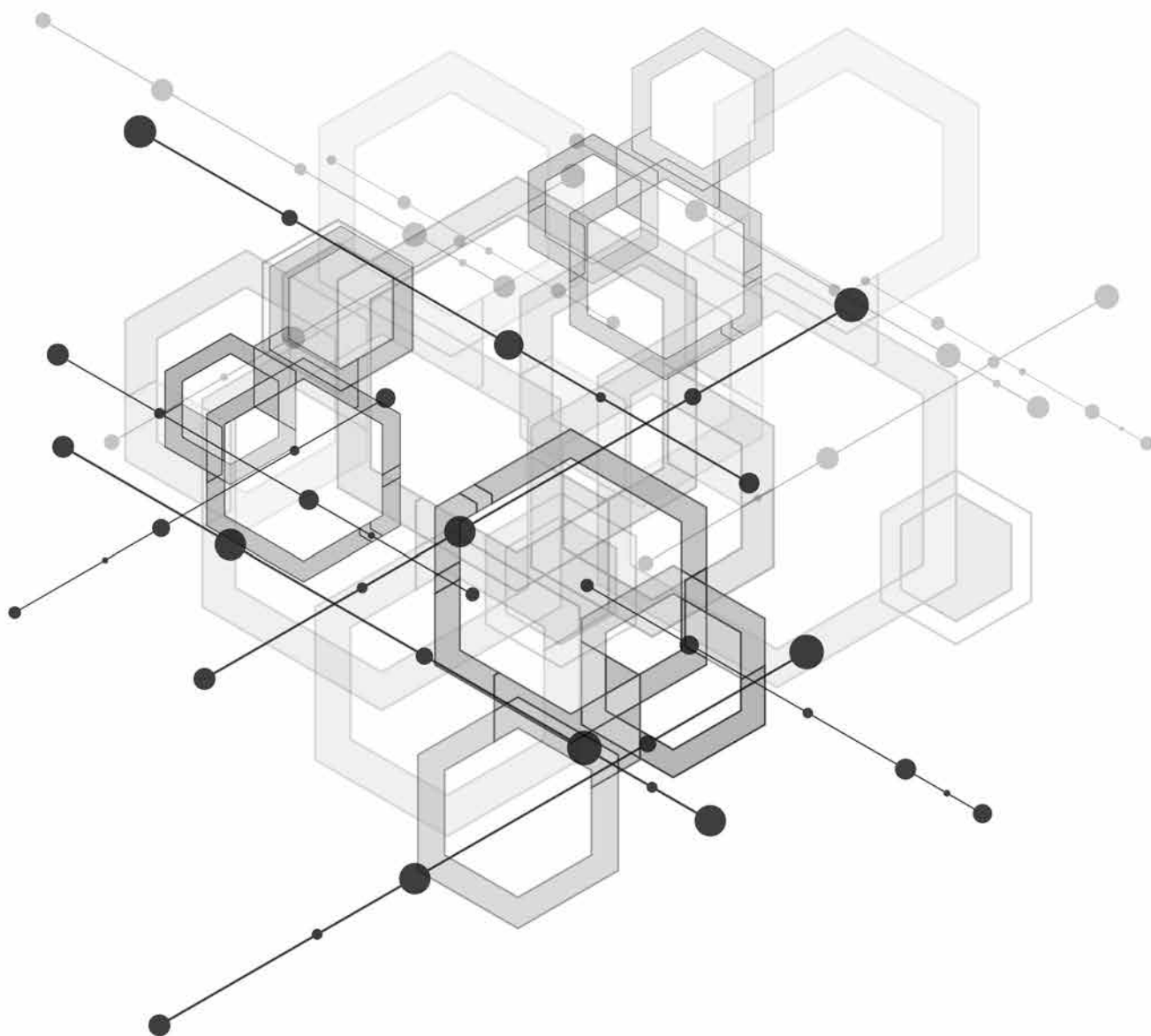
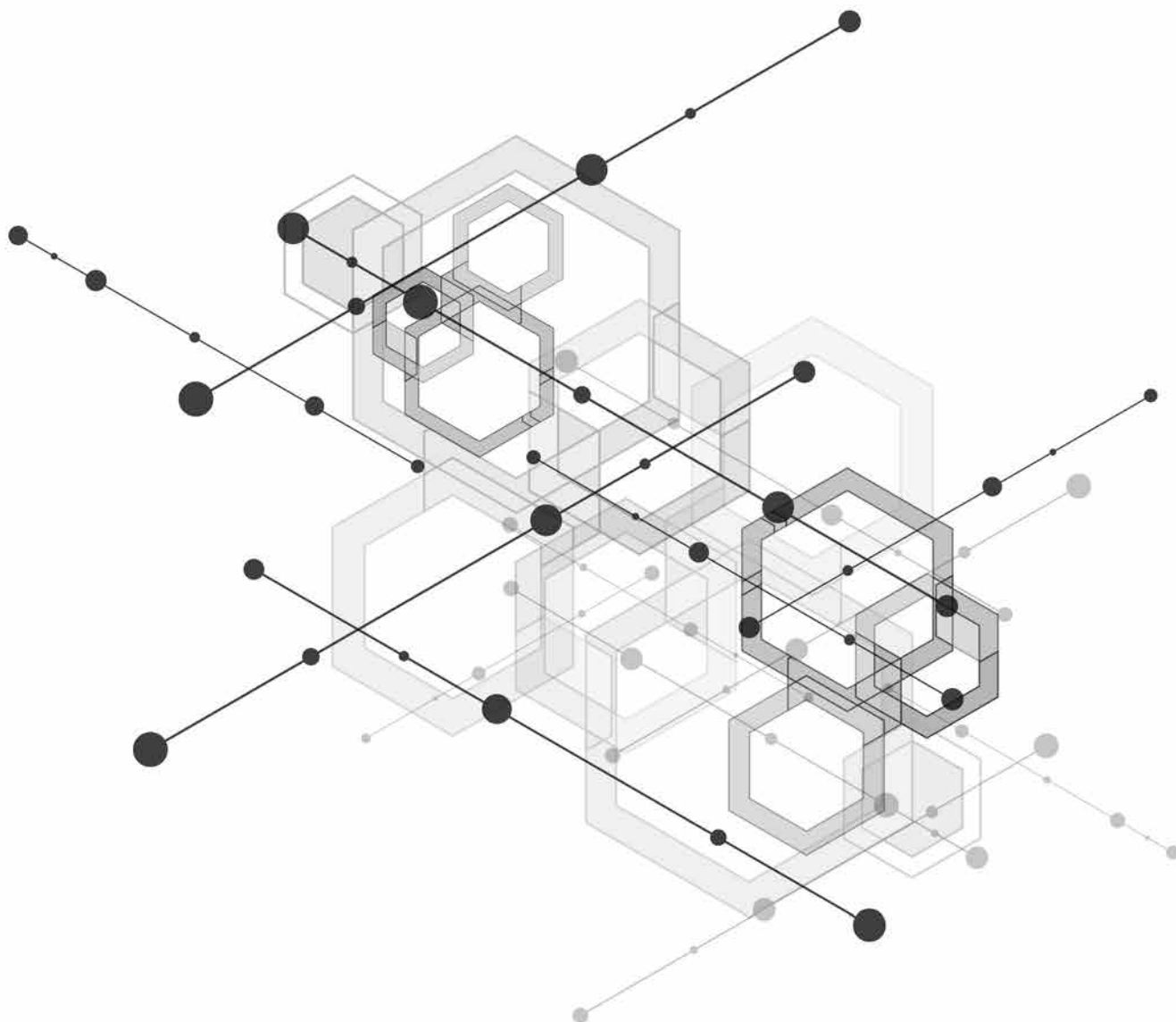


# OEL (HOLDINGS) LIMITED



Annual Report  
**2018**



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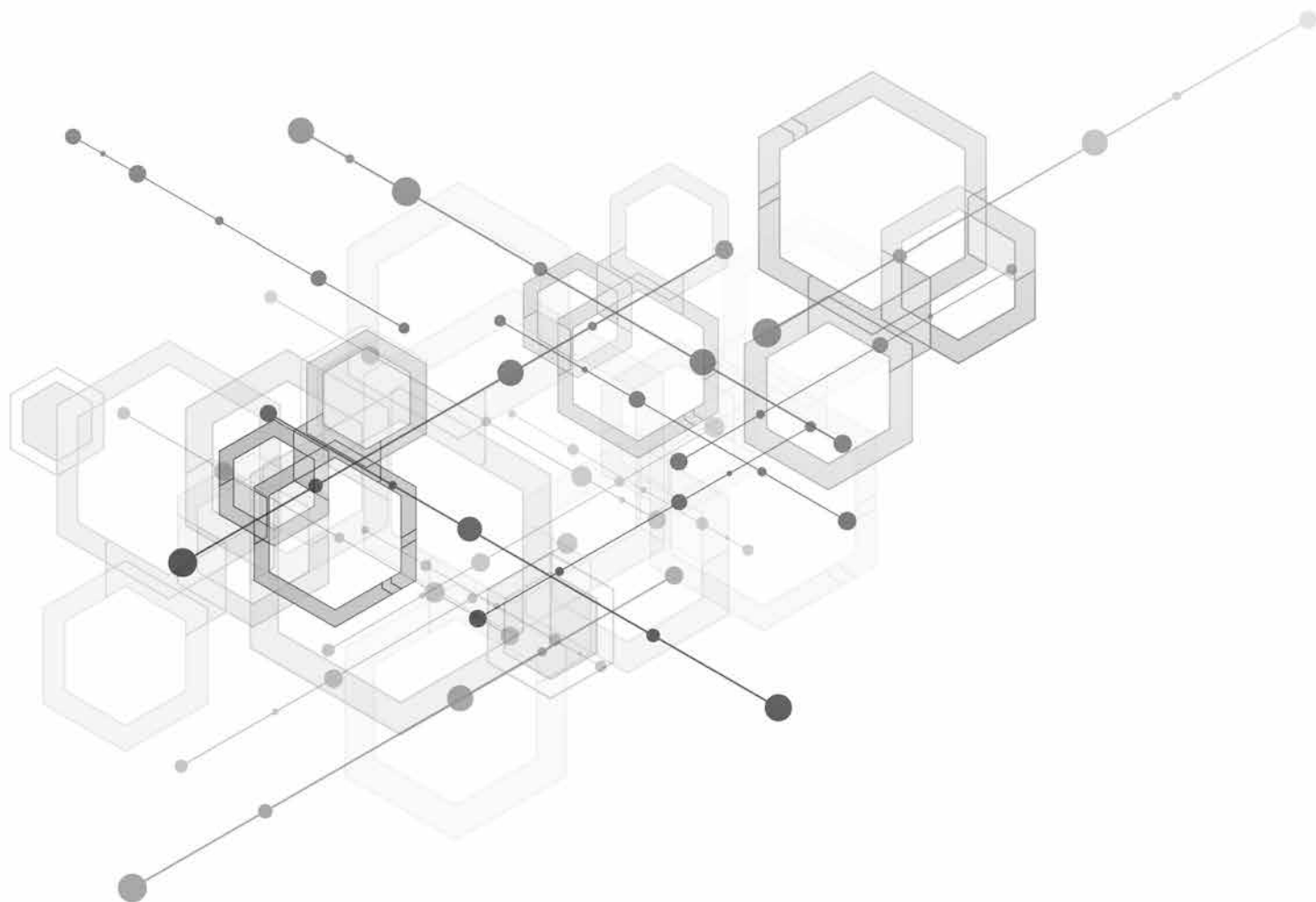
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# CORPORATE PROFILE

OEL (Holdings) Limited (“OEL” or the “Company”, and together with its subsidiary, the “Group”) is an investment holding company with operations mainly in the rental of a property. The Group generates rental income from the leasing of part of an industrial property in Singapore.

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

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



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 6757.

## 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 2018 ("FY2018").

The Group continues to seek strategic investment opportunities with potential to generate value to shareholders over the medium to long term.

Revenue decreased by 20.4% from S\$0.93 million in financial year ended 31 December 2017 ("FY2017") to S\$0.74 million in FY2018. The decrease of revenue in FY2018 was due to lower rental rates and absence of revenue in the last two months of FY2018 as the lease of part of the property had expired on 31 October 2018. The Group reported a loss of S\$0.52 million in FY2018 as compared to a loss of S\$0.41 million in FY2017. The higher loss in FY2018 was mainly due to lower revenue and lower other operating income. These lower revenue and other operating income were partially offset by lower total operating expenses and the absence of loss from discontinued operations in FY2018.

The Group will exercise its best effort to manage operating costs. The Group will continue to explore and evaluate strategic business opportunities (including but not limited to strategic investments, partnerships, or mergers and acquisitions) that have potential to generate value for shareholders.

During this period, I am thankful for your understanding and hope you will continue to support us as the Company strives to remain resilient in the face of market uncertainties.

On behalf of the Board, I would like to extend our thanks to our valued customers, business partners, financiers and staff for their continued support.

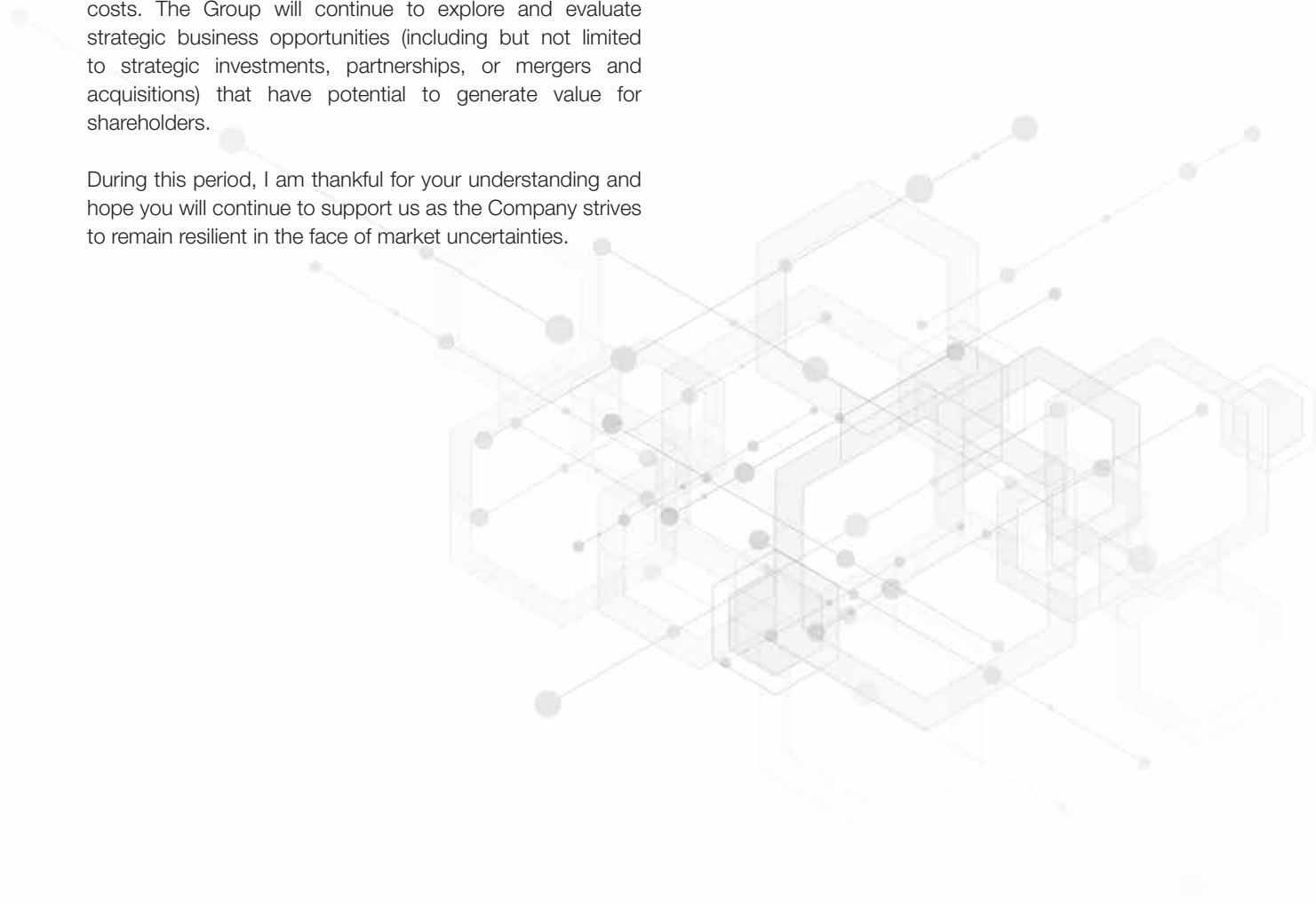
In closing, I would like to conclude by expressing my heartfelt appreciation to our shareholders for your continued support all these years and for your continued confidence in us, particularly given the challenging business environment.

By God's grace, we look ahead to a better future for the Group.

Yours Sincerely,

**JEFFREY HING YIH PEIR**

Executive Chairman and Managing Director



## BOARD OF DIRECTORS



### JEFFREY HING YIH PEIR

*Executive Chairman and Managing Director*

Mr Hing was re-designated as Executive Chairman and Managing Director of the Company on 1 March 2016. He was previously Non-Executive Director of the Company since 22 March 2011 and was re-designated as Executive Director and Deputy Chairman on 3 July 2015. Mr Hing is also a member of the Nominating Committee. He was appointed a member of the Audit and Remuneration Committees on 18 October 2016. Mr Hing is also a substantial shareholder of the Company. He was last re-elected as Director on 25 April 2018.

Mr Hing has over 30 years of experience in the marine and offshore industry in a variety of roles including finance and administration, business development and management. He is the founder and Managing Director of Trinity Offshore Pte. Ltd., a Singapore-based owner-operator of offshore support/utility vessels. Mr Hing is also the Executive Chairman of Penguin International Limited. He is a Non-Executive Director of Marco Polo Marine Limited with effect from 1 March 2018. An accountant by training, Mr Hing has served in various roles as auditor, accountant, senior executive and director of diversified corporations.

Details of his shareholding can be found on page 24 of the Annual Report.



### RENNY YEO AH KIANG

*Independent Non-Executive Director*

Mr Yeo was appointed as Non-Executive Director of the Company on 12 August 2005, and was re-designated as Independent Non-Executive Director with effect from 1 March 2010. He is also the Chairman of the Remuneration Committee and a member of the Nominating Committee. Mr Yeo is the Lead Independent Director since 3 March 2014. Mr Yeo, being a member of the Audit Committee, has been appointed as the Chairman of the Audit Committee on 18 October 2016. He was last re-elected as Director on 26 April 2017.

Mr Yeo holds a Higher National Diploma (HND) in Electrical & Electronic Engineering from Southampton College of Technology UK and a Master in Management from Asia Institute of Management, Philippines. He has nearly 40 years of working experience in the field of shipbuilding/ship repairing, electrical engineering and cable industries. He is a full member of the Singapore Institute of Directors.

Mr Yeo formerly sat on various government boards and committees including board member of Building and Construction Authority, board member of the Productivity & Standards Board, Director of PSB Corporation Pte Ltd, founding board member of the Singapore Green Building Council, President of the Singapore National Committee (SNC) of the International Electrotechnical Commission (IEC), member of the Standard Council-SPRING, Chairman of Electrical & Electronic Product Standards Committee-SPRING, President of Singapore Manufacturers' Federation ("SMF") and member of SMF Board of Governors. Prior to Mr Yeo's retirement in 2009, he was also the Executive Chairman and Director of Draka Cableteq Asia Pacific and its subsidiaries in Asia.

Mr Yeo is currently a Enterprise Singapore Board member, Chairman of The Singapore Accreditation Council-(SAC) and Emeritus President of Singapore Manufacturing Federation. He is also a Non-Executive Director of Biosanapharma BV, a Company incorporated in Netherlands.

Mr Yeo is an Independent Director of Sin Heng Heavy Machinery Limited since December 2009. On 15 November 2017, Mr Yeo was appointed as the Independent Non-Executive Chairman of Sin Heng Heavy Machinery Limited. On 1 July 2018, Mr Yeo was appointed Independent Non-Executive Director of Tai Sin Electric Ltd. He is also a Director of Kinta Properties Holdings Sdn Bhd and its subsidiaries in Malaysia.

He was conferred the Public Service Star (BBM) in 2018 and Public Service Medal (PBM) in 2000 by the President of the Republic of Singapore and he was awarded the SPRING Singapore Distinguished Partner Award (2011).

Details of his shareholding can be found on page 24 of the Annual Report.

## BOARD OF DIRECTORS



### **LAI KWOK SENG**

*Advocate & Solicitor, Singapore*

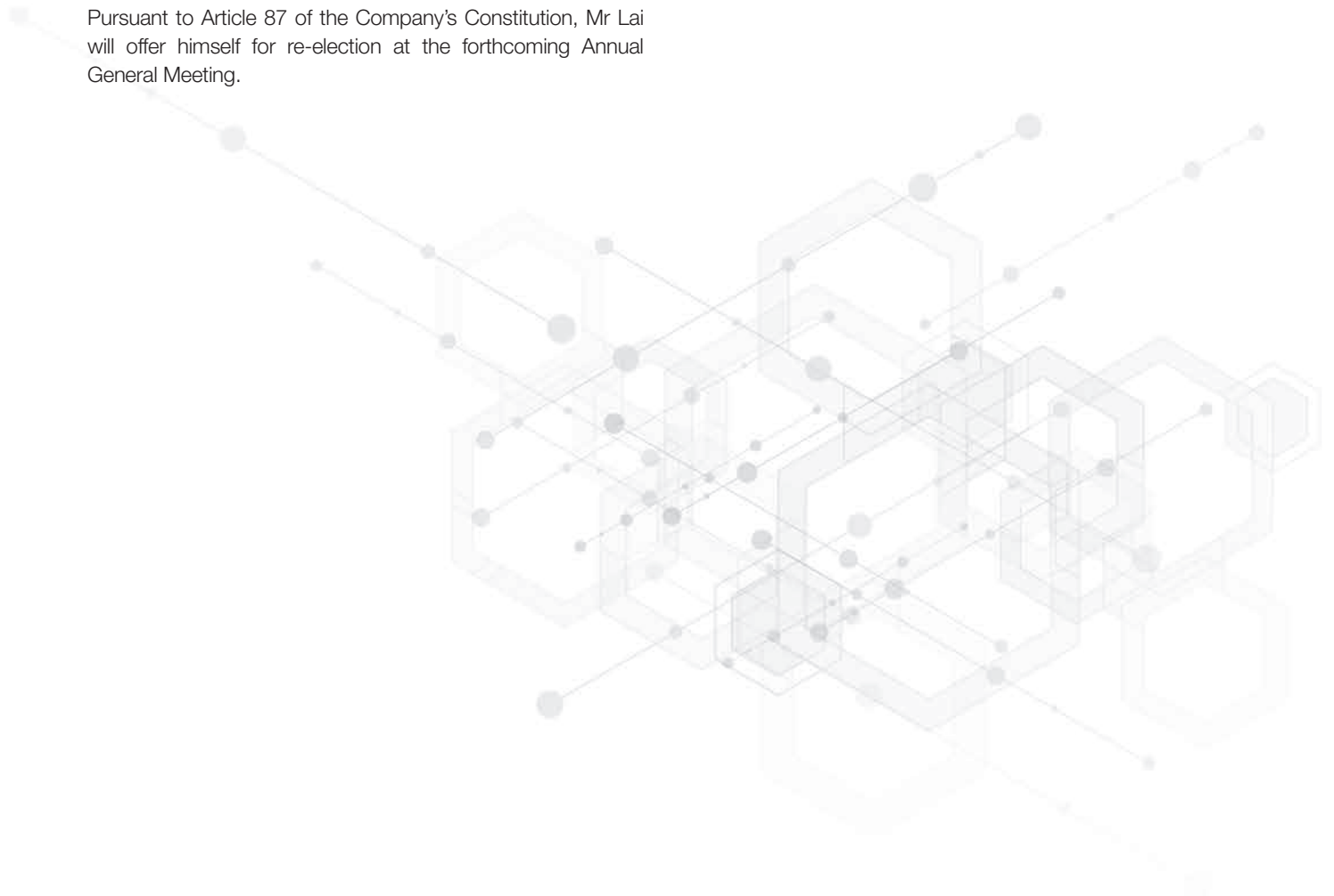
*Barrister-at-Law, Lincoln's Inn*

*Independent Non-Executive Director*

Mr Lai was appointed as Independent Non-Executive Director of the Company on 12 August 2005. He is also the Chairman of the Nominating Committee and a member of both the Audit and Remuneration Committees. He was last re-elected as Director on 26 April 2016.

Mr Lai holds various degrees including Bachelor Degrees in Economics and Laws from the University of London, a Masters of Laws from the National University of Singapore and a Masters of Education from Australia. Mr Lai is a Barrister-at-Law, Lincoln's Inn, and an Advocate & Solicitor of the Supreme Court of Singapore. He also has vast experience and expertise in administration, management and business. Among other appointments, he has served as an Assistant Director of the Planning & Review Division with the Ministry of Education, Vice-President of commercial banking with a large local bank, and a Dealing Director with a local stock- brokerage house. Mr Lai is a partner in a local law firm.

Pursuant to Article 87 of the Company's Constitution, Mr Lai will offer himself for re-election at the forthcoming Annual General Meeting.





# 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 20.4% from S\$0.93 million in FY2017 to S\$0.74 million in FY2018.

The Group registered other operating income of S\$0.28 million for FY2017 as compared to S\$0.03 million in FY2018. The higher operating income in FY2017 was attributed mainly to the recovery of bad debts previously provided for.

Operating expenses comprised mainly administrative and other operating expenses. For FY2018, total operating expenses decreased by 14.2% from S\$1.34 million in FY2017 to S\$1.15 million in FY2018. The lower total operating expenses in FY2018 was attributable mainly to lower professional fee, lower sublet consent fee, reduction in salary and wages and directors' fee and the absence of the loss on disposal of fixed assets.

The Group reported a loss of S\$0.52 million from continuing operations in FY2018 as compared to a loss of S\$0.16 million from continuing operations in FY2017.

### DISCONTINUED OPERATION

The Group reported a loss of S\$0.25 million from discontinued operation in FY2017 due to the reclassification of cumulative currency translation loss on the disposal of its foreign subsidiary.

## FINANCIAL POSITION AS AT 31 DECEMBER 2018

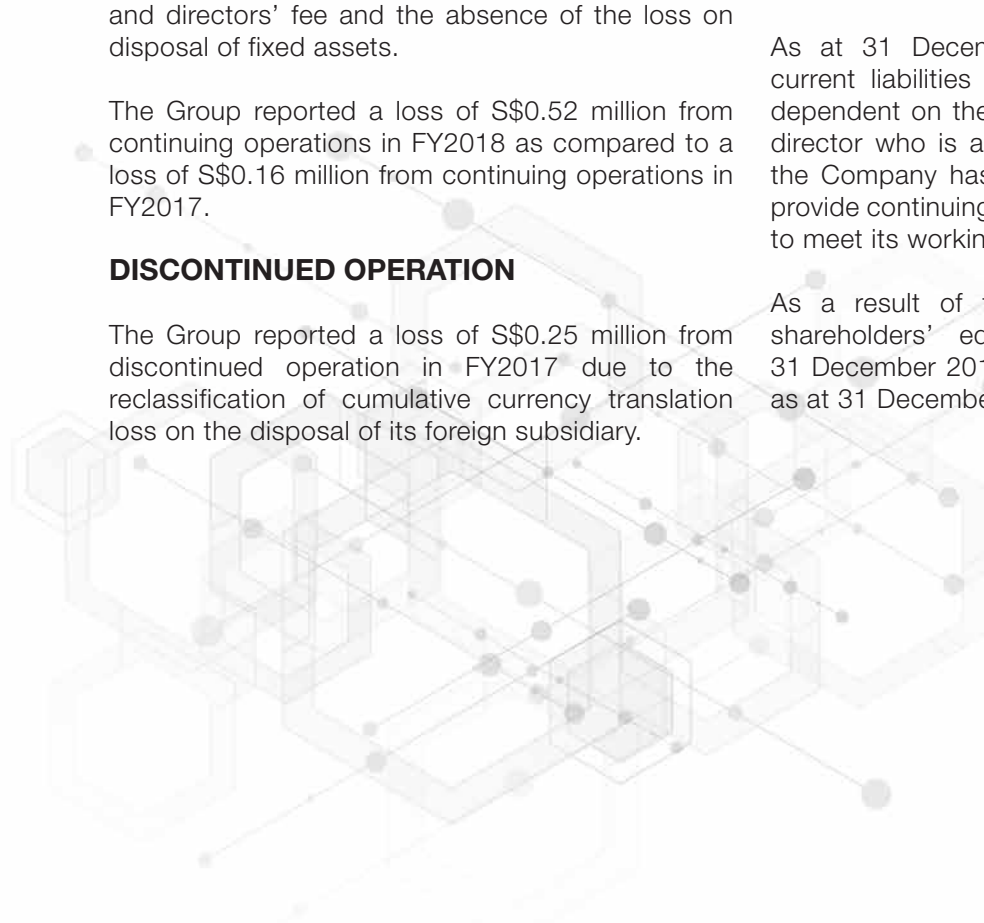
The Group's current assets decreased from S\$0.32 million as at 31 December 2017 to S\$0.05 million as at 31 December 2018. The decrease in current assets was mainly due to lower cash and bank balances. The lower cash and bank balances was attributable mainly to higher net cash used in operating activities.

Current liabilities of the Group decreased from S\$1.61 million as at 31 December 2017 to S\$1.59 million as at 31 December 2018. The decrease in current liabilities as at 31 December 2018 was due to the repayment of payables. These repayments were partially offset by the increase in bank loans, loan from a director who is also the controlling shareholder of the Company and higher provision of tax for prior year.

The Group reported cash and bank balances of S\$0.02 million as at 31 December 2018 as compared to S\$0.28 million as at 31 December 2017.

As at 31 December 2018, the Group has net current liabilities of S\$1.54 million. The Group is dependent on the bank's continued support and a director who is also the controlling shareholder of the Company has given a letter of undertaking to provide continuing financial support to the Company to meet its working capital requirements.

As a result of the above, the Group reported shareholders' equity of S\$6.50 million as at 31 December 2018 as compared to S\$7.06 million as at 31 December 2017.



## CORPORATE INFORMATION

### OEL (HOLDINGS) LIMITED

#### BOARD OF DIRECTORS

Executive Director  
Jeffrey Hing Yih Peir  
(Executive Chairman and Managing Director)

Independent Non-Executive Directors  
Renny Yeo Ah Kiang  
(Lead Independent Director)  
Lai Kwok Seng

#### COMPANY SECRETARIES

Tan Ching Chek  
Teo Ah Hiong

#### SHARE REGISTRAR

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

#### REGISTERED OFFICE

No. 8 Aljunied Avenue 3  
Oakwell Building  
Singapore 389933  
Tel: 67476171  
Fax: 67471832

#### PRINCIPAL BANKER

United Overseas Bank Limited

#### AUDIT COMMITTEE

Renny Yeo Ah Kiang\* (Chairman)  
Lai Kwok Seng\*  
Jeffrey Hing Yih Peir

#### NOMINATING COMMITTEE

Lai Kwok Seng\* (Chairman)  
Renny Yeo Ah Kiang\*  
Jeffrey Hing Yih Peir

#### REMUNERATION COMMITTEE

Renny Yeo Ah Kiang\* (Chairman)  
Lai Kwok Seng\*  
Jeffrey Hing Yih Peir

#### 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

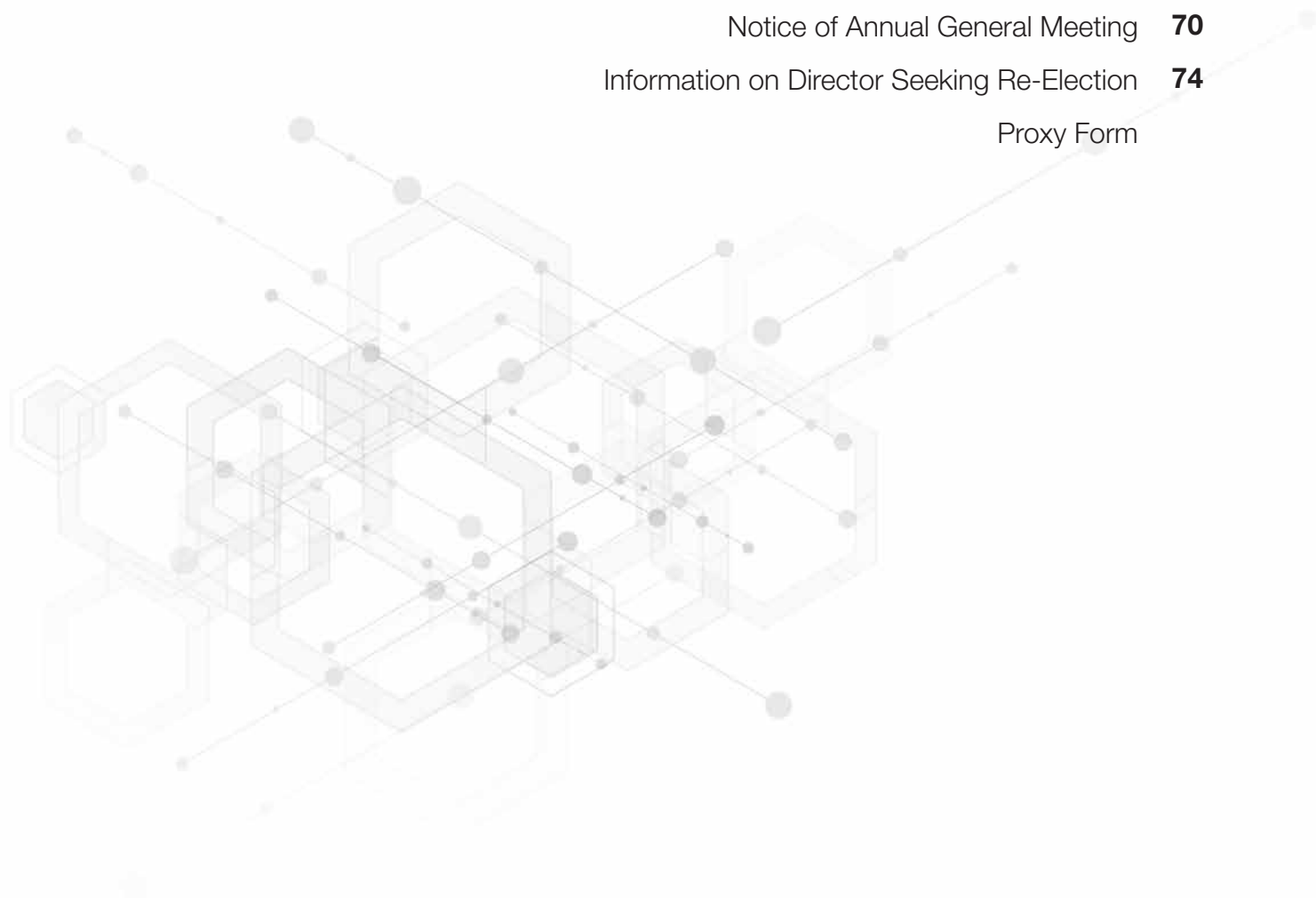
Registered Professional:  
Mr Shervyn Essex

\* Independent Non-Executive Director



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# REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Company believes in maintaining high standards of corporate governance and is committed to ensure that effective self-regulatory corporate practices are in place to protect the interests of its shareholders. The Company recognises the importance of practising good corporate governance and fully supports the recommendations of the Code of Corporate Governance 2012 (the “**Code**”).

The Company is pleased to disclose below a description of its corporate governance processes and activities with specific reference to the Code.

## PRINCIPLE 1: BOARD’S CONDUCT OF ITS AFFAIRS

In managing the Group’s business, the Board of Directors (the “**Board**”) performs the following key functions:

- (1) provides entrepreneurial leadership;
- (2) supervises the overall management of the business and affairs of the Group;
- (3) establishes and approves the Company’s key strategic and operational matters, financial and funding decisions;
- (4) regularly reviews business plans of the Group and the Company;
- (5) reviews and monitors financial performance of the Group and the Company;
- (6) establishes and maintains a sound system of internal controls, covering not only financial controls but also operational and compliance controls;
- (7) reviews the adequacy and improvement of the Group’s internal controls systems;
- (8) identifies the key shareholder groups and recognise that their perceptions affect the Company’s reputation;
- (9) sets the Company’s value and standards (including ethical standards), and ensure that obligations to shareholders and stakeholders are understood and met; and
- (10) considers sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Board objectively discharge their fiduciary duties and responsibilities at all times in the interest of the Company.

To assist the Board in discharging its responsibilities, the Board delegates specific authority to its Board committees namely, the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”). The roles and responsibilities of the Board committees are set out separately in this report.

The Board meets at least 4 times each financial year and from time to time as warranted by particular circumstances. The Company’s Constitution allows Board meetings to be conducted by way of telephone conferencing or any other electronic means of communication.

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 2018 (“**FY2018**”) are summarised in the table below:

Directors	Board Meetings	AC Meetings	RC Meetings	NC Meetings
Mr Jeffrey Hing Yih Peir	4	4	1	1
Mr Renny Yeo Ah Kiang	4	4	1	1
Mr Lai Kwok Seng	4	4	1	1
<b>Total Meetings Held in FY2018</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>

# REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 and/or financial position as well as matters other than in the ordinary course of business.

Each newly appointed Director will be provided a formal letter setting out his duties, obligations and terms of appointment. Newly appointed Directors will also be briefed on the Group's business activities and its strategic directions as well as statutory and other responsibilities as a Director. Newly appointed Directors will be recommended by the NC to attend training on the roles and responsibilities of a listed company's Director if they do not have any prior experience.

The Directors are provided with updates on changes in relevant laws and regulations, where appropriate, to enable them to make well-informed decisions and to discharge their duties responsibly. News releases issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Accounting and Corporate Regulatory Authority which are relevant to the Directors are circulated to the Board by the Company Secretary so that the Board as a whole is kept up-to-date on pertinent matters relating to the relevant regulatory requirements and their key changes such as listing rules, corporate governance, risk management, financial reporting standards and the Companies Act, Chapter 50.

To keep abreast with developments in corporate, financial, legal and other compliance requirements, Directors are encouraged to attend relevant courses, conferences and seminars funded by the Company.

During the year under review, the Directors have attended relevant trainings to keep themselves abreast of the latest changes and developments in the areas of corporate, financial, legal and other compliance topics.

The Board has no dissenting view on the Executive Chairman and Managing Director's letter to shareholders for the financial year in review.

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises 3 members, of whom, 2 are Independent Non-Executive Directors.

As at the date of this report, the Board comprises the following Directors:

Jeffrey Hing Yih Peir ("**Mr Hing**") – Executive Chairman and Managing Director

Renny Yeo Ah Kiang ("**Mr Yeo**") – Lead Independent Director

Lai Kwok Seng ("**Mr Lai**") – Independent Non-Executive Director

The NC had reviewed the independence of each Director for FY2018 in accordance with the Code's definition of independence and is satisfied that more than 50% of the Board continues to be independent. The Independent Non-Executive Directors have made up at least half of the Board as Mr Hing acts as the Chairman and Managing Director.

The Board 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. The Board derives its strength from the background, diversity, skills and experience of the Board members.

## REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 to be balanced and effective in carrying out its functions.

The Code states that the independence of any Director who has served on the Board beyond 9 years from the date of his first appointment, should be subject to particularly rigorous review. The NC had assessed the independence of each Director, including Directors whose tenure had exceeded 9 years from the date of their first appointment or the date of re-designation as Independent Director.

In respect of the Independent Non-Executive Directors, Mr Lai has served on the Board for more than 9 years since his first date of appointment on 12 August 2005 and Mr Yeo has also served on the Board for more than 9 years as he was re-designated as Independent Director with effect from 1 March 2010. The NC and the Board (with Mr Lai and Mr Yeo each abstaining from discussion and deliberation on his own independence) had reviewed and confirmed that both Mr Lai and Mr Yeo continue to be independent after taking into consideration the following factors:

- (i) The considerable amount of experience and wealth of knowledge Mr Lai and Mr Yeo bring to the Company.
- (ii) The attendance and active participation of Mr Lai and Mr Yeo in the proceedings and decision making process of the Board and Board committee meetings.
- (iii) The qualifications and expertise of Mr Lai and Mr Yeo provide reasonable check and balances for management.
- (iv) Both Mr Lai and Mr Yeo have provided continuity and stability as well as valuable experience to the Board of the Company and the Group.
- (v) Both Mr Lai and Mr Yeo provide adequate attention and sufficient time devoted to the proceedings and business of the Company and is adequately prepared and responsive and heavily involved in discussions at Board and Board committee meetings.
- (vi) Both Mr Lai and Mr Yeo provide overall guidance to management and acts as safeguard for the protection of the Company's assets and shareholders' interests.

Accordingly, the NC (with Mr Lai and Mr Yeo each abstaining from recommending his own independence) had recommended to the Board that both Mr Lai and Mr Yeo continue to be considered independent notwithstanding that they have served on the Board for more than 9 years from the date of their first appointment or the date of re-designation as Independent Director.

None of the aforesaid Independent Directors are related to and do not have any relationship with the Company, its related corporations, its 10% shareholders, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

# REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

The dates of initial appointment and last re-election of each Director are set out below:

Name of Directors	Appointment	Date of Initial Appointment	Date of Last Re-Election
Jeffrey Hing Yih Peir	Executive Chairman and Managing Director	22 March 2011	25 April 2018
Renny Yeo Ah Kiang	Lead Independent Director	12 August 2005	26 April 2017
Lai Kwok Seng	Independent Non-Executive Director	12 August 2005	26 April 2016

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

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.

Where appropriate and necessary, the Independent Non-Executive Directors would also meet without the presence of management.

## PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Jeffrey Hing Yih Peir is the Executive Chairman and Managing Director (“**MD**”).

Mr Hing plays an instrumental role in developing the business of the Group. Mr Hing also provides the Group with strong leadership and vision. The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure as the current scale of the Group’s business does not warrant a division of duties.

As Chairman of the Board, and with the assistance of the Company Secretary, Mr Hing ensures that Board meetings are held when necessary, sets the Board meeting agenda and ensures that Directors receive adequate and timely information. Mr Hing also facilitates constructive relationship between the Board and management, executes strategic plans and ensures that Directors are kept updated and informed of the Group’s business. Mr Hing promotes a culture of openness and debate at the Board and aims to promote high standards of corporate governance. As MD, Mr Hing is responsible for the day-to-day management of the Group’s affairs and ensures that views of shareholders are considered appropriately.

Mr Yeo has been appointed as the Lead Independent Director since 3 March 2014. As Lead Independent Director, Mr Yeo is available to shareholders should they have concerns or issues for which communication with the Executive Chairman/MD or management failed to resolve or where such communication is inappropriate.

Where appropriate and necessary, the Independent Non-Executive Directors would meet without the presence of the other Directors and management. The Lead Independent Director will provide any feedback to the Executive Chairman and Managing Director.

# REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

## PRINCIPLE 4: BOARD MEMBERSHIP

### Nominating Committee

The NC, regulated by written terms of reference, comprises 3 members, the majority of whom are Independent Non-Executive Directors. The NC Chairman is an Independent Non-Executive Director and is not associated with any substantial shareholder. The current composition of the NC is as follows:

Chairman: Mr Lai Kwok Seng

Members: Mr Renny Yeo Ah Kiang  
Mr Jeffrey Hing Yih Peir

The key objectives of the NC are to ensure that there is a formal and transparent process in the nomination, appointment and re-election of Directors to the Board and to assess the effectiveness and contribution of the Board and its members to the welfare, strategic growth and development of the Company. The Company will only put in place a succession plan for the Board once the Group acquires new businesses.

The NC's written key terms of reference describe its responsibilities, and these include:

- (1) reviewing of the Board structure, size and composition and making recommendations to the Board with regard to any adjustments that are deemed necessary;
- (2) identifying candidates, reviewing and making recommendations to the Board on all nominations for Board appointments or re-appointments;
- (3) determining the independence of each Director (in accordance with principles 2.3 and 2.4 of the Code and Catalist Rule 406(3)(d) of the Listing Manual) and assessing the adequacy of Board members with multiple board representations;
- (4) evaluating the Board's performance and proposing objective performance criteria, where appropriate, for the Board's approval;
- (5) assessing the effectiveness of the Board as a whole, and the performance and contribution of each Director;
- (6) reviewing board succession plans for Directors, in particular the Chairman and the Managing Director; and
- (7) reviewing training and professional development programmes for the Board.

In accordance with the Company's Constitution, one-third of the Board retires by rotation and all newly appointed Directors retire at the next Annual General Meeting ("**AGM**") following their appointments. The retiring Directors are eligible to offer themselves for re-election.

The NC has recommended the re-election of Mr Lai, who will be retiring at the forthcoming AGM, following a review of his performance and contributions.



# REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

Accordingly, the NC recommended to the Board the re-election of Mr Lai as a Director at the Company's forthcoming AGM. Mr Lai has offered himself for re-election. The Board has accepted the recommendation of the NC. Key information on Mr Lai is found on page 4 and pages 74 to 76 of the Annual Report. Mr Lai has no family relationships with the other Directors.

Having regard to the attendance of the Directors, their contributions at meetings of the Board and Board committees, and their time commitment to the affairs of the Company, the Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed company board representations and other principal commitments on each Director.

In determining whether each Director is able to devote sufficient time to discharge their duties as Directors of the Company, the NC has taken cognizance of the Code's requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and their respective principal commitments. The contributions by Directors to and during meetings of the Board and Board committees as well as their attendance at such meetings should also be taken into account.

The NC is of the view that the current size of the Board is adequate for the purposes of the Group as the Group's business now consists of only rental collection from leasing part of the property at 8 Aljunied Avenue 3, Singapore 389933 (the "**Property**"). While the Board does not consist of any female directors at the moment, its current composition with appropriate mix of expertise and experience enables management to benefit from a diverse and objective perspective on any issues raised before the Board. Therefore, the NC felt that there was no need to increase the Board size.

The NC would however continue to review from time to time, 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.

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

The NC had also adopted an NC Procedures and Director Qualification Criteria. This provides the procedures for the identification of potential candidates, a review of the candidates' skills, knowledge and experience, an assessment of candidates' suitability and finally recommending their appointments or otherwise for the consideration and approval by the Board.

The relevant information on each of the above-named Directors is set out in the "Board of Directors" section of the Annual Report.

## PRINCIPLE 5: BOARD PERFORMANCE

The Board carried out an assessment of its performance as a whole, for the financial year under review. This process involves the completion of a questionnaire by Board members. A summary of findings was prepared based on the completed questionnaires and was reviewed and deliberated by the NC. The Chairman of the NC conferred with the Chairman of the Board on the findings and appropriate follow-up actions were taken as necessary. No external facilitator had been engaged by the Board for this purpose.

The evaluation on the Board performance deals with matters on the Board's composition, size and expertise, timelines of Board information, accountability and processes, amongst other things.

As the Group's business now consists only rental collection from leasing part of its Property and the Company has only three Directors on its Board, the NC reviewed and considered that separate assessment of the effectiveness of each Board committee and evaluation on each Director are not necessary presently.

# REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

## PRINCIPLE 6: ACCESS TO INFORMATION

The Directors in their individual capacity have separate and independent access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, the Directors are provided with the relevant documents and information to enable them to obtain a comprehensive understanding of the issues to deliberate upon and to enable them to arrive at an informed decision.

Management provides Board members with timely management accounts. Information on major developments and material transactions are also circulated to Directors, as and when deemed appropriate.

The Directors have direct and independent access to management and the Company Secretary. The Company Secretary provides advice, secretarial support and assistance to the Board and ensures adherence to Board procedures and relevant rules and regulations applicable to the Company. The Company Secretary and/or the representative(s) attend all Board and Board committee meetings.

Pursuant to the Company's Constitution, the appointment and removal of the Company Secretary requires approval of the Board as a whole.

The Directors, whether as a group or individually, may seek independent professional advice to fulfil their duties and such cost will be borne by the Company.

## REMUNERATION MATTERS

### PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

### PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

### PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The RC, regulated by its written terms of reference, comprises 3 members, majority of whom are Independent Non-Executive Directors, as follows:

Chairman: Mr Renny Yeo Ah Kiang

Members: Mr Lai Kwok Seng  
Mr Jeffrey Hing Yih Peir

Guideline 7.1 of the Code requires that all members of the RC to be Non-Executive Directors. As the Group's business now consists only rental collection from leasing part of its Property and the Company has only three Directors on its Board with one key management staff, the NC and the Board felt that there was no need to appoint an additional Non-Executive and/or Independent Director to be a member of the RC to fulfil the role of the RC and to comply with Guideline 7.1 of the Code. Nonetheless, the NC and the Board will review the need for an additional Non-Executive Director and/or Independent Director to be appointed to the RC once the Group acquires new businesses and increases staff headcount.

## REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

The RC reviews the Company's obligations in the event of termination of the Executive Directors' 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.

The terms of reference of the RC had been amended to be in line with the recommendations of the Code. The RC performs the following functions:

- (1) reviews and recommends to the Board a framework of remuneration for the Directors and key management personnel;
- (2) reviews and recommends the remuneration of the Executive Director and fees for the Independent Non-Executive Directors which are subject to shareholders' approval at the AGM;
- (3) reviews the remuneration of key management personnel;
- (4) reviews and recommends to the Board the terms of renewal of Directors' service contracts; and
- (5) performs such other duties as may be agreed by the RC and the Board.

The RC may from time to time seek external professional advice on remuneration matters, if required.

The RC also reviews the recommendation from the MD 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 and ensures that their rewards are linked to corporate and individual performance.

In setting remuneration packages for the Executive Director 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 will attract, retain and motivate key management personnel. Each RC member abstains from deciding and recommending his own fees. No Director is involved in determining his own remuneration.

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

The RC has recommended to the Board an amount of up to S\$45,000 as Directors' fees for the financial year ending 31 December 2019 (the "**Directors' Fees**"), if approved, to be paid quarterly in arrears. The Board will table the recommendation of Directors' Fees at the Company's forthcoming AGM for shareholders' approval.

The Company has in place a remuneration policy for the Executive Director and the key management personnel which comprises a fixed and variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company and individual performance. Executive Director's and key management personnel's appraisals are conducted on an annual basis.

The Company does not have any long-term incentive scheme for Executive Directors and key management personnel or share option scheme in place.

The remuneration of Executive Director 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.

## REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

Breakdowns of the Directors' remuneration and that of the Group's key management personnel (who are not Directors of the Company), for FY2018 are as follows:

Name of Director	Salary and CPF S\$	Bonus and other variable performance components S\$	Allowances and other benefits S\$	Director's Fee S\$	Total S\$
Mr Jeffrey Hing Yih Peir	45,792	–	–	–	45,792
Mr Renny Yeo Ah Kiang	–	–	–	32,000	32,000
Mr Lai Kwok Seng	–	–	–	28,000	28,000

### Remuneration of key management personnel (who are not Directors of the Company)

The Company noted that under the Code, the remuneration details of the top 5 key management personnel are to be disclosed. As the Group's business now consists only rental collection from leasing part of its Property, the Group only employed one key management personnel (who are not Directors of the Company) in FY2018, whose remuneration is as follows:

Remuneration band and name of key management personnel	Salary and CPF	Bonus and other variable performance components	Allowances and other benefits
Below S\$150,000	%	%	%
Lee Mei Fong	100	–	–

Given the confidentiality and commercial sensitivity attached to remuneration matters, the Board was of the view that detailed disclosure of the exact remuneration paid to the key management personnel would not be in the interest of the Company.

There were no employees in the Group who are immediate family members of a Director or the Executive Chairman/ MD and whose remuneration is S\$50,000 or more in FY2018.

The RC noted the Code's recommendation for the disclosure of information on the link between remuneration paid to the Executive Director and key management personnel and their performance. For reasons of sensitivity and confidentiality of remuneration matters, the Board was of the view that detailed disclosure of performance conditions/targets should not be disclosed.

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The RC will consider, if required, whether there is a requirement to institute such contractual provisions to allow the Company to reclaim the incentive components of the remuneration of the Executive Director and key management personnel paid in prior years in such exceptional circumstances.

# REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

## PRINCIPLE 10: ACCOUNTABILITY & AUDIT

The Board is mindful of the obligation to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects including information on all major developments that affect the Group and strives to maintain a high standard of transparency.

The Board reviews legislative and regulatory reports from management to ensure that the Group complies with the relevant requirements.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects on a regular basis.

## PRINCIPLE 11: RISK MANAGEMENT & INTERNAL CONTROLS

### PRINCIPLE 13: INTERNAL AUDIT

The Board is responsible for the governance of the risk and internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The risk management system in place can provide only reasonable and not absolute assurance against business risks. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements, that there are maintenance of proper accounting records, that financial information is reliable and that assets are safeguarded.

The Group has in place a Risk Working Group ("RWG") comprising the MD and key management personnel to assist the Board in its oversight of risk governance and risk management in the Group.

The Group's Risk Management Framework covers financial, operational, compliance and information technology risks, and helps management to identify, compile, categorise, assess, manage and monitor key risks factors of the Group. The key risks identified are deliberated by key management.

The Risk Management Framework is complemented by the Group's system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and other checks-and-balances built into the business processes.

As the rental collection from leasing part of its Property is the only source of income of the Group, the Company ceased the internal audit function temporarily for financial year ended 31 December 2017 after it had been reviewed by the AC on the justifications and with the representation from Management that internal controls had been put in place with regard to the cash and cash management of the Company. The Company has since appointed One e-Risk Services Pte Ltd as its internal auditor for the financial year ending 31 December 2019.

To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by the external 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 to further improve and enhance the internal controls were reported to the AC. The AC will also follow up on the actions taken by the management on the recommendations made by the external auditor. Based on the reports submitted by the external auditor received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause 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.

## REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

As the Company does not have a Chief Financial Officer, the Board has obtained a written confirmation from the Managing Director and Finance Manager:

- (i) 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; and
- (ii) regarding the effectiveness of the Group's risk management and internal control systems.

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 2018 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.

### PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises 3 members, majority of whom are Independent Non-Executive Directors, as follows:

Chairman: Mr Renny Yeo Ah Kiang

Members: Mr Lai Kwok Seng  
Mr Jeffrey Hing Yih Peir

Guideline 12.1 of the Code requires all the members of the AC to be Non-Executive Directors. However as earlier mentioned, owing to the fact that the Group's business now consists only rental collection from leasing part of its Property, the NC and the Board felt that there was no need to appoint an additional Non-Executive and/or Independent Director to be a member of the AC to fulfil the role of the AC and to comply with Guideline 12.1 of the Code. The NC and the Board would review the need for an additional Non-Executive Director and/or Independent Director to be appointed to the AC once the Group acquires new businesses and increases staff headcount.

All AC members bring with them invaluable managerial and professional expertise in the financial, legal and business management spheres. 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.

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 properly. The AC is regulated by a written set of terms of reference which is in line with the recommendations of the code.



# REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

The AC performs the following:

- (1) reviews the audit plans of both the external and internal auditors;
- (2) reviews the results of the internal auditor's examination and evaluation of internal controls of the Company and its subsidiaries to determine overall effectiveness of the Company's internal audit functions;
- (3) reviews the Group's financial and operating results and accounting policies;
- (4) reviews the financial statements of the Company, the consolidated financial statements of the Group and external auditor's report on those financial statements, before submission to the Board for approval;
- (5) reviews the quarterly, half-yearly and full-year results announcements and financial position of the Group and the Company before submission to the Board for approval;
- (6) reviews transactions with interested persons and related parties;
- (7) reviews the co-operation and assistance given by the Management to the Group's external and internal auditors and determines that no restrictions were imposed on the scope of the external and internal auditors' examination;
- (8) reviews the actions taken by the Management in response to the internal auditor's recommendations;
- (9) reviews the suitability of external auditor appointed for the Group's significant foreign-incorporated subsidiaries and associate companies (if any);
- (10) reviews and recommends the nomination of the appointment and re-appointment of external auditor; and
- (11) reviews whistle-blowing reports (if any).

The AC has discussed with management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant issues were discussed with the management and PKF-CAP LLP ("**PKF**") and reviewed by the AC in respect of FY2018:

Matters considered	Action
Material Uncertainty Related to Going Concern	<p>The AC evaluated the key assumptions made in preparing the financial statements assumptions on a going concern basis. Those assumptions are disclosed in Note 1.1 to the financial statements.</p> <p>The AC's evaluation included review and approval of the Group's budget and cash flow forecast for the year ending 31 December 2019, an assessment of credit lines, sources of financing available to the Group and the continuing financial support from a director, who is also the controlling shareholder of the Company.</p> <p>The AC is satisfied that the assumptions are reasonable and that the application of the going concern basis for preparation of the financial statements is appropriate.</p>

## REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

Matters considered	Action
Valuation of leasehold building	<p>The AC reviewed the independence and competency of the valuer engaged by management and considered valuation methodologies employed.</p> <p>Overall, the AC is satisfied that the results of the valuation exercise provide adequate support for the carrying amount of the leasehold building.</p>
Potential liability arising from area used by tenant of leasehold building without rent	<p>The AC has reviewed and considered the correspondences between the Company and JTC Corporation.</p> <p>The AC is satisfied that there is no potential liability arising from or in connection with the tenant's use of the area without rent.</p>

Annually, the AC meets with the external auditor, without the presence of management to obtain feedback on the competency and adequacy of the finance function, to review assistance and co-operation given by the Company's management to the external auditor and to ascertain whether there are any deficiencies in the Group's financial reporting.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being provided by the external auditor.

The AC meets at least 4 times a year, and as and when deemed appropriate, to carry out its functions and has direct access to, and full co-operation of the management.

The AC has reviewed the nature and extent of all audit and non-audit services performed by the external auditor to establish whether their independence had in any way been compromised. The AC noted that there was no non-audit services provided by the external auditor in respect of FY2018.

The financial statements of Yahweh China Pte Ltd, the Company's Singapore-incorporated wholly-owned subsidiary was not audited as the subsidiary was dormant in respect of FY2018. The Company does not have any Singapore-incorporated significant associated companies. Accordingly, the Company has complied with Catalist Rule 715 of the Listing Manual.

In line with the recommendation of the Code to put in place arrangements to encourage and to provide a channel for staff of the Group and external parties to report and to raise in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or other matters, the Company has put in place a "Whistle-Blowing & Fraud Policy" to ensure that there are arrangements in place, for independent investigation of such matters and concerns raised on financial or other improprieties, and for appropriate follow-up action. All reports under the "Whistle-Blowing & Fraud Policy" are to be made to the Chairman of the Audit Committee. A designated email address at "whistleblower@ohldg.com" is administered and managed by the Chairman of the Audit Committee. Arrangements are also in place to ensure independent investigation of such matters, appropriate follow-up actions and results reported to the AC and the Board.

# REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

**PRINCIPLE 14: SHAREHOLDERS' RIGHTS & RESPONSIBILITIES****PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS****PRINCIPLE 16: CONDUCT OF SHAREHOLDERS' MEETING**

The Group treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. The Company does not practise selective disclosure. Price sensitive information is always released on SGXNET after trading hours. Results and annual reports are announced or issued within the mandatory periods.

Shareholders are encouraged to attend the Annual General Meeting to ensure a greater level of shareholder participation and for them to be kept up to date on the strategies and goals of the Group. All shareholders of the Company receive a copy of the Annual Report, the Notice of AGM and circulars and notices pertaining to any Extraordinary General Meetings of the Company. To facilitate participation by the shareholders, the constitution of the Company allows shareholders to attend and vote at general meetings of the Company by proxies. A shareholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the general meetings while a member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the general meetings through proxy forms deposited 48 hours before the meeting. Notices of general meetings are also advertised in newspapers and available on the SGX-ST's website.

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. Participation of shareholders is encouraged at the Annual General Meeting through the open question and answer session. All Directors, the Board Chairman and the respective Chairman of the AC, NC and RC, management and the external auditor are available to address any queries or concerns on matters relating to the Group and its operations.

The Company prepares minutes of general meetings which include the key comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. These minutes are made available to shareholders upon their written request.

To promote greater transparency and effective participation, 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 of shareholders is despatched at least 14 days before the scheduled date of the meeting.

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 equally, and timely informed of all major developments that impact the Group and Company.

## REPORT OF CORPORATE GOVERNANCE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

- Details of all general meetings via SGXNET, notices 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.

The Company does not have a fixed dividend policy. 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 FY2018 as the Group was in a loss making position.

### 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 FY2018 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 2018

## RISK MANAGEMENT AND PROCESSES

Information relating to the Group's risk management policies and processes are set out on page 65 of the Annual Report.

## 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.

## CODE OF BUSINESS CONDUCT

The Directors, officers and employees are required to observe and maintain high standards of integrity, as are in compliance with the law and the 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..

## 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 2018.

### 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 2018 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, with the continuing financial support from a director, who is also a controlling shareholder, 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:

Jeffrey Hing Yih Peir  
Lai Kwok Seng  
Renny Yeo Ah Kiang

### 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
<b>Ordinary shares the Company</b>				
Jeffrey Hing Yih Peir	195,000	33,195,000	197,350,000 <sup>(1)</sup>	164,350,000 <sup>(2)</sup>
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 and 33,000,000 shares were registered in the name of Pacific Alliance Asia Opportunity Fund L.P.

(2) 164,350,000 shares were registered in the name of Phillip Securities Pte Ltd.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.



# DIRECTORS' STATEMENT

## DIRECTORS' INTEREST IN SHARES AND DEBENTURES (CONTINUED)

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

## 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 Renny Yeo Ah Kiang and includes Mr Lai Kwok Seng and Mr Jeffrey Hing Yih Peir. The audit committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, 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;
- 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;
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

## DIRECTORS' STATEMENT

### AUDIT COMMITTEE (CONTINUED)

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect 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

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Jeffrey Hing Yih Peir  
Director

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Renny Yeo Ah Kiang  
Director

Singapore  
22 March 2019

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OEL (HOLDINGS) LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 2018, 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 33 to 67.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the 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 2018 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 to these financial statements. As at 31 December 2018, the Group and the Company have net current liabilities of S\$1,536,000 and S\$1,532,000 (2017: S\$1,285,000 and S\$1,283,000) respectively. The Group incurred a loss of S\$519,000 (2017: S\$405,000) during the year. The current liabilities include bank loans of S\$1,150,000 (2017: S\$1,000,000) which are contractually due within 12 months from the end of the reporting period. The Group also had a net operating cash outflow of S\$463,000 (2017: S\$4,000) for the financial year ended 31 December 2018. The Group and the Company are dependent on the bank's continued support to continue in business. As at 31 December 2018, the Group and the Company had available S\$1,850,000 (2017: S\$2,000,000) 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\$8,300,000 (2017: S\$8,600,000) as at 31 December 2018. If the Group and the Company are unable to generate sufficient cash flows to service interest payments, the facilities may be cancelled by the bank. Should the Group and the Company be unable to rollover the bank loans or secure alternative re-financing of the loans or other means, the Group and the Company may have insufficient cash to fulfil obligations at the relevant repayment dates.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF OEL (HOLDINGS) LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Material Uncertainty Related to Going Concern (Continued)

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as going concerns and therefore, the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements have been prepared on a going concern on the basis that the bank will be supportive of the Group and the Company continuing in business. In addition, a director, who is also the controlling shareholder of the Company, has given an undertaking that he will provide continuing financial support to the Group and Company to enable them to continue their operations as going concerns and to meet their liabilities as and when these are due for payments within the next 12 months from the date of approval of the financial statements by the directors for the financial year ended 31 December 2018. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group and Company be unable to continue as going concerns. Our opinion is not modified in respect of this matter.

#### 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 results of our procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

In addition to the matters described in the *Basis for Opinion and Material Uncertainty Related to Going Concern* sections, we have determined the matters described below to be the key audit matters 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)

### Key Audit Matters (Continued)

#### Valuation of leasehold building

The Group's and Company's leasehold building is stated at its revalued amount based on independent external valuations. This conforms to the Group's accounting policies as detailed in Note 2.

**Key audit matter** The valuation exercise involves judgement in determining appropriate valuation methodology to be used, and estimation in the use of assumptions and unobservable inputs.

Details are disclosed in Note 12 to the financial statements.

**Our audit performed and responses thereon**

We performed the procedures below in relation to the valuation of leasehold building:

- evaluated whether the independent valuer had the necessary competence, capabilities and objectivity for purposes of our audit;
- evaluated the adequacy of the valuer's work for purposes of our audit. This involved assessing the appropriateness of valuation methodologies adopted, the relevance and reasonableness of assumptions and unobservable inputs used, and the integrity of source data used by the valuer;
- evaluated the valuation methodologies used to be consistent with generally accepted market practices, and the key assumptions and unobservable inputs to be within an acceptable range.

#### Potential liability arising from area used by tenant of leasehold building without rent

As disclosed in Note 3 to the financial statements, an area on the second floor of the Group's and the Company's leasehold building which was not leased out under the operating lease was used by the tenant without rent. The issue was whether such usage amounted to a sublease which requires consent by the landlord and consequently resulting in a sublet consent fee to be paid. Board and management were of the view that it was not. The prior year's auditor's report was qualified on the basis that the auditors have not been provided with sufficient appropriate evidence in respect of management's view that there is no potential liability arising from or in connection with the tenant's use of the area without rent. There is no qualification in respect of this matter in the current year's auditor's report.

**Key audit matter** The assessment of potential liability with regard to the above matter involves judgement in evaluating the sufficiency and appropriateness of the audit evidence.

Details are disclosed in Note 3 to the financial statements.

**Our audit performed and responses thereon**

We performed the following procedures:

- inquired Board and management on the development of JTC's inquiry;
- reviewed the correspondence between the Company and JTC and;
- reviewed events subsequent to the use of the said space.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF OEL (HOLDINGS) LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Other Information

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

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

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

#### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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.



# 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)

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.
- 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.

# 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)

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.

#### Other Matter

The consolidated financial statements for the financial year ended 31 December 2017 were audited by another auditor whose report dated 23 March 2018 expressed a qualified opinion on those financial statements.

#### Report on Other Legal and Regulatory Requirements

In our opinion, except for the matter described in the Basis for Opinion section of the report, 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  
22 March 2019

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

		Group	
	Note	2018 S\$'000	2017 S\$'000
<b>Continuing operations</b>			
Revenue	4	738	930
Other operating income	5	26	284
Administrative expenses		(440)	(562)
Other operating expenses		(709)	(776)
Finance cost	6	(29)	(27)
Loss before income tax	8	(414)	(151)
Income tax expense	9	(105)	(7)
<b>Loss for the year from continuing operations</b>		<b>(519)</b>	<b>(158)</b>
<b>Discontinued operation</b>			
Loss for the year from discontinued operation, net of tax	10	—	(247)
<b>Loss for the year</b>		<b>(519)</b>	<b>(405)</b>
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Net surplus on revaluation of leasehold building	21	35	274
Income tax relating to component of other comprehensive income that will not be reclassified subsequently	19	(6)	(3)
Other comprehensive income, net of tax		29	271
<b>Total comprehensive loss for the year</b>		<b>(490)</b>	<b>(134)</b>
<b>Loss per share from continuing operations:</b>			
Basic and diluted	11(a)	(0.078 cents)	(0.024 cents)
<b>Loss per share from continuing and discontinued operations:</b>			
Basic and diluted	11(b)	(0.078 cents)	(0.061 cents)

The accompanying notes form an integral part of these financial statements

# STATEMENTS OF FINANCIAL POSITION

As at 31 DECEMBER 2018

		Group			Company		
	Note	31 December 2018 S\$'000	31 December 2017 S\$'000	1 January 2017 S\$'000	31 December 2018 S\$'000	31 December 2017 S\$'000	1 January 2017 S\$'000
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment	12	8,317	8,620	8,803	8,317	8,620	8,803
Investment in subsidiaries	13	–	–	–	–	–	–
Investment in associates	14	–	–	–	–	–	–
Other non-current asset		–	–	6	26	26	32
		<u>8,317</u>	<u>8,620</u>	<u>8,809</u>	<u>8,343</u>	<u>8,646</u>	<u>8,835</u>
<b>CURRENT ASSETS</b>							
Other receivables	15	32	38	24	35	39	24
Cash and bank balances	16	21	284	245	21	284	245
		<u>53</u>	<u>322</u>	<u>269</u>	<u>56</u>	<u>323</u>	<u>269</u>
Assets of disposal group classified as held for sale	10	–	–	9,045	–	–	–
<b>Total assets</b>		<u>8,370</u>	<u>8,942</u>	<u>18,123</u>	<u>8,399</u>	<u>8,969</u>	<u>9,104</u>
<b>CURRENT LIABILITIES</b>							
Loans and borrowings	17	1,200	1,000	1,000	1,200	1,000	1,000
Current portion of finance leases		–	–	33	–	–	33
Income tax payable		104	3	129	104	3	129
Trade and other payables	18	285	604	697	284	603	695
		<u>1,589</u>	<u>1,607</u>	<u>1,859</u>	<u>1,588</u>	<u>1,606</u>	<u>1,857</u>
Liabilities of disposal group classified as held for sale	10	–	–	9,045	–	–	–
<b>NON-CURRENT LIABILITIES</b>							
Deferred tax liabilities	19	281	275	272	281	275	272
<b>Total liabilities</b>		<u>1,870</u>	<u>1,882</u>	<u>11,176</u>	<u>1,869</u>	<u>1,881</u>	<u>2,129</u>
<b>Net assets</b>		<u>6,500</u>	<u>7,060</u>	<u>6,947</u>	<u>6,530</u>	<u>7,088</u>	<u>6,975</u>
<b>EQUITY</b>							
Share capital	20	38,530	38,530	38,530	38,530	38,530	38,530
Accumulated losses		(39,730)	(39,141)	(38,736)	(39,700)	(39,113)	(38,955)
Foreign currency translation reserve		–	–	(247)	–	–	–
Revaluation reserve	21	7,882	7,853	7,582	7,882	7,853	7,582
Share issue reserve	22	(182)	(182)	(182)	(182)	(182)	(182)
<b>Total equity</b>		<u>6,500</u>	<u>7,060</u>	<u>6,947</u>	<u>6,530</u>	<u>7,088</u>	<u>6,975</u>

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Group	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Revaluation reserve S\$'000	Share issue reserve S\$'000	Total equity S\$'000
Balance as at 1 January 2017	38,530	(38,736)	(247)	7,582	(182)	6,947
Reclassification to profit or loss on disposal of foreign subsidiary	-	-	247	-	-	247
Loss for the year	-	(405)	-	-	-	(405)
Other comprehensive income for the year	-	-	-	-	-	-
Net surplus on revaluation of leasehold building	-	-	-	271	-	271
Total comprehensive loss for the year ended 31 December 2017	-	(405)	-	271	-	(134)
Balance as at 31 December 2017	38,530	(39,141)	-	7,853	(182)	7,060
Loss for the year	-	(519)	-	-	-	(519)
Other comprehensive income for the year	-	-	-	-	-	-
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)
<b>Balance as at 31 December 2018</b>	<b>38,530</b>	<b>(39,730)</b>	<b>-</b>	<b>7,882</b>	<b>(182)</b>	<b>6,500</b>

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

## STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

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 2017	38,530	(38,955)	7,582	(182)	6,975
Loss for the year	–	(158)	–	–	(158)
Other comprehensive income for the year					
Net surplus on revaluation of leasehold building	–	–	271	–	271
Total comprehensive loss for the year ended 31 December 2017	–	(158)	271	–	113
Balance as at 31 December 2017	38,530	(39,113)	7,853	(182)	7,088
Loss for the year	–	(587)	–	–	(587)
Other comprehensive income for the year					
Net surplus on revaluation of leasehold building	–	–	29	–	29
Total comprehensive loss for the year ended 31 December 2018	–	(587)	29	–	(558)
<b>Balance as at 31 December 2018</b>	<b>38,530</b>	<b>(39,700)</b>	<b>7,882</b>	<b>(182)</b>	<b>6,530</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

Note	Group	
	2018 S\$'000	2017 S\$'000
<b>Cash flows from operating activities</b>		
Loss before tax from continuing operations	(414)	(151)
Loss before tax from discontinued operation	10	(247)
Loss before tax, total	(414)	(398)
Adjustments for:		
Depreciation of property, plant and equipment	338	334
Loss on disposal of property, plant and equipment	–	47
Impairment loss on other non-current asset	–	6
Interest expense	29	27
Reclassification of cumulative currency translation loss on disposal of foreign subsidiary	10	247
<b>Operating cash flow before changes in working capital</b>	(47)	263
<b>Changes in working capital:</b>		
Other receivables	6	(14)
Trade and other payables	(391)	(93)
<b>Cash (used in)/generated from operations</b>	(432)	156
Interest paid	(26)	(27)
Income tax paid	(5)	(133)
<b>Net cash used in operating activities</b>	(463)	(4)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	–	76
<b>Net cash generated from investing activities</b>	–	76
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	250	150
Repayment of bank borrowings	(100)	(150)
Loan from a director of the Company	50	–
Repayment of obligations under finance lease	–	(33)
<b>Net cash generated from/(used in) financing activities</b>	200	(33)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(263)	39
Cash and cash equivalents at beginning of the year	284	245
<b>Cash and cash equivalents at end of the year</b>	16	284

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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 No. 8, Aljunied Avenue 3, Oakwell Building, Singapore 389933.

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 13 and 14 to the financial statements.

### 1.1 Going concern

As at 31 December 2018, the Group and the Company have net current liabilities of S\$1,536,000 and S\$1,532,000 (2017: S\$1,285,000 and S\$1,283,000) respectively. The Group incurred a loss of S\$519,000 (2017: S\$405,000) during the year. The current liabilities include bank loans of S\$1,150,000 (2017: S\$1,000,000) which are contractually due within 12 months from the end of the reporting period. The Group also had a net operating cash outflow of S\$463,000 (2017: S\$4,000) for the financial year ended 31 December 2018. The Group and the Company are dependent on the bank's continued support to continue in business. As at 31 December 2018, the Group and the Company had available S\$1,850,000 (2017: S\$2,000,000) 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\$8,300,000 (2017: S\$8,600,000) as at 31 December 2018.

If the Group and the Company are unable to generate sufficient cash flows to service interest payments, the facilities may be cancelled by the bank. Should the Group and the Company be unable to rollover the bank loans or secure alternative re-financing of the loans or other means, the Group and the Company may have insufficient cash to fulfil obligations at the relevant repayment dates. This may impede continuation of the Group's and the Company's rental of property, which is the Group and the Company's only remaining business.

Notwithstanding these conditions, the financial statements have been prepared on a going concern on the basis that the bank will be supportive of the Group and the Company continuing in business. In addition, a director, who is also the controlling shareholder of the Company, has given an undertaking that he will provide continuing financial support to the Group and Company to enable them to continue their operations as going concerns and to meet their liabilities as and when these are due for payments within the next 12 months from the date of approval of the financial statements by the directors for the financial year ended 31 December 2018.

If the going concern assumptions is no longer applicable, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group and Company be unable to continue as going concerns.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 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)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted 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.

### 2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

As mentioned in Note 2.1, these financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies.

#### New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

### 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
SFRS(I) 16 Leases	1 January 2019
SFRS(I) INT 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective (Continued)

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

#### SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on statements of financial position. The standard includes two recognition exemptions for lessees – leases of ‘low value’ assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of S\$7,192,000 and lease liabilities of S\$7,230,000 for its leases previously classified as operating leases, with a corresponding decrease in the opening retained earnings of S\$38,000 and its related tax impact as of 1 January 2019.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

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 2018

## 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 2018

## 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

#### (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.

#### (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. 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. The accounting policy for rental income is set out in Note 2.6. 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Income taxes (Continued)

#### (i) *Current income tax (Continued)*

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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Income taxes (Continued)

#### (ii) *Deferred income tax (Continued)*

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Property, plant and equipment (Continued)

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.

### 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 account 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Associates (Continued)

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

### 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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Contingencies (Continued)

- (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 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

## 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 judgements, apart from those involving estimations, which have 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Judgements made in applying accounting policies (Continued)

#### (ii) *Sublet of leasehold building*

The Group and the Company own a leasehold building in Singapore. Parts of the building were leased out under an operating lease. In 2017, an area on the second floor which was not leased out under the operating lease was used by the tenant without rent on grounds of goodwill. The sublet of the Group's and the Company's leasehold building is subject to consent by the landlord of the leasehold land on which the property is situated. A sublet consent fee is payable to the landlord based on the area of the sublet space. Board and management were of the view that the area used by the tenant without rent should not be included in the sublet area submitted to the landlord for their sublet consent.

The tenancy agreement expired on 31 October 2018. Subsequent to the reporting date, the Group and the Company have secured a new tenant and has obtained approval from the landlord.

The Board and management are of the view that there is no potential liability arising from or in connection with the tenant's use of the area without rent in 2017.

### 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, the Company'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 Company'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.

## 4. REVENUE

Rental income

Group	
2018 S\$'000	2017 S\$'000
738	930



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 5. OTHER OPERATING INCOME

	Group	
	2018 S\$'000	2017 S\$'000
Administrative and management income	25	69
Recovery of bad debt previously written off	–	211
Others	1	4
	<b>26</b>	<b>284</b>

## 6. FINANCE COSTS

	Group	
	2018 S\$'000	2017 S\$'000
Interest on loan and borrowings	29	25
Interest on obligations under finance lease	–	2
	<b>29</b>	<b>27</b>

## 7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018 S\$'000	2017 S\$'000
Salaries and wages (including director)	163	217
Defined contribution plans	18	22
	<b>181</b>	<b>239</b>

## 8. LOSS BEFORE INCOME TAX

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

	Group	
	2018 S\$'000	2017 S\$'000
Directors' fee	60	90
Depreciation of property, plant and equipment (Note 12)	338	334
Employee benefits expense (including directors' remuneration) (Note 7)	181	239
Impairment loss reversed on trade receivables	(32)	(254)
Land lease	277	283
Property tax	58	54
Sublet consent fee	29	48
Audit fees:		
Paid to auditor of the Company		
– for current year's audit	29	40
– adjustment in respect of prior year	3	21
Non-audit fees paid to auditor of the Company	–	7

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 9. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	Group	
	2018 S\$'000	2017 S\$'000
Current income tax – continuing operations:		
Under provision in respect of previous years	105	7

The tax 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	
	2018 S\$'000	2017 S\$'000
<u>From continuing operations</u>		
Loss before income tax	(414)	(151)
Tax credit calculated at tax rate of 17% (2017: 17%)	(70)	(26)
Non-taxable items – net	71	70
Tax exempt income	–	(44)
Under provision in respect of previous years	105	7
Singapore statutory stepped income exemption	(1)	–
	105	7

## 10. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

On 12 December 2016, a creditor of the Group's subsidiary, OSEC Shipyard Pte. Ltd. ("OSEC") filed an application with the Singapore High Court (the "Court") to wind up OSEC on the basis that OSEC had failed to satisfy debts of US\$562,000.

On 6 January 2017, the application was heard by the Court, pursuant to which a winding up order was made against OSEC and a liquidator appointed with immediate effect. This resulted in the Group losing control of OSEC and its subsidiary OSC Co., Ltd ("OSC"), which constitutes an effective disposal of both entities (the Shipyard operations).

The Group lost control of OSEC and OSC on 6 January 2017 and the consolidation of the two companies into the Group's financial statements ceased on that date. A loss on disposal of S\$247,000 is recognised in the financial year ended 31 December 2017 arising from the reclassification of cumulative currency translation loss relating to the foreign subsidiary OSC recognised in other comprehensive income and accumulated in currency translation reserve in prior years.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

### 11. LOSS PER SHARE

#### a) Continuing operations

Basic loss per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company (after adjusting for interest expense 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 profit and share data used in the computation of basic and diluted loss per share for the years ended 31 December.

	Group	
	2018 S\$'000	2017 S\$'000
Loss for the year	(519)	(405)
Add back: Loss from discontinued operation, net of tax	–	247
Loss from continuing operations, net of tax, used in the computation of basic and diluted loss per share from continuing operations	(519)	(158)
	<b>No of shares 2018</b>	<b>No of shares 2017</b>
Weighted average number of ordinary shares for basic and diluted loss per share computation	668,266,667	668,266,667

#### b) Continuing and discontinuing operations

The basic and diluted loss per share from continuing and discontinuing operations are calculated by dividing the loss for the year of S\$519,000 (2017: S\$405,000) by the weighted average number of ordinary shares of 668,266,667.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 12. PROPERTY, PLANT AND EQUIPMENT

Group and Company	Leasehold Building S\$'000 At valuation	Plant and Equipment S\$'000 At cost	Total S\$'000
<u>At cost or valuation</u>			
As at 1 January 2017	9,944	401	10,345
Revaluation	328	–	328
Disposals and write-off	–	(320)	(320)
As at 31 December 2017	10,272	81	10,353
Revaluation	44	–	44
As at 31 December 2018	<b>10,316</b>	<b>81</b>	<b>10,397</b>
<u>Accumulated depreciation</u>			
As at 1 January 2017	1,294	248	1,542
Charge during the year	324	10	334
Revaluation	54	–	54
Disposals and write-off	–	(197)	(197)
As at 31 December 2017	1,672	61	1,733
Charge during the year	335	3	338
Revaluation	9	–	9
As at 31 December 2018	<b>2,016</b>	<b>64</b>	<b>2,080</b>
<u>Net book value</u>			
As at 31 December 2017	8,600	20	8,620
As at 31 December 2018	<b>8,300</b>	<b>17</b>	<b>8,317</b>

During the year ended 31 December 2018 and 2017, 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 24).

### 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 7 January 2019 (2017: 9 January 2018). 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	
	2018 S\$'000	2017 S\$'000
Leasehold building:		
– Cost	3,334	3,334
– Accumulated depreciation	2,786	2,764
– Net carrying amount	<b>548</b>	<b>570</b>

### Assets pledged as security

The Group's leasehold building with a carrying amount of \$8,300,000 (2017: \$8,600,000) is mortgaged to secure the Group's bank loans.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 13. INVESTMENT IN SUBSIDIARIES

Company	2018 S\$'000	2017 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
		2018	2017	
<u>Held by the Company</u>				
Yahweh China Pte. Ltd. <sup>1</sup>	Singapore	100%	100%	Investment holding
OSEC Shipyard Pte. Ltd. <sup>2</sup>	Singapore	100%	100%	Ship repairs
<u>Held through OSEC</u>				
Shipyard Pte. Ltd.				
OSC Co., Ltd. <sup>3</sup>	Thailand	100%	100%	Ship repairs

<sup>1</sup> Dormant subsidiary and not audited as insignificant

<sup>2</sup> Not audited as the entity has been placed under liquidation in 2017 (Note 10)

<sup>3</sup> Not audited as the entity's immediate parent has been placed under liquidation in 2017 (Note 10)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 14. INVESTMENT IN ASSOCIATES

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Unquoted equity shares, at cost	36	36	36	36
Share of post-acquisition losses	(36)	(36)	–	–
(-) 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
		2018 %	2017 %	
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 2018. 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 2018 is appropriate.

A legal claim was made against the associate in 2015 and remains ongoing as at 31 December 2018. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 15. OTHER RECEIVABLES

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Other receivables				
Other receivables	22	12	25	13
Prepayment	10	26	10	26
	<b>32</b>	<b>38</b>	<b>35</b>	<b>39</b>

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.

## 16. CASH AND BANK BALANCES

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Cash on hand	–	–	–	–
Cash at bank	21	284	21	284
Cash and bank balances	21	284	21	284
Add: Other receivables (Note 15)	22	12	25	13
Total financial asset carried at amortised cost	<b>43</b>	<b>296</b>	<b>46</b>	<b>297</b>

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

## 17. LOANS AND BORROWINGS

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Current				
Short term bank loans <sup>(i)</sup>	1,150	1,000	1,150	1,000
Loan from director <sup>(ii)</sup>	50	–	50	–
	<b>1,200</b>	<b>1,000</b>	<b>1,200</b>	<b>1,000</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 17. LOANS AND BORROWINGS (CONTINUED)

### (i) Short term bank loans

The loans are secured by a charge over the Group's leasehold building (Note 12). The loans are arranged at fixed interest rates that ranged from 3.26% to 3.74% (2017: 2.75% to 2.82%) per annum with repayment terms of 6 months (2017: 6 months). As at 31 December 2018, the Group and the Company had available S\$1,850,000 (2017: S\$2,000,000) of undrawn committed borrowing facilities in respect of which the condition precedent had been met.

### (ii) Loan from director

This loan is unsecured and bears interest rate at 5% per annum. Repayment is dependent on the availability of working capital of the Company.

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 movement in carrying amount of the loans and borrowings from 31 December 2017 to 31 December 2018 is solely due to financing cash flows.

## 18. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<u>Trade payables</u>				
Third parties	119	130	119	130
	<b>119</b>	130	<b>119</b>	130
<u>Other payables</u>				
Accrued operating expenses	57	139	56	138
Other payables	38	45	38	45
Rental deposits	37	256	37	256
Related party	34	34	34	34
	<b>166</b>	474	<b>165</b>	473
Total trade and other payables	<b>285</b>	604	<b>284</b>	603
Add: Loans and borrowings (Note 17)	<b>1,200</b>	1,000	<b>1,200</b>	1,000
Total financial liabilities carried at amortised cost	<b>1,485</b>	1,604	<b>1,484</b>	1,603

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 19. DEFERRED TAX LIABILITIES

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

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Deferred tax liabilities</b>				
Balance at beginning of the year	275	272	275	272
Deferred tax arising from revaluation of property	6	3	6	3
Balance at the end of the year	<b>281</b>	<b>275</b>	<b>281</b>	<b>275</b>

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

## 20. SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
<b>Issued and fully paid</b>	<b>Number of shares</b>		<b>S\$'000</b>	<b>S\$'000</b>
Ordinary shares:				
At 1 January	668,266,667	688,624,561	38,530	38,530
Cancellation during the year	–	(20,357,894)	–	–
At 31 December	<b>668,266,667</b>	<b>668,266,667</b>	<b>38,530</b>	<b>38,530</b>

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 2018

## 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	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 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	1	2	1
Fees paid to company in which the Company's key management personnel has a financial interest	62	109	62	109

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 the other members of key management for the financial year is as shown below.

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Short-term benefits	195	275	195	275
Post-employment benefits	13	17	13	17
	208	292	208	292

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

## 24. COMMITMENTS

### (a) Operating lease commitments – as lessee

The Group is required to pay JTC Corporation ("JTC") annual land rent in respect of its leasehold building (Note 12). 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% 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:

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 24. COMMITMENTS (CONTINUED)

### (a) Operating lease commitments – as lessee (Continued)

	Group and Company	
	2018 S\$'000	2017 S\$'000
Not later than one year	277	277
Later than one year but not later than five years	1,386	1,386
Later than five years	5,175	5,452
	<b>6,838</b>	<b>7,115</b>

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.

### (b) Operating lease commitments – as lessor

The Group rents out its leasehold building in Singapore under an operating lease. Property rental income earned during the year was S\$738,000 (2017: S\$930,000).

There is no ongoing contract entered into by the Group at the end of the reporting period (2017: a tenant).

## 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 2018

## 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	
	2018 S\$'000	2017 S\$'000
Fair value measurements at the end of the reporting period using significant unobservable inputs (Level 3)		
<b>Assets measured at fair value</b>		
<u>Non-financial assets</u>		
Leasehold building (Note 12)	8,300	8,600

### 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 2018 S\$'000	Valuation techniques	Unobservable inputs	Range
<b>Recurring fair value measurements</b>				
<b>Property, plant and equipment</b>				
Leasehold building	8,300	Combination of:	i) Yield adjustments based on management's assumptions*	i) 2% to 25%
		i) Market comparable approach		
		ii) Income approach	ii) Weighted average cost of capital	ii) 6%
Description	Fair value as at 31 December 2017 S\$'000	Valuation techniques	Unobservable inputs	Range
<b>Recurring fair value measurements</b>				
<b>Property, plant and equipment</b>				
Leasehold building	8,600	Combination of:	i) Yield adjustments based on management's assumptions*	i) 1% to 15%
		i) Market comparable approach		
		ii) Income approach	ii) Weighted average cost of capital	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 2018

## 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	
	2018 S\$'000	2017 S\$'000
Total gains and losses for the period included in <b>Other comprehensive income:</b>		
– Net surplus on revaluation	29	271

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 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.

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 2018 and 31 December 2017, 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (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. The financial statements have been prepared on a going concern basis as a director, who is also the controlling shareholder of the Company, has given an undertaking that he will provide continuing financial support to the Group and Company to enable them to continue their operations (Note 1.1).

All financial assets and liabilities are repayable on demand or within 12 months from the end of the reporting period.

## 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 2018 and 31 December 2017.

## 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.

In 2016, Shipyard operations have been classified as a disposal group held for sale and a discontinued operation. Further details are disclosed in Note 10.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

## 28. SEGMENT INFORMATION (CONTINUED)

### (b) Segment revenues and results

The Group's continuing operations during the year ended 31 December 2018 and 31 December 2017 relate to the rental of a property.

There were no inter-segment sales during the years ended 31 December 2018 and 31 December 2017.

### (c) Segment assets and liabilities

In 2018 and 2017, all assets and liabilities are allocated to reportable segments.

	Rental of property S\$'000
<u>31 December 2018</u>	
<b>Assets</b>	
Segment assets	<u>8,370</u>
<b>Liabilities</b>	
Segment liabilities	<u>1,870</u>
<b>Other information</b>	
Depreciation	338
<u>31 December 2017</u>	
<b>Assets</b>	
Segment assets	<u>8,942</u>
<b>Liabilities</b>	
Segment liabilities	<u>1,882</u>
<b>Other information</b>	
Depreciation	334

### (d) Geographical and major customer information

The Group's revenue from continuing operations is derived from property rental, which operates in Singapore. Property rental revenue in 2018 and in 2017 was earned from one customer.

## 29. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the board of directors on 22 March 2019.

# SHAREHOLDERS' INFORMATION

AS AT 15 MARCH 2019

## SHAREHOLDERS' INFORMATION AS AT 15 MARCH 2019

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 15 MARCH 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 – 99	2	0.07	12	0.00
100 – 1,000	297	10.43	287,999	0.04
1,001 – 10,000	863	30.31	4,943,700	0.74
10,001 – 1,000,000	1,620	56.90	199,891,710	29.91
1,000,001 and above	65	2.29	463,143,246	69.31
<b>Grand Total</b>	<b>2,847</b>	<b>100.00</b>	<b>668,266,667</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2019

(As recorded in the Register of Substantial Shareholders)

	Direct Interest Number of Shares	% <sup>(1)</sup>	Deemed Interest Number of Shares	% <sup>(1)</sup>	Total number of shares	Total % <sup>(1)</sup>
Jeffrey Hing Yih Peir	33,195,000	4.97	164,350,000 <sup>(2)</sup>	24.59	197,545,000	29.56

Notes:

(1) Based on the total number of issued ordinary shares of 668,266,667 (excluding treasury shares) as at 15 March 2019.

(2) Mr Jeffrey Hing Yih Peir is deemed interested in the 164,350,000 shares held by Phillip Securities Pte Ltd.

# SHAREHOLDERS' INFORMATION

AS AT 15 MARCH 2019

## TWENTY LARGEST SHAREHOLDERS AS AT 15 MARCH 2019

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	PHILLIP SECURITIES PTE LTD	189,938,700	28.42
2	CITIBANK NOMINEES SINGAPORE PTE LTD	46,016,600	6.89
3	JEFFREY HING YIH PEIR	33,195,000	4.97
4	DBS NOMINEES PTE LTD	16,862,500	2.52
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	11,939,012	1.79
6	SHIE YONG FAH	10,100,000	1.51
7	OCBC SECURITIES PRIVATE LTD	9,870,300	1.48
8	UOB KAY HIAN PTE LTD	7,620,500	1.14
9	CHUA ENG HWA	7,465,600	1.12
10	ESTATE OF LIM TCHEN NAN, DECEASED	6,500,000	0.97
11	CHAN HIN T'ING CAROLINE	6,000,000	0.90
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,796,000	0.87
13	KHO CHUAN THYE PATRICK	4,900,000	0.73
14	OCBC NOMINEES SINGAPORE PTE LTD	4,765,800	0.71
15	TAN LYE SENG	4,609,200	0.69
16	KOH YEW CHOO	4,318,000	0.65
17	PEY ENG CHUA	4,016,000	0.60
18	LIM MOOI NGO	4,000,000	0.60
19	TAN SOO CHONG	3,800,000	0.57
20	LOW BENG TIN	3,769,754	0.56
	<b>TOTAL</b>	<b>385,482,966</b>	<b>57.69</b>

## PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

To the best knowledge of the Company, the percentage of shareholding held in the hands of public as at 15 March 2019 is approximately 70.18% of the total issued shares, excluding treasury shares. Therefore, the Company complies with Catalyst Rule 723 of the Listing Manual.

## TREASURY SHARES AND SUBSIDIARY HOLDINGS

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

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of OEL (Holdings) Limited (the “**Company**”) will be held on Monday, 29 April 2019 at 10.00 a.m. at No. 8 Aljunied Avenue 3, Oakwell Building, Singapore 389933 for the purpose of transacting the following business:

## ORDINARY BUSINESS

- |    |   |                     |
|----|---|---------------------|
| 1. | To receive and adopt the Directors’ Statement, Auditor’s Report and Audited Financial Statements for the year ended 31 December 2018.                       | <b>Resolution 1</b> |
| 2. | To re-elect Mr Lai Kwok Seng, a Director retiring pursuant to Article 87 of the Company’s Constitution. [See Explanatory Note (a)]                          | <b>Resolution 2</b> |
| 3. | To approve the payment of Directors’ fees of up to S\$45,000 for the year ending 31 December 2019, to be paid quarterly in arrears. (2018: up to S\$60,000) | <b>Resolution 3</b> |
| 4. | To re-appoint PKF-CAP LLP as the Company’s Auditor and to authorise the Directors to fix their remuneration.  | <b>Resolution 4</b> |

## SPECIAL BUSINESS

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

- |    |                            |                     |
|----|----------------------------|---------------------|
| 5. | <b>Share Issue Mandate</b> | <b>Resolution 5</b> |
|----|----------------------------|---------------------|

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

- |     |      |  |
|-----|------|--|
| (a) | (i)  | issue shares in the capital of the Company (“ <b>Shares</b> ”) whether by way of rights, bonus or otherwise; and/or  |
|     | (ii) | make or grant offers, agreements or options (collectively, “ <b>Instruments</b> ”) 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 may in their absolute discretion deem fit; and

- |     |  |
|-----|--|
| (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, |
|-----|--|

## NOTICE OF ANNUAL GENERAL MEETING

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 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 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:
  - (i) new Shares arising from the conversion or exercise of any convertible securities;
  - (ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Catalist Rules.
- (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 for the time being of the Company; and
- (4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution 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 the earlier". [See Explanatory Note (b)].

By Order of the Board

Tan Ching Chek and Teo Ah Hiong  
Joint Company Secretaries  
12 April 2019

## NOTICE OF ANNUAL GENERAL MEETING

### Explanatory Notes:

- (a) Mr Lai Kwok Seng will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee, and a member of the Audit Committee and the Remuneration Committee. Mr Lai Kwok Seng is considered by the Board of Directors 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 Lai Kwok Seng can be found under the section entitled "Information on Director Seeking Re-election" on pages 74 to 76 of 2018 Annual Report of the Company.
- (b) The Ordinary Resolution 5 proposed in item 5 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.



# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

- (i) (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

- (ii) A proxy need not be a member of the Company.
- (iii) If a proxy is to be appointed, the instrument of proxy must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, Singapore 068898 not less than 48 hours before the time appointed for holding the Annual General Meeting.
- (iv) The instrument of proxy must be signed by the appointor or his attorney duly authorised in writing. In the case of joint shareholders, all holders must sign the instrument of proxy.

## Personal Data Privacy:

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

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this notice.*

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

*The details of the contact person for the Sponsor are:-*

Name: Mr Shervyn Essex (Registered Professional, RHT Capital Pte. Ltd.)  
 Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619  
 Tel: (65) 6381 6757

## INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Information pursuant to Rule 720(5) of the Catalist Rules on Mr Lai Kwok Seng who is seeking re-election as Director at the 2019 Annual General Meeting is as follows:

Name	Mr Lai Kwok Seng
Date of Appointment	12 August 2005
Age	73
Country of Principal Residence	Singapore
Date of last re-appointment (if applicable)	26 April 2016
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Lai will continue to contribute his valuable experience and knowledge to the Board of the Company.
Whether appointment is executive, and if so, the area of responsibility:	N.A.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director
Professional qualifications	Barrister-at-Law, Lincoln's Inn Advocate & Solicitor of the Supreme Court of Singapore
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
Conflict of interests (including any competing business)	None
Working experience and occupation(s) during the past 10 years	Partner in a local law firm
Undertaking submitted to the listed issuer in the form of Appendix 7.7 [Listing Rule 704(7)] or Appendix 7H (Catalist Rule 704(6))	Yes
Shareholding interest in the listed issuer and its subsidiaries	Nil
Past principal commitments including directorships over the preceding five years	Nil

## INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Present principal commitments including directorships	Nil
(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
(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
(c) Whether there is any unsatisfied judgment against him?	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
(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
(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
(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
(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

## INFORMATION ON DIRECTOR SEEKING RE-ELECTION

- |  |  |    |
|--|--|----|
| (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 |
| (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 |
| (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 |
| (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 |
| (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.   | No |
| in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?        |  |    |
| (k)  | Whether he has been the subject of any current or past investigation or disciplinary proceedings, or have 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 |

# OEL (HOLDINGS) LIMITED

Company Reg. No.: 198403368H  
(Incorporated in the Republic of Singapore)

## ANNUAL GENERAL MEETING

### PROXY FORM

(Please read notes overleaf before completing this form)

#### IMPORTANT

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) (the "Act"), may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy OEL (Holdings) Limited shares, this Proxy Form is not valid for use by them and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

#### PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2019.

I/We \_\_\_\_\_ (Name), \_\_\_\_\_ (NRIC/Passport Number/  
Company Registration Number) of \_\_\_\_\_ (Address)  
being a member/members of OEL (Holdings) Limited (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company (the "Meeting") to be held on Monday, 29 April 2019 at 10.00 a.m. at No. 8 Aljunied Avenue 3, Oakwell Building, Singapore 389933 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

NO.	RESOLUTIONS	NO. OF VOTES FOR	NO. OF VOTES AGAINST
	ORDINARY BUSINESS		
1.	To adopt the Directors' Statement, Auditor's Report and Audited Financial Statements		
2.	To re-elect Mr Lai Kwok Seng, a Director retiring under Article 87 of the Company's Constitution		
3.	To approve Directors' Fees		
4.	To re-appoint PKF-CAP LLP as Auditor and authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
5.	To approve the Share Issue Mandate		

\*Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick with '√'. Alternatively, please indicate the number of votes "For" or "Against" each resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	



\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal of  
Corporate Shareholder

**NOTES:**

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited, you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time appointed for holding the Meeting.
6. The instrument appointing a proxy or representative for any member shall be in writing and shall (in the case of an individual appointor) be signed by the appointor or his attorney or, (if the appointor is a corporation) be under its seal or signed by its attorney.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member of the Company may by resolution of its directors or other governing body authorise any person to act as its representative at the meeting, in accordance with Section 179 of the Act.

**GENERAL:**

The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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# **OEL (HOLDINGS) LIMITED**

Registration No. 198403368H  
No. 8 Aljunied Ave 3, Oakwell Building, Singapore 389933  
Tel: 6747 6171 Fax: 6747 1832