



OEL (HOLDINGS) LIMITED

SGX:584

ANNUAL REPORT 2020

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CORPORATE PROFILE

OEL (Holdings) Limited (“OEL” or the “Company”, and together with its subsidiaries, the “Group”) is a forward-looking Singapore Exchange-listed company. OEL is committed to our goal of building a Pan-Asian High Tech Healthcare Company as its core. OEL pursues long-term investments in stable and high-growth areas with value creation for shareholders in mind.

Since the restructuring announced in early 2020, OEL has focused on the high-tech healthcare and childcare wellness education industries through astute mergers and acquisitions, injection of capital through fundraising exercises in the equity market as well as bringing in new strategic investors and partners.

Working with healthcare experts, early childhood development specialists and other industry-related entities has enabled us to take a huge step forward in identifying healthcare and childcare wellness education as our new core business.

Furthermore, OEL’s board members work closely with leading investors, global financial institutions, and other relevant industry players who can assist us in driving our businesses forward.

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

This annual report has been reviewed by the Company’s sponsor, Evolve Capital Advisory Private Limited, 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 Jerry Chua (Registered Professional, Evolve Capital Advisory Private Limited) at 138 Robinson Road #13-02, Oxley Tower, Singapore 068906. Tel: 6241 6626.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of our Board of Directors ("**Board**"), I am pleased to present the annual report of OEL (Holdings) Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2020 ("**FY2020**").

In FY2020, I am pleased to announce that the Company has transformed from a property management company to one with diversified portfolio with Healthcare equipment and services and Child Care Wellness Education Business. Under the values of "Fairness", "Transparency", "Professionalism" and "Integrity", the Group will build its own brand and consumer awareness, develop and expand sales channels, focus on high-quality, high-tech medical device technology and medical-related products, as well as our high-quality after-sales services, to achieve our strategic goal of building a Pan-Asian High-Tech Healthcare company, establishing a medical industry manufacturing plant and medical products inventory base in Singapore.

On 11 June 2020, the Company's wholly-owned subsidiary, AJJ Health Care Management Pte. Ltd. ("**AJJ**"), completed an acquisition of 51% shareholding interests in Shanghai Longjian Hospital Management Co., Ltd in China, leveraging this platform for business expansion. On 29 September 2020, AJJ incorporated a joint venture company, HIFU Suntec Pte. Ltd. ("**HIFU Suntec**"), with its joint venture partner, Shanghai Suntec Co., Ltd. ("**Shanghai Suntec**"). HIFU Suntec is 80% owned by AJJ and 20% owned by Shanghai Suntec. HIFU Suntec is dedicated to the innovation of medical equipment and the creation and/or holding of intellectual property for HIFU technology in cancer related medical experiments and diagnostic treatments. On 20 June 2020, the Company's wholly-owned subsidiary, ESO Health Child Care Pte. Ltd., successfully acquired the first preschool centre in Singapore by taking into our fold, Discovery Kidz Preschool Pte. Ltd. ("**DKP**"). DKP was honoured to be awarded the "Platinum Healthy Preschool" by the National Health Promotion Board of Singapore. The group's staff has grown from 3 to around 39 today, with more than 90% local employees in all of the subsidiaries in Singapore.

AJJ has obtained the SS 620:2016 GDPMDS Certificate, importer license and wholesaler license, which certifies that AJJ has met Health Sciences Authority's ("**HSA**") requirements, ensuring the safety, quality, and performance of medical devices that it holds in its portfolio. In addition, our medical devices management team is young and dynamic, innovative and driven to grow the medical business of the Company by tapping into cutting-edge medical technology.

The Company successfully disposed of the Aljunied building on 2 February 2021. The consideration of S\$9.5 million represents an excess of approximately S\$2.05 million over the asset held for sale of S\$7.45 million as at 31 December 2020. Looking forward, the Group has sufficient cash and banking resources to meet its working capital needs and the growth needs of its existing business.

CHANGES TO THE BOARD

To ensure the success of the Company's business strategic transformation, I together with Mr Chong Eng Wee and Dr Toh Lim Kai were appointed to the Board. In 2020, we established a Board with varied professional experience comprising experienced individuals with investment banking qualifications, medical, legal and audit and accounting expertise. The Company welcomes the new directors and looks forward to tap on the new directors' experience for future growth.

OUTLOOK

AJJ has secured an exclusive distributor deal with Microcure (Suzhou) Medical Technology Co., Ltd in Singapore for its disposable medical surgical products, which have obtained CE certification and is currently in the process of registration with the HSA. Barring unforeseen circumstances, these disposable medical surgical products will contribute significantly to the Company's profits in 2021. At the same time, the Company will continue to seek quality medical products and the corresponding registration with HSA to diversify the Company's medical products and create more profit for the Company.

AJJ is building a high-tech medical equipment manufacturing plant, high-tech medical equipment R&D team and medical products inventory base in Singapore. AJJ is in the process of applying for ISO13458:2016 for the Singapore manufacturing plant. Research and development continues to be one of the Group's focus, with the aim of improving our existing products as well as innovating new products. We are going to start manufacturing HIFU machines in Singapore and are in the process of registering for Singapore and relevant international medical licenses.

The Group has started its first step on a roadmap promoting HIFU technology and other medical products in Singapore and will soon actively market and sell these high-tech medical equipment and products to Southeast Asia, the Middle East and other countries.

CHAIRMAN'S STATEMENT

Moving forward, we remain focused on strengthening and boosting the value of our existing operations. The Group will continue to explore and evaluate strategic business opportunities, including but not limited to strategic investment, partnerships, or acquisitions. Amidst global geopolitical uncertainties, the Group maintains a cautiously positive outlook on the region and will continue to work towards enhancing shareholders' value.

COVID-19

FY2020 has indeed been an eventful year as the Group pivoted to meet the unprecedented challenges posed by the sudden outbreak of the COVID-19 pandemic. The COVID-19 outbreak and the associated lockdowns all over the world have resulted in an unprecedented global health and economic crisis, with varying knock-on effects on businesses and individuals. While the Group expects the challenges brought by the COVID-19 pandemic to continue, the Group will meet such challenges with an emphasis on the safety and well-being of our staff. Meanwhile, the COVID-19 pandemic has also increased the awareness and demand for the Group's healthcare related products.

APPRECIATION

On behalf of the Group, I would like to convey my sincere appreciation to all our business associates and partners for their strong support. We are also grateful to the Board for their commitment towards best practices in corporate governance and for contributing their invaluable experience to guide the Group. Most of all, we would like to thank all our employees for continuously upholding the values of "Fairness", "Transparency", "Professionalism" and "Integrity" during this unprecedented period. In the face of these formidable challenges and the arduous journey ahead. I have every reason to believe that our businesses will continue to remain strong and our team will continue to stay united and resilient. Lastly, I want to thank the shareholders for your unwavering support. We look forward to embarking on this next chapter with you.

Yours Sincerely,

DR ZHANG JIAN

Chairman and Executive Director

BOARD OF DIRECTORS



DR ZHANG JIAN

Chairman and Executive Director

Dr Zhang Jian (“Dr Zhang”) was appointed as Chairman and Executive Director of the Company on 4 May 2020 and was last re-elected on 26 June 2020. He has over 30 years of extensive corporate management experience and leadership positions covering the entire industry value chain of investment banking, real estate (city planning, commercial and medical), internet plus, life sciences and etc. He also has vast experience in strategy planning and management, change management, corporate/project funding, assets management and allocation and project development etc.

Dr Zhang is also the CEO of Eminence Investment Pte. Ltd. and has successfully helped companies’ turnover through multiple transformation initiatives, designed and implemented 2 real estate projects, and built overseas operation capabilities.

Dr Zhang holds tertiary education in China and Japan, obtained MBA and EMBA from West Coast University Los Angeles, in United States. He has 20 years’ experience overseas, and 8 years in China. Fully appreciated corporate culture in Asia, Middle East and Western developed countries.



ZHAO XIN

Chief Executive Officer and Executive Director

Ms Zhao Xin (“Ms Zhao”) was appointed as Chief Executive Officer and Executive Director of the Company on 20 January 2020 and was last re-elected on 26 June 2020. Based on her prior experience in the financial investment space, Ms Zhao possesses valuable insight on financial, healthcare, medical, childcare, commodities and tourism industries.

Prior to her appointment with the Company, Ms Zhao was appointed as the Executive Director for Strategy and Risk Management in Eminence Investment Pte. Ltd. She brings with her skills and knowledge on merger and acquisition and asset management.

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



DR TOH LIM KAI

Independent Director

Dr Toh Lim Kai (“Dr Toh”) was appointed as Independent Director of the Company on 17 October 2020 and will be seeking re-appointment at the forthcoming AGM. He was also appointed as a member of Audit Committee, Remuneration Committee and Nominating Committee.

Dr Toh has been a Resident Physician in T Medical Clinic since 2018 and has more than 10 years of experience in the pharmaceutical/medical device industry. Dr Toh was the regional medical director for ViiV Healthcare in 2019 to 2020, GE Healthcare in 2015 to 2017 and Abbvie from 2012 to 2015 where he implemented the medical affairs strategy for the Asia Pacific region.

Dr Toh holds MB, BCh, BAO (Honours) from Royal College of Surgeon in Ireland and MSc (Pharmaceutical Medical) from Hibernia College (Dublin). He is currently a member of the HomeTeam NS Audit Committee, holding membership in Royal College of Surgeons Ireland and accredited Family Physician in Singapore MOH.

BOARD OF DIRECTORS



MR CHONG ENG WEE

Independent Director

Mr Chong Eng Wee (“Mr Chong”) was appointed as Independent Director of the Company on 30 June 2020. He was also appointed as the Chairman of the Nominating Committee and Remuneration Committee, and a member of the Audit Committee.

Mr Chong is a Partner and heads the corporate team at Kennedys Legal Solutions with deep expertise spanning corporate and securities laws, capital markets, mergers and acquisitions, private equity, China, banking and finance, corporate restructuring, joint ventures, corporate advisory and corporate secretarial work. He is admitted as an Advocate and Solicitor of Supreme court of Singapore, Solicitor of High Court of Hong Kong, Legal Practitioner of New South Wales, Australia and Barrister and Solicitor of High Court of New Zealand.

Mr Chong is currently also an Independent Non-Executive Director at 3 other SGX-ST Listed companies, Heatec Jietong Holdings Limited, GS Holdings Limited and KTL Global Limited. He is also the company secretary for China Vanadium Titano-Magnetite Mining Company Limited (Listed on the Mainboard of Hong Kong Stock Exchange) and the joint company secretary of LHN Limited (listed on the SGX-ST Catalist Board and the Mainboard of Hong Kong Stock Exchange).



MR YAP KOON LOONG

Independent Director

Mr Yap Koon Loong (“Mr Yap”) was appointed as Independent Director of the Company on 27 February 2020 and was last re-elected on 26 June 2020. He was also appointed as the Chairman of Audit Committee and a member of Remuneration Committee and Nominating Committee.

Mr Yap is currently director of companies specialising in corporate restructuring, mergers and acquisitions, and business management.

Mr Yap has more than 20 years of experience in various industries like healthcare, semiconductor and other electronic component manufacturing, renewable energy, telecommunication, property development, precision engineering. He was chief financial officer of several listed companies on both the Mainboard and Catalist Board of SGX-ST in the past.

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

OPERATIONS AND FINANCIAL REVIEW

REVENUE

The Group's revenue increased by S\$0.50 million from S\$0.18 million in FY2019 to S\$0.68 million in FY2020. The increase was mainly due to the contribution of S\$0.37 million of revenue collected from the newly acquired subsidiary and an increase of rental income collection of S\$0.13 million due to higher rental rate charged.

OTHER OPERATING INCOME

Other operating income increased by S\$0.29 million from S\$0.03 million in FY2019 to S\$0.32 million in FY2020. The increase was mainly contributed by (i) S\$0.05 million of dividends received from the liquidation of the Company's subsidiary, OSEC Shipyard Pte Ltd, (ii) S\$0.04 million of loans written off as agreed with a former director, (iii) S\$0.16 million worth of grants received from government, and (iv) S\$0.04 million from property tax and rental rebate.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by S\$0.03 million from Nil in FY2019 to S\$0.03 million in FY2020 as a result from the commencement of the new healthcare business in December 2020.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by S\$2.06 million from S\$0.44 million in FY2019 to S\$2.50 million in FY2020. The increase was mainly due to (i) an increase of S\$1.24 million in staff costs due to the acquisition of Discovery Kidz, and increase in headcount as the Company hired more staff, and (ii) an increase of S\$0.26 million in professional and legal fees incurred for acquisition and business expansion, (iii) an increase of S\$0.28 million in depreciation, (iv) increase of S\$0.07 million for the bank charges, (v) increase in S\$0.04 million for the ID fees and (vi) an increase in aggregate office expenses of S\$0.17 million.

OTHER OPERATING EXPENSES

Other operating expenses increased by approximately S\$0.45 million from S\$0.72 million in FY2019 to S\$1.17 million in FY2020. The increase was mainly due to a provision of other liabilities of approximately S\$0.44 million which is further explained under the item "current liabilities" below.

FINANCE COSTS

Finance costs decreased by S\$0.01 million from S\$0.11 million in FY2019 to S\$0.10 million in FY2020. This was mainly due to a decrease of S\$0.06 million in loan interests as a result of repayment of S\$1.05 million bank borrowings and S\$0.71 million of borrowings to a former director, offset by higher interests of S\$0.05 million for the lease liabilities.

LOSS FROM OPERATIONS

As a result of the above, the Group's loss from operations increased by S\$1.83 million from S\$0.96 million in FY2019 to S\$2.79 million in FY2020 due to the increase in overheads arising from the Group's diversification into the health industry for the expansion in medical equipments and products project.

LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

Overall, the Group reported a loss attributable to equity holders of the Company of S\$2.76 million in FY2020 as compared to a loss of S\$0.96 million in FY2019. There was a loss of S\$0.03 million attributable to non-controlling interests in FY2020.

WORKING CAPITAL, ASSETS AND LIABILITIES

Current Assets

Current assets increased by S\$8.74 million from S\$0.10 million in FY2019 to S\$8.84 million in FY2020, accounting for 85.84% of the total assets. The increase was mainly due to (i) an increase in cash and cash equivalents of S\$0.62 million, (ii) an increase in deposit and prepayment by S\$0.60 million, (iii) an increase in trade and other receivables of S\$0.06 million, (iv) an increase in inventory of S\$0.01 million and (v) an increase in asset held for sale of S\$7.45 million resulting from the reclassification of property, plant and equipment to asset held for sale.

OPERATIONS AND FINANCIAL REVIEW

Non-Current Assets

Non-current assets decreased by S\$13.88 million from S\$15.34 million in FY2019 to S\$1.46 million in FY2020. The decrease was mainly due to (i) reclassification of S\$7.63 million of property, plant and equipment and S\$7.05 million of right-of-use assets to asset held for sale, (ii) total depreciation charge of S\$0.93 million for right-of-use assets and property, plant and equipment, offset against, (iii) purchase of S\$0.41 million of property, plant & equipment, (iv) S\$0.33 million in goodwill arising from the acquisition of Discovery Kidz, and (v) recognising S\$0.99 million of right-of-use-assets.

Non-Current Liabilities

Non-current liabilities decreased by S\$6.72 million from S\$7.50 million in FY2019 to S\$0.78 million in FY2020. The decrease was mainly due to a decrease in lease liability of S\$6.72 million due to the reclassification of Aljunied property to asset held for sale.

Current Liabilities

Current liabilities decreased by S\$0.03 million from S\$2.43 million in FY2019 to S\$2.40 million in FY2020. The decrease was mainly due to the total loan settlement of S\$1.80 million to the bank and to a former director, offset by an increase in trade and other payables of S\$0.34 million, increase in

deposit of S\$0.95 million received from the disposal of Aljunied property, increase in provision for other liabilities of approximately S\$0.44 million and an increase in lease liabilities of S\$0.04 million.

The provision for other liabilities of approximately S\$0.44 million is related to a claim for alleged outstanding legal fees from a local law firm for legal services purportedly provided to the Company, its direct subsidiary, OSEC Shipyard Pte Ltd (“**OSEC**”) which has since been liquidated and its indirect subsidiary, OSC Co., Ltd (“**OSC**”) in various arbitration proceedings. The local law firm alleged that the Company had agreed to be jointly and severally liable for all fees and disbursements incurred by OSEC and OSC, due to a letter issued by the Company dated 10 September 2013, which was allegedly signed by the previous managing director of OEL. The local law firm was purportedly engaged for its services on or around March 2013.

The Company received two letters of demand from the local law firm on 30 July 2020 for the alleged respective outstanding sums of S\$120,405.56 and S\$345,842.09. On 6 August 2020, the Company received the third and final letter of demand from the local law firm for the alleged outstanding sum of S\$93,289.52. The aggregate alleged outstanding sum owed to the local law firm amounted to \$559,537.17. The breakdown of the same is as set out below:

Entity	Invoice Date	Subject Matter	Alleged Outstanding Amount (S\$)
OSC	07/08/2014	Advice on disputes with companies within the Boskalis group	167,445.10
	12/12/2014		100,000.00
	12/12/2014		53,101.71
OEL	21/12/2015	Advice on disputes with companies within the Boskalis group SIAC Arb. No. 177 and 178 of 2013	93,339.61
OSEC	21/12/2015	Advice on disputes with companies within the Boskalis group SIAC Arb. No. 177 and 178 of 2013	93,289.52
OEL	21/12/2015	Advice on disputes with companies within the Boskalis group SIAC Arb. No. 009 and 011 of 2013	27,065.95
OSC	21/12/2015	Advice on disputes with companies within the Boskalis group SIAC Arb. No. 009 and 011 of 2013	25,295.28

OPERATIONS AND FINANCIAL REVIEW

The local law firm subsequently commenced proceedings in the State Courts against the Company on 7 August 2020 and 10 December 2020 for the sums of \$167,445.10 (the “**First Proceedings**”) and \$153,101.71 (the “**Second Proceedings**”) respectively.

The Company disputes the aforesaid claims and is still in the process of verifying and/or confirming the validity and veracity of such claims. In particular, the Company notes that other than a sum of S\$120,405.56 specified as owing to the local law firm which has already been provided for under “*Trade & Other Payables*” in the audited financial statements as contained in its Annual Report for financial year 2015, there was no reference to any of the other alleged outstanding sums owing to the local law firm in any of the audited financial statements contained in its Annual Report for subsequent financial years. No further steps have been taken in both of the First and the Second Proceedings as parties are presently trying to negotiate an amicable settlement. Accordingly, the local law firm has agreed that the Company need not presently file a defence for the First Proceedings and need not enter an appearance for the Second Proceedings.

Share Capital

Share capital increased by S\$4.40 million from S\$38.53 million in FY2019 to S\$42.93 in FY2020. The increase was due to the total proceeds of S\$4.46 million from the issuance of 77,535,407 new ordinary shares at S\$0.027 per share on 12 May 2020 and issuance of 188,000,000 new ordinary shares of S\$0.01236 per share on 22 September 2020, offset by the share issue expenses of S\$0.06 million.

CASH FLOW STATEMENT

Net Cash Used in Operating Activities

Net cash used in operating activities before working capital changes was S\$1.36 million in FY2020 as compared to S\$0.31 million in FY2019. Net cash provided by the working capital was S\$0.70 million, arising from an increase in trade and other payables of S\$1.23 million, which was offset by an increase in inventories of S\$0.01 million, increase in trade and other receivables of S\$0.52 million. Net cash used in the operating activities stood at S\$0.76 million after the interest payment of S\$0.10 million.

Net Cash Used in Investing Activities

The net cash used in investing activities of S\$0.82 million in FY2020 was for the purchase of property, plant and equipment of S\$0.41 million and for the acquisition of subsidiary of S\$0.41 million. There was no cash used in investing activities for FY2019.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was S\$2.19 million in FY2020 as compared to S\$0.32 million in FY2019. This was mainly arising from the net proceeds of S\$4.40 million from the issuance of new shares, offset by the repayment of bank loan of S\$1.05 million, repayment of director loan of S\$0.71 million and payment of principal portion of lease liabilities of S\$0.45 million.

CORPORATE INFORMATION

OEL (HOLDINGS) LIMITED

BOARD OF DIRECTORS

Zhang Jian
(Chairman and Executive Director)

Zhao Xin
(Chief Executive Officer and Executive Director)

Yap Koon Loong
(Independent Director)

Chong Eng Wee
(Independent Director)

Toh Lim Kai
(Independent Director)

COMPANY SECRETARY

Yoo Loo Ping

SHARE REGISTRAR

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

REGISTERED OFFICE

8 Temasek Boulevard
#23-02 Suntec Tower Three
Singapore 038988
Tel: +65 62355091

PRINCIPAL BANKER

United Overseas Bank Limited

AUDIT COMMITTEE

Yap Koon Loong (Chairman)
Chong Eng Wee
Toh Lim Kai

NOMINATING COMMITTEE

Chong Eng Wee (Chairman)
Yap Koon Loong
Toh Lim Kai

REMUNERATION COMMITTEE

Chong Eng Wee (Chairman)
Yap Koon Loong
Toh Lim Kai

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

Evolve Capital Advisory Private Limited
138 Robinson Road
#13-02, Oxley Tower
Singapore 068906

Registered Professional:
Mr Jerry Chua

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REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) of OEL (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

The Company has adopted corporate governance practices and guidelines with references to the Code of Corporate Governance 2018 (the “**Code**”) for the financial year ended 31 December 2020 (“**FY2020**”).

Pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist issued by the SGX-ST (the “**Catalist Rules**”), this corporate governance report (the “**Report**”) describes the Company’s corporate governance processes and activities for FY2020. Proper explanation has been given where there is a deviation from the recommended guideline(s).

BOARD MATTERS

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

The Board provides strategic guidance, oversees the key activities for the Company and ensures that there are adequate financial and human resources to achieve its objectives and long-term success of the business.

The Board’s principal functions include providing entrepreneurial leadership and approving strategic business plans, annual budget plan, major acquisition and disposal of assets and businesses, and financial results of the Group. It also establishes a framework of prudent and effective controls appropriate to the nature and size of the Group’s operations which enable risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets and sets corporate values and standards (including ethical standards) for the Company to ensure that the obligation to shareholders and other stakeholders are met. In addition, the Board reviews the Company’s corporate policies and financial performance.

The Board is responsible for long-term succession of the Company and will also consider sustainability issues, including environmental and social factors, as part of the strategic formulation of the Group.

The Directors have the fiduciary duty to act objectively in the best interests of the Company and hold Management accountable for performance. Where the Director has a conflict or potential conflict of interest in relation to any matter, he will declare his interest at the meeting of the Directors or send a written notice to the Company, setting out the details of his interest and the conflict and recuse himself from any discussions on the matter and abstain from participating in any Board decision.

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

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

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

The Board has established a number of committees to assist the Board in discharging its responsibilities efficiently and effectively. These committees include the Audit Committee (“**AC**”), the Remuneration Committee (“**RC**”) and the Nominating Committee (“**NC**”) (collectively the “**Board Committees**”). Each of the Board Committee’s functions, roles and authorities are clearly set out in their respective terms of reference.

REPORT ON CORPORATE GOVERNANCE

The Board conducts regularly scheduled meetings on a half yearly basis to coincide with the announcement of the Group's half-year and full-year financial results and to keep the Board updated on business activities and the overall business environment in which the Group operates. Additional meetings are convened as and when circumstances dictate. All Board and Board Committees members have attended all meetings held by the Company during the tenure of their appointment on the Board and on each Board Committee, the number of Board and Board Committee meetings held in FY2020 and the attendance of each Director are set out as follows:

		Board	AC	RC	NC
No. of meetings held in FY2020		5 ⁽¹¹⁾	2	2 ⁽¹¹⁾	3 ⁽¹¹⁾
Name of Director	Designation	No. of Meetings attended in FY2020			
Dr Zhang Jian ⁽¹⁾	Chairman and Executive Director	1	Not Applicable	Not Applicable	Not Applicable
Ms Zhao Xin ⁽²⁾	Chief Executive Officer ("CEO") and Executive Director	3	Not Applicable	Not Applicable	Not Applicable
Mr Yap Koon Loong ⁽³⁾	Independent Director	2	2	1	1
Mr Chong Eng Wee ⁽⁴⁾	Independent Director	1	1	–	–
Dr Toh Lim Kai ⁽⁵⁾	Independent Director	–	–	–	–
Mr Jeffrey Hing Yih Peir ⁽⁶⁾	Non-Executive Director <i>(Resigned on 27 February 2020)</i>	4	1	2	3
Mr Renny Yeo Ah Kiang ⁽⁷⁾	Lead Independent Director <i>(Resigned on 27 February 2020)</i>	4	1	2	3
Mr Lai Kwok Seng ⁽⁸⁾	Independent Director <i>(Resigned 15 January 2020)</i>	1	–	–	1
Mr Lam Kwong Fai ⁽⁹⁾	Independent Director <i>(Resigned on 17 July 2020)</i>	3	1	2	2
Ms Wang Jue ⁽¹⁰⁾	Executive Director <i>(Resigned 26 June 2020)</i>	1	Not Applicable	Not Applicable	Not Applicable

Notes:

- (1) Dr Zhang Jian was appointed as Chairman and Executive Director on 4 May 2020.
- (2) Ms Zhao Xin was appointed as CEO and Executive Director on 20 January 2020.
- (3) Mr Yap Koon Loong was appointed as Independent Director, Chairman of the AC and RC and a member of the NC on 27 February 2020. Following to the changes to the composition of the Board Committees of the Company on 17 October 2020, Mr Yap is currently a member of the RC, and remains as the Chairman of the AC and a member of the NC.
- (4) Mr Chong Eng Wee was appointed as Independent Director, Chairman of the RC and a member of the AC and NC on 30 June 2020. Following to the changes to the composition of the Board Committees of the Company on 17 October 2020, Mr Chong is currently the Chairman of the NC, and remains as the Chairman of the RC and a member of the AC.
- (5) Dr Toh Lim Kai was appointed as Independent Director, a member of the AC, NC and RC on 17 October 2020.
- (6) Mr Jeffrey Hing Yih Peir resigned as Non-Executive Director on 27 February 2020. Following his resignation, he ceased to be a member of the AC, NC and RC.
- (7) Mr Renny Yeo Ah Kiang resigned as Lead Independent Director on 27 February 2020. Following his resignation, he ceased to be the Chairman of the AC and RC and a member of the NC.
- (8) Mr Lai Kwok Seng was resigned as Independent Director of the Company on 15 January 2020. Following his resignation, he ceased to be the Chairman of the NC and member of the AC and RC.
- (9) Mr Lam Kwong Fai was appointed as Independent Director, the Chairman of the NC and member of the AC and RC on 15 January 2020, and resigned from the Board on 17 July 2020. Following his resignation, he ceased to be the Chairman of the NC and member of the AC and RC.
- (10) Ms Wang Jue was appointed as Executive Director on 27 February 2020, and ceased as Director on 26 June 2020.
- (11) Included additional ad-hoc meetings in FY2020.

REPORT ON CORPORATE GOVERNANCE

Orientations would be organised for new director(s), when appointed, that include briefing by Management on the Group's structure, business strategies and operations. The Company will provide newly appointed director(s) with a formal letter setting out their duties and obligations. First-time directors of a listed company will receive relevant training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange to meet the Mandatory Training requirements under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules.

During FY2020, all newly appointed directors were given service agreement and/or letter of appointment respectively, setting out their duties, obligations and the terms of appointment, and were briefed on the Group's structure, business, operations and policies.

Under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules, Dr Zhang Jian, Ms Zhao Xin, Mr Yap Koon Loong and Dr Toh Lim Kai, being First-time Directors, are required to attend the following mandatory prescribed courses conducted by the Singapore Institute of Directors. The details of the courses attended by the respective Directors are summarised in the table below:

Modules	Date of Completion			
	Zhang Jian	Zhao Xin	Yap Koon Loong	Toh Lim Kai ⁽¹⁾
LED 1 – Listed Entity Director Essentials	06/10/2020	06/10/2020	13/05/2020	Not completed
LED 2 – Board Dynamics	08/10/2020	08/10/2020	15/05/2020	Not completed
LED 3 – Board Performance	08/10/2020	08/10/2020	19/05/2020	04/03/2021
LED 4 – Stakeholder Engagement	13/10/2020	13/10/2020	21/05/2020	05/03/2021
LED 5 – Audit Committee Essentials	N/A	25/03/2020	20/07/2020	N/A
LED 6 – Board Risk Committee Essentials	N/A	15/10/2020	21/07/2020	N/A
LED 7 – Nominating Committee Essentials	N/A	21/10/2020	N/A	N/A
LED 8 – Remuneration Committee Essentials	N/A	21/10/2020	N/A	N/A

Note:

(1) Dr Toh Lim Kai will complete the mandatory prescribed courses by 19 May 2021.

The Company recognises the importance of appropriate training for the Directors, apart from the initial orientation. The Directors are updated on amendments/requirements of the Catalist Rules and other statutory and regulatory requirements from time to time, to enable them to discharge their duties effectively. Continual training particularly on relevant new laws and regulations will be provided to the Directors from time to time.

The briefings, updates and/or trainings attended by the Directors collectively for FY2020 include the following:

- the Company's external auditors updated the AC members on developments and/or changes on the accounting standards;
- the Directors are updated on the business activities and strategic directions of the Group;
- the Directors are updated on changes to the listing rules, corporate governance and other regulatory requirements, on a regular basis; and
- relevant training courses organised by the institutes and/or group associations of specific interests.

REPORT ON CORPORATE GOVERNANCE

Access to Information

Prior to each Board meeting and when the need arises, the Board is provided with complete and adequate information in a timely manner, thus allowing them to deliberate on issues which require consideration. Management would also provide the explanatory documents on matters to be discussed before the Board and its Committees' meetings. Copies of disclosure documents, budgets, forecasts, unaudited financial statements together with explanations for any significant or material variance between the budget and actual results are tabled by Management for review and discussion during the meetings. Directors are entitled to request from Management and be provided with additional information as needed to make informed decisions and discharge their duties and responsibilities.

The Directors have separate and independent access to Management and the Company Secretary and the external auditors at all times. Where the Directors either individually or as a group, in the furtherance of their duties, require independent professional advice, such service will be available at the Company's expense. The Directors may, on a case-to-case basis, propose for independent and professional advice to be sought, the cost of which will be borne by the Company.

The Directors also have unrestricted access to the Company's records and information. The Company Secretary administers, attends and prepares minutes of all Board and Board Committees meetings for circulation and approval. The appointment and the removal of the Company Secretary rests with the Board as a whole.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board currently comprises two (2) Executive Directors and three (3) Independent Directors. The composition of the Board is summarised in the table below:

Name of Director	Designation	Date of Appointment	Last Date of Re-election
Dr Zhang Jian	Chairman and Executive Director	4 May 2020	26 June 2020
Ms Zhao Xin	CEO and Executive Director	20 January 2020	26 June 2020
Mr Yap Koon Loong	Independent Director	27 February 2020	26 June 2020
Mr Chong Eng Wee	Independent Director	30 June 2020	–
Dr Toh Lim Kai	Independent Director	17 October 2020	–

There is a strong and independent element on the Board given that the Independent Directors form the majority of the Board.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment with a view to the best interest of the Company.

The Board has taken into account the assessment of the NC on whether a Director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect or could appear to affect the Director's judgment. In assessing the independence of each Director annually, the NC had examined different relationships identified by the Code that might impair the Directors' independence and objectivity. The NC had reviewed and determined that Messrs Yap Koon Loong, Chong Eng Wee and Toh Lim Kai are considered independent for the purposes of Rule 704(7) of the Catalist Rules.

There are no Independent Directors who have served beyond nine (9) years since the date of their appointments as an Independent Director of the Company.

REPORT ON CORPORATE GOVERNANCE

The Independent Directors meet without the presence of Management as and when necessary, and provide feedback to the Board as appropriate. The Independent Directors have met once in the absence of Management in FY2020. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views at the Board and Board Committee meetings or informal meetings.

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

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

In FY2020, the Board continuously enhancing the diversity of the Board in terms of balance of skills, experience, knowledge and other aspects such as age. The NC is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. The Board collectively has professional expertise in business management, accounting, legal, corporate governance and medical aspects.

To meet the changing challenges in the industry which the Group operates in, such reviews, which include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done periodically to ensure that the Board dynamics remain optimal.

Independent Directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting the goals and objectives, monitor the reporting of the Company's performance, and meet privately without the presence of the Executive Directors and Management as and when necessary. Key information of the Directors is set out on pages 4 to 5 of this Annual Report.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dr Zhang Jian is the Chairman of the Board, and Ms Zhao Xin is the CEO and Executive Director of the Company. There is no familial relationship between the Chairman and the CEO. There is a clear division of roles and responsibilities between the Chairman and the CEO to ensure an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making, thus no individual represents a considerable concentration of power.

Roles and Responsibilities of the Chairman

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

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

The Chairman also ensures that Board meetings are held as and when necessary and ensures that information and materials to be discussed at Board meetings are circulated on a timely basis to Directors so as to enable them to be updated and prepared, enhancing the effectiveness of the Board as a whole. He engages and promotes constructive discussions among the Directors and engages with members of the management regularly. The Chairman assumes the lead role in promoting high standards of corporate governance and ensures the effective communication with shareholders.

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

REPORT ON CORPORATE GOVERNANCE

Roles and Responsibilities of the CEO

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

Lead Independent Director

There is no Lead Independent Director in the Company. Despite its deviation from Provision 3.3 of the Code, the NC and the Board is of the view that the current Board composition and structure is appropriate in view that (i) the role of the Chairman and the CEO are separate; (ii) the majority of the Company's Directors are independent; and (iii) the whistle-blowing channel is available for shareholder(s) to contact directly with the AC Chairman for where they have concerns and for which contact through normal channels of communication with the Chairman or Management are inappropriate or inadequate. Accordingly, the Board is of the view that the absence of Lead Independent Director will not be prejudicial to the interest of shareholders and is in line with the intent of Principle 3 of the Code. The NC will review from time to time, the requirement to appoint a Lead Independent Director to the Board.

PRINCIPLE 4: BOARD MEMBERSHIP

Nominating Committee

The NC of the Company comprises three (3) directors, all of whom, including the NC Chairman, are Independent Directors, as follows:

Mr Chong Eng Wee	(Chairman)
Mr Yap Koon Loong	(Member)
Dr Toh Lim Kai	(Member)

The NC is guided by its terms of reference, including but not limited to the key responsibilities as follows:

- (i) to review the appointment and re-appointment of Directors (including alternate directors, if any);
- (ii) to regularly review the Board structure, size, composition, diversity and skills of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- (iii) to review the succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- (iv) to review the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- (v) to review the training and professional development programs for the Board and its Directors and ensures that all new members of the Board undergo an appropriate orientation programme;
- (vi) to determine, on an annual basis, and as and when circumstances require, if a Director is independent;
- (vii) to recommend Directors who are retiring by rotation or are newly appointed to be put forward for re-election;
- (viii) to ensure that new directors are aware of their duties and obligations;
- (ix) to review and determine whether the Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration, *inter alia*, the Director's number of listed company board representations and other principal commitments; and
- (x) such other duties or functions as may be delegated by the Board or required by regulatory authorities.

REPORT ON CORPORATE GOVERNANCE

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

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

As at the date of this Report, the Company does not have any alternate Directors.

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

Having assessed the capacity of the Directors based on factors such as the expected and/or competing time commitments of Directors, the size and composition of the Board and the nature and scope of the Group's operations and size, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.

The details on the Directors' directorships or chairmanships in other listed companies and other principal commitments are set out in the table below:

Name of Directors	Present Directorships/Chairmanship in listed companies and Other Principal Commitments
Dr Zhang Jian	<ul style="list-style-type: none"> - OEL Group of Subsidiaries - Eminence Investment Pte. Ltd. - Eminence Partnership - Eminence Commercial Consultancy Pte. Ltd. - Hua Yi Rong Lian Holding Pte. Ltd.
Ms Zhao Xin	<ul style="list-style-type: none"> - OEL Group of Subsidiaries
Mr Yap Koon Loong	<ul style="list-style-type: none"> - Chongqing Yuhai Precision Manufacturing (Singapore) Co. Pte. Ltd. - FFC Alliance Pte. Ltd. - Lighthouse Capital Pte. Ltd.
Mr Chong Eng Wee	<ul style="list-style-type: none"> - Kennedys Legal Solutions Pte. Ltd. - Legal Solutions LLC - Heatec Jietong Holdings Ltd. - GS Holdings Limited - KTL Global Limited
Dr Toh Lim Kai	<ul style="list-style-type: none"> - T Medical Clinic - T Medical Clinic (City Gate) Pte. Ltd.

REPORT ON CORPORATE GOVERNANCE

The NC will review whether a Director is able to and has adequately carried out his duties as a director of the Company from time to time, in particular, where a Director has multiple board representations and/or other principal commitments. Although some of the Board members have multiple board representations and hold other principal commitments, the NC, having reviewed each Director's other listed company directorships and/or principal commitments, where applicable, as well as each Director's attendance and contributions to the Board, is satisfied that sufficient time and attention was given by the Directors to the Company to discharge their responsibilities for the financial year in review. Holistically, the contributions by the Directors during the meetings and attendance at such meetings should also be taken into consideration.

All Directors are subjected to the Rule 720(4) of the Catalist Rules to submit themselves for re-nomination and re-appointment at least once every three years, and subject to the Regulations in the Constitution whereby one-third of the Directors are required to retire by rotation and be nominated for re-election by the shareholders at the annual general meeting (the "AGM"), and any directors appointed by the Board shall hold office only until the next AGM and be eligible for re-election.

In considering the nomination, the NC took into account the composition of the Board, and the competency, performance and contribution of the Directors with reference to their attendance, preparedness and participation in the Board and Board Committees as well as the time and effort accorded to the Company's business and affairs. Subject to the NC's satisfactory assessment, the NC would recommend and propose re-appointment of the director to the Board for its consideration and approval. To ensure the independence of the Director's appointment, re-nomination and retirement, each member of the NC abstains from voting on any resolution and making any recommendations and/or participating in respect of matters of which he has an interest in.

For FY2021, the NC had recommended to the Board that Messrs Chong Eng Wee, Toh Lim Kai and Zhao Xin be nominated for re-election at the forthcoming AGM. All of them have given their consent to continue in office.

In making the recommendations, the NC had considered the Directors' overall contribution and performance. The relevant Directors have abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his/her own re-election as a Director.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Directors seeking re-appointment (as set out in Appendix 7F to the Catalist Rules) can be found on pages 76 to 83 of this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

The Board and NC strive to ensure that the Directors on the Board possess the experience, knowledge and skills critical to the Company's business so as to enable the Board to make sound and well-considered strategic decisions. The NC assesses the independence of each Director according to the guidance given under the Code. The NC also reviews the Directors' attendance, preparedness, participation and candour in the meetings.

The performance evaluation was conducted for the Board as a whole and each of the Board Committees (namely the AC, NC and RC), each individual director and the Chairman in FY2020 for assessing the contribution by individual director and each of the Board Committees' members to the effectiveness of the Board.

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

REPORT ON CORPORATE GOVERNANCE

The review process involves:

1. All Directors individually and collectively as a whole completing performance evaluation questionnaires on the effectiveness of the Board, each Board Committees, the individual Directors and Chairman respectively based on the aforementioned performance criteria;
2. The Company Secretary will collate and present the questionnaires results to the NC Chairman in the form of a report; and
3. The NC will deliberate the report and opine on the performance results during the NC meeting.

This evaluation results also provide an opportunity to obtain constructive feedback from each Director and Board Committee member on whether procedures and processes had allowed him to discharge his duties effectively. They were also encouraged to propose changes which may be made to enhance the effectiveness of the Board and Board Committees.

No external facilitator had been engaged by the Board for this purpose.

The NC is of the view that the performance of the Board as a whole and the Board Committees, each individual directors and the Chairman were satisfactory and had met the respective performance objectives as set out for FY2020.

REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration Committee

The RC of the Company comprises three (3) members, all of whom, including the RC Chairman, are Independent Directors, as follows:

Mr Chong Eng Wee	(Chairman)
Mr Yap Koon Loong	(Member)
Dr Toh Lim Kai	(Member)

The RC is guided by its terms of reference, including but not limited to the key responsibilities as follows:

- (i) review and recommend a framework of remuneration for the Board members and key management personnel;
- (ii) review and recommend the specific remuneration package and terms of employment for each Director as well as key management personnel of the Group;
- (iii) recommend to the Board, the executives' and employees' share option schemes or any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith;
- (iv) review the level of remuneration that is appropriate to attract, retain and motivate the Directors and key management personnel; and
- (v) review and recommend Directors' fees and relevant remuneration packages for Non-Executive and Independent Directors, which are subject to shareholders' approval at the AGM.

The RC considers the compensation commitments of each Director, if any. This would entail, in the event of early termination, the review of the service contract, if any, with a view to be fair and not overly generous.

The RC has access to professional advice regarding compensation matters, if required. No remuneration experts have been appointed to advise on remuneration matters for FY2020.

REPORT ON CORPORATE GOVERNANCE

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the industry and the Company's performance to ensure that the package is competitive and sufficient to attract, retain and motivate the Executive Directors and key management personnel, if any, so as to align their interests with those of shareholders and promote long-term success of the Company. In addition, the Company has in place performance-related remuneration in respect of the Executive Directors and key management personnel which are determined based on the performance of the ongoing operations and corporate actions of the Company and/or Group and individual performance.

The RC has reviewed and is satisfied that for FY2020, the remuneration received by the Executive Directors commensurates with their contribution, efforts, responsibilities and achievements. The RC has also reviewed and is satisfied that the overall performance conditions were met for FY2020.

In setting remuneration packages of Independent and/or Non-Executive Directors, effort and time spent, and responsibilities of the Independent and/or Non-Executive Directors are taken into account. No retirement benefit schemes are in place for the Independent and/or Non-Executive Directors. No Director decides his own remuneration. Directors' fees are recommended by the RC and are submitted for endorsement by the Board. Directors' fees to be paid to Independent and/or Non-Executive Directors are subject to the approval of shareholders at the AGM.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

(A) Remuneration of Directors

A breakdown, showing the level and mix of each Director's remuneration for FY2020 is as follows:

Name of Director	Salary and CPF S\$	Bonus and other variable performance components S\$	Allowances and other benefits S\$	Directors' fee S\$	Total S\$
Dr Zhang Jian ⁽¹⁾	397,653	–	16,000	–	413,653
Ms Zhao Xin ⁽²⁾	178,383	–	–	–	178,383
Mr Yap Koon Loong ⁽³⁾	–	–	–	30,363	30,363
Mr Chong Eng Wee ⁽⁴⁾	–	–	–	18,099	18,099
Dr Toh Lim Kai ⁽⁵⁾	–	–	–	7,548	7,548
Mr Lam Kwong Fai ⁽⁶⁾	–	–	–	21,346	21,346
Ms Wang Jue ⁽⁷⁾	26,813	–	2,000	–	28,813
Mr Jeffrey Hing Yih Peir ⁽⁸⁾	2,156	–	–	–	2,156
Mr Renny Yeo Ah Kiang ⁽⁹⁾	–	–	–	3,745	3,745
Mr Lai Kwok Seng ⁽¹⁰⁾	–	–	–	886	886

Notes:

- (1) Dr Zhang Jian was appointed as the Chairman and Executive Director on 4 May 2020.
- (2) Ms Zhao Xin was appointed as a CEO and Executive Director on 20 January 2020.
- (3) Mr Yap Koo Loong was appointed as an Independent Director on 27 February 2020.
- (4) Mr Chong Eng Wee was appointed as an Independent Director on 30 June 2020.
- (5) Dr Toh Lim Kai was appointed as an Independent Director on 17 October 2020.
- (6) Mr Lam Kwong Fai resigned as an independent Director on 17 July 2020.
- (7) Ms Wang Jue ceased as an Executive Director on 26 June 2020.
- (8) Mr Jeffrey Hing Yih Peir resigned as Non-Executive Director on 27 February 2020.
- (9) Mr Renny Yeo Ah Kiang resigned as Lead Independent Director on 27 February 2020.
- (10) Mr Lai Kwok Seng resigned as Independent Director on 15 January 2020.

REPORT ON CORPORATE GOVERNANCE

The Company has no other key management personnel other than the Executive Directors in FY2020.

Besides Dr Zhang Jian, the Chairman and Executive Director of the Company, there were no employees in the Group who are substantial shareholders of the company, or the immediate family members of a Director, the CEO or a substantial shareholder of the company and whose remuneration exceeds S\$100,000 in FY2020.

The Company does not have any long-term incentive scheme or share option scheme in place, and the RC and the Board would consider incentive schemes for the Group in future.

PRINCIPLE 9: ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the assets of the Group and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that no cost effective risk management and internal control system will preclude all errors and irregularities. Any system of internal controls is designed to mitigate rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss, occurrence of errors, poor judgement in decision making, fraud or other irregularities. The Board reviews all significant control policies and procedures and highlights all significant matters to Management. If appropriate, the Board will consider setting up a board risk committee to address the aforementioned.

The Board of Directors and the AC have reviewed the adequacy of the Group's internal controls addressing its financial, operational, compliance and information technology risk, relying on reports from external auditors and internal auditors. Any significant internal control weaknesses and non-compliance that are highlighted during the audit together with recommendations by the external auditors and internal auditors are reported to the AC. The AC will follow up and review the actions taken by Management to address the weaknesses highlighted based on the recommendations made by the external auditors and internal auditors.

As recommended by the AC, the Board appointed TRS Forensics Pte Ltd as the internal auditors of the Company. A full internal audit review was conducted for FY2020, covering the areas on general control environment, procurement to payment and personal data protection controls, and was completed in December 2020. The internal auditors issued its report in February 2021.

For FY2020, the AC had received written assurances:

- (i) from the CEO and Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (ii) from the CEO and relevant management personnel that the Company's risk management and internal control systems were adequate and effective.

Based on the internal controls framework established, reviews carried out by Management and the Board Committees, work performed by the internal auditors and external auditors, and the assurance from Management, the Board opines, with the concurrence of the AC, that the Company's internal controls (including financial, operational, compliance, information technology) and risk management systems were adequate and effective for FY2020.

REPORT ON CORPORATE GOVERNANCE

PRINCIPLE 10: AUDIT COMMITTEE

The AC of the Company comprises three (3) members, all of whom, including the AC Chairman, are Independent Directors, as follows:

Mr Yap Koon Loong	(Chairman)
Mr Chong Eng Wee	(Member)
Dr Toh Lim Kai	(Member)

None of the AC members were former partners or directors of the Company's external auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities, taking into consideration that at least two (2) of the AC members, including the AC Chairman have many years of experience in accounting and relevant financial management expertise and experience.

The Board recognises the importance of good corporate governance and the offering of a high standard of accountability to the shareholders. The AC is authorised by the Board to investigate all matters within its term of reference. The AC has full access to, and the co-operation of Management, as well as full discretion to invite any Director to attend its meetings, and is provided with reasonable resources for it to discharge its functions properly.

The AC carries out its duties in accordance with the written terms of reference of the AC, which includes but not limited to the key responsibilities as follows:

- (i) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (ii) review with the internal auditors, their audit plan and reports, the adequacy of the internal audit procedures and their evaluation of the adequacy and effectiveness of the overall internal control systems, including financial, operational, compliance and informational technology controls and risk management systems;
- (iii) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, which addresses the Group's financial, operational, compliance and information technology risks and risk management systems, and any other matters requiring the Board's attention;
- (iv) evaluate the Group's system of internal controls with the internal auditors and assess the effectiveness and adequacy of internal accounting and financial control procedures;
- (v) review the Company's policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated, and appropriately followed up on, and ensure that the Company publicly discloses, and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns;
- (vi) conduct annual reviews of the cost effectiveness of the audit, the independence and objectivity of the external auditors, including the volume of non-audit services provided by the external auditors, to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before recommending their re-appointment to the Board;

REPORT ON CORPORATE GOVERNANCE

- (vii) review the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;
- (viii) make recommendations to the Board on (a) proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditors, and (b) the remuneration and terms of engagement of the external auditors;
- (ix) receive and review the assurance from the CEO and Financial Controller on the financial records and financial statements;
- (viii) review interested person transactions and to report its findings to the Board; and
- (ix) review the quarterly and full year financial statements of the Company and the Group prior to submission to the Board for approval and the dissemination of the results announcements to shareholders and SGX-ST, including advising the Board if changes are needed to improve the quality of future interim financial statements or financial updates.

The AC met with the internal auditors and external auditors without the presence of Management in respect of FY2020 audit to review matters that might be raised privately and also review the independence of the external auditor annually.

In the review of the financial statements for FY2020, there was no key audit matters presented by the external auditors.

During FY2020, the AC reviewed the half-year and full-year financial statements prior to submission to the Board for approval, the annual audit plan of the external auditor and the internal auditors and the results of the audit performed by them, interested person transactions, effectiveness and adequacy of the Company's risk management and internal controls systems, audit and non-audit services rendered by the external auditors and the re-appointment of external auditors and their remuneration.

The AC members had been briefed by the external auditors, PKF-CAP LLP, on any changes to accounting standards and issues which have a direct impact on financial statements as part of their audit.

External Audit

The Company had engaged PKF-CAP LLP, an audit firm registered with the Accounting and Corporate Regulatory Authority ("**ACRA**"), as the external auditors of the Company and its significant subsidiaries for consolidation purposes. Accordingly, the Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditor.

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

The AC has reviewed the independence and objectivity of PKF-CAP LLP in FY2020 and is satisfied that PKF-CAP LLP has demonstrated appropriate qualifications and expertise and is also independent of the Company. The AC is also satisfied with the adequacy of the scope and quality of the external audits being conducted by PKF-CAP LLP. The AC recommended the re-appointment of PKF-CAP LLP as the external auditors for the ensuing financial year, taking into consideration the Audit Quality Indicators Disclosure Framework published by the ACRA. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of PKF-CAP LLP of the Company at the forthcoming AGM.

REPORT ON CORPORATE GOVERNANCE

Internal Audit

The primary reporting line of the internal auditors is to the AC. The AC is responsible for the appointment, removal, evaluation and compensation of the accounting or auditing firm or corporation that the internal audit function of the Company is outsourced to.

The Group's internal audit function is outsourced to an independent internal audit service provider, TRS Forensics Pte Ltd ("**TRS**"), who report directly to the AC Chairman on audit matters. The AC reviews and approves the annual internal audit plans and resources to ensure that the internal auditor has adequate resources to perform its function. The AC approves the hiring, removal and evaluation of the internal auditors. Internal audit reports are also given to the external auditors to ensure effective use of resources and to avoid duplication of efforts.

The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to AC, and has appropriate standing within the Company, to effectively discharge its responsibilities.

The internal auditors had during the course of their audit performed tests over operating effectiveness of certain controls and made some observations on internal controls and proposed recommendations to assist Management in enhancing existing controls, reducing risks and improving operational efficiency and effectiveness in the areas reviewed. Action plans to address these observations and findings have been put in place.

The AC assesses the adequacy and effectiveness of the internal audit function annually. The AC is satisfied that the internal audit function is independent, effective, adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and adequately resourced.

TRS has operations in Singapore, Malaysia and China, and is a corporate member of the Institute of Internal Auditors, Singapore. They are currently the internal auditors for more than 10 listed companies in Singapore. The engagement team is led by Mr. Gary Ng, a director of TRS, who is a Certified Internal Auditor and Chartered Accountant of Singapore, with more than 15 years of external and internal audit experience. In addition, the engagement team consists of members of the Institute of Internal Auditors as well as qualified personnel who are cybersecurity and forensic professionals. The engagement team from TRS is guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out its functions.

Whistle-Blowing Policy

The Company is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Company undertakes to investigate complaints of suspected fraud in an objective manner, and has put in place a whistle-blowing policy which provides employees and any other person with well-defined and accessible channels, including direct access to the Chairman of the AC, to raise concerns about possible irregularities in matters of financial reporting or other matters in confidence (the "**Whistle-Blowing Policy**"). The Whistle-Blowing Policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to report directly by email to whistleblower@ohldg.com.

The Whistle-Blowing Policy is intended to encourage the reporting of such matters in good faith, with confidence that employees and any other person making such reports will be treated fairly and, as far as possible, be protected from possible reprisal. The AC is in charge of overseeing the function and handling of matters being reported through the whistle-blowing system.

REPORT ON CORPORATE GOVERNANCE

PRINCIPLE 11: SHAREHOLDER RIGHTS AND ENGAGEMENT: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 13: MANAGING STAKEHOLDERS RELATIONSHIPS: ENGAGEMENT WITH STAKEHOLDERS

Shareholders' Rights

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

In view of the COVID-19 situation, the Company's forthcoming AGM to be held in April 2021 will be conducted via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"). Alternative arrangements relating to the mode of publication of notice of AGM, despatch of annual report and proxy form, attendance at the AGM via electronic means, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the forthcoming AGM.

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

Conduct of General Meetings

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

Every matter requiring shareholders' approval is proposed as a separate resolution. The Company does not bundle any of its resolution to be tabled to shareholders. 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 general meetings through the open question and answer sessions. All Directors, the Board Chairman and the respective Chairman of the AC, NC and RC, Management and the external auditors are present at the general meetings to address any queries or concerns on matters relating to the Group and its operations. All Directors who has been appointed as of the date of the last AGM held for FY2020 had attended the last AGM.

The Company prepares minutes of general meetings which includes key comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. The Company's minutes of the forthcoming AGM will be published to the SGXNet and the Company's website within a month after the AGM in accordance to the Order's requirement.

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.

REPORT ON CORPORATE GOVERNANCE

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

Disclosure of information on timely basis

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

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

- Details of all general meetings via SGXNET, including notices of general meetings published 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 half-yearly and full-year results released via SGXNET; announcements relating to major developments of the Group made via SGXNET; press and analysts' briefings as may be appropriate.

The Company does not engage a dedicated investor relations firm.

To date, the Company does not have a fixed dividend policy. Nonetheless, Management will review the Group's performance and make appropriate recommendations to the Board on dividend declaration. The form, frequency, and/or amount of dividends will depend on the Company's cash, earnings, gearings, financial performance and position, project capital expenditure, future investment plans, funding requirements and any other factors that the Directors consider relevant. The Company will communicate any dividend payout to shareholders via announcements released to the SGX-ST via SGXNET. The Company did not declare any dividends in respect of FY2020 as it was in a loss-making position.

Corporate Website

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

The latest Annual Report, financial results and Company announcements are posted on the Company's corporate website (<https://www.ohldg.com>) following their release to the market through SGXNet, to ensure fair dissemination to shareholders.

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

Engagement with Stakeholders

The Company has its materiality assessment process to identify key stakeholders that may have direct or indirect impact to the company's business and operations. The Company's engagement with the key stakeholders, including engagement methods and key issues will be disclosed in the Company's Sustainability Report 2020 which will be announced to the SGXNet not later than 31 May 2021.

REPORT ON CORPORATE GOVERNANCE

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

OTHER CORPORATE GOVERNANCE MATTERS 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 FY2020 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 one month before the release of the half-year and 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 from dealing in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

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

The loan is interest free and shall be fully repayable on the date falling three hundred and ninety-nine (399) days from the date of disbursement by Dr Zhang Jian.

The amount due to Dr Zhang Jian was fully settled by the Company on 23 October 2020.

CODE OF BUSINESS CONDUCT

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

SPONSORSHIP

Pursuant to Catalist Rule 1204 (21) of the Listing Manual, the Company did not pay any non-sponsor fees to the Company's sponsor, Evolve Capital Advisory Private Limited.

REPORT ON CORPORATE GOVERNANCE

SUSTAINABILITY REPORT SUMMARY

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

The Group intends to publish its standalone FY2020 Sustainability Report in May 2021. The Sustainability Report comprises information relating to the Group's sustainability approach and governance, the material ESG factors that are relevant to our business and stakeholders, the policies and processes in place to monitor these factors as well as the performance against targets set for each factor.

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

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of OEL (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

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 2020 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Zhao Xin	(appointed on 20 January 2020)
Yap Koon Loong	(appointed on 27 February 2020)
Zhang Jian	(appointed on 4 May 2020)
Chong Eng Wee	(appointed on 30 June 2020)
Toh Lim Kai	(appointed on 17 October 2020)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

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

Name of director and entity in which interests are held	Shareholdings registered in the names of directors	
	At beginning of year or date of appointment	At end of year
<i>Ordinary shares of the Company</i>		
Zhang Jian	138,331,000	138,331,000
Zhao Xin	13,773,000	13,773,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

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.

DIRECTORS' STATEMENT

SHARE OPTIONS

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

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

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

AUDIT COMMITTEE

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

- Reviewed the audit plans of the external auditors of the Group and the Company, and reviewed the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to external auditors;
- Reviewed the half yearly 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; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

The AC convened two 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.

DIRECTORS' STATEMENT

AUDITOR

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

On behalf of the Board of Directors

Zhao Xin
Director

Yap Koon Loong
Director

Singapore

31 March 2021

INDEPENDENT AUDITOR'S REPORT

To the members of OEL (Holdings) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of OEL (Holdings) Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, 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 35 to 74.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

We have determined that there are no key audit matters to be communicated in our report.

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 or conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT

To the members of OEL (Holdings) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

To the members of OEL (Holdings) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore

31 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	Group	
		2020 S\$'000	2019 S\$'000
Revenue	4	683	180
Other operating income	5	320	28
Selling and distribution expenses		(26)	–
Administrative expenses		(2,497)	(440)
Other operating expenses		(1,171)	(717)
Finance costs	6	(99)	(108)
Loss before income tax	8	(2,790)	(1,057)
Income tax credit	9	–	102
Loss for the year		(2,790)	(955)
Other comprehensive income/(loss), net of tax:			
<i>Item that may be reclassified subsequently to profit or loss, net of tax:</i>			
Currency translation differences arising from consolidation		3	–
<i>Item that will not be reclassified subsequently to profit or loss, net of tax:</i>			
Net loss on revaluation of leasehold building	23	–	(3)
Other comprehensive income/(loss), net of tax		3	(3)
Total comprehensive loss for the year		(2,787)	(958)
Loss attributable to:			
Equity holders of the Company		(2,757)	(955)
Non-controlling interest		(33)	–
		(2,790)	(955)
Total comprehensive loss attributable to:			
Equity holders of the Company		(2,754)	(958)
Non-controlling interest		(33)	–
		(2,787)	(958)
Loss per share attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	(0.360 cents)	(0.143 cents)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	381	7,975	298	7,975
Right-of-use assets	21(a)	751	7,361	415	7,361
Investment in subsidiaries	12	–	–	200	–
Investment in an associate	13	–	–	–	–
Goodwill on consolidation	14	326	–	–	–
Other non-current asset		–	–	–	26
		1,458	15,336	913	15,362
CURRENT ASSETS					
Asset held for sale	15	7,449	–	7,449	–
Inventories		10	–	–	–
Trade and other receivables	16	757	98	1,151	102
Cash and bank balances	17	619	3	402	3
		8,835	101	9,002	105
Total assets		10,293	15,437	9,915	15,467
CURRENT LIABILITIES					
Loans and borrowings	18	–	1,797	–	1,797
Lease liabilities	21(b)	285	241	207	241
Trade and other payables	19	1,678	395	1,571	394
Provision for other liabilities	26	439	–	439	–
Income tax payable		1	–	–	–
		2,403	2,433	2,217	2,432
NON-CURRENT LIABILITIES					
Lease liabilities	21(b)	496	7,220	222	7,220
Deferred tax liabilities	20	280	280	280	280
		776	7,500	502	7,500
Total liabilities		3,179	9,933	2,719	9,932
Net assets		7,114	5,504	7,196	5,535
EQUITY					
Share capital	22	42,927	38,530	42,927	38,530
Accumulated losses		(43,480)	(40,723)	(43,428)	(40,692)
Foreign currency translation reserve		3	–	–	–
Revaluation reserve	23	7,879	7,879	7,879	7,879
Share issue reserve	24	(182)	(182)	(182)	(182)
		7,147	5,504	7,196	5,535
Non-controlling interests		(33)	–	–	–
Total equity		7,114	5,504	7,196	5,535

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

Group	Attributable to equity holders of the Company							Total equity S\$'000
	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Revaluation reserve S\$'000	Share issue reserve S\$'000	Total S\$'000	Non-controlling interest S\$'000	
Balance as at 31 December 2018	38,530	(39,730)	-	7,882	(182)	6,500	-	6,500
Effect on adopting SFRS(I)16	-	(38)	-	-	-	(38)	-	(38)
Balance as at 1 January 2019 (restated)	38,530	(39,768)	-	7,882	(182)	6,462	-	6,462
Loss for the year	-	(955)	-	-	-	(955)	-	(955)
Other comprehensive loss for the year	-	-	-	(3)	-	(3)	-	(3)
Net loss on revaluation of leasehold building	-	(955)	-	(3)	-	(958)	-	(958)
Total comprehensive loss for the year	-	(955)	-	(3)	-	(958)	-	(958)
Balance as at 31 December 2019	38,530	(40,723)	-	7,879	(182)	5,504	-	5,504
Issuance of new ordinary shares	4,462	-	-	-	-	4,462	-	4,462
Share issue expenses	(65)	-	-	-	-	(65)	-	(65)
Loss for the year	-	(2,757)	-	-	-	(2,757)	(33)	(2,790)
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Currency translation differences arising from consolidation	-	-	3	-	-	3	-	3
Total comprehensive loss for the year	-	(2,757)	3	-	-	(2,754)	(33)	(2,787)
Balance as at 31 December 2020	42,927	(43,480)	3	7,879	(182)	7,147	(33)	7,114

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

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 31 December 2018	38,530	(39,700)	7,882	(182)	6,530
Effect on adopting SFRS(I)16	-	(38)	-	-	(38)
Balance as at 1 January 2019 (restated)	38,530	(39,738)	7,882	(182)	6,492
Loss for the year	-	(954)	-	-	(954)
Other comprehensive loss for the year	-	-	(3)	-	(3)
Net loss on revaluation of leasehold building	-	-	(3)	-	(3)
Total comprehensive loss for the year	-	(954)	(3)	-	(957)
Balance as at 31 December 2019	38,530	(40,692)	7,879	(182)	5,535
Issuance of new ordinary shares	4,462	-	-	-	4,462
Share issue expenses	(65)	-	-	-	(65)
Total comprehensive loss for the year	-	(2,736)	-	-	(2,736)
Balance as at 31 December 2020	42,927	(43,428)	7,879	(182)	7,196

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	Group	
		2020 S\$'000	2019 S\$'000
Cash flows from operating activities			
Loss before tax		(2,790)	(1,057)
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	11	384	339
Depreciation of right-of-use assets	21(a)	549	298
Interest expense	6	99	108
Waiver of debt	5	(40)	–
Provision for other liabilities	26	439	–
Unrealised currency translation loss		2	–
Operating cash flow before changes in working capital		(1,357)	(312)
<u>Changes in working capital:</u>			
Inventories		(10)	–
Trade and other receivables		(521)	(66)
Trade and other payables		1,226	104
Net cash used in operations		(662)	(274)
Interest paid		(99)	(57)
Income tax paid		–	(2)
Net cash used in operating activities		(761)	(333)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(411)	–
Acquisition of subsidiary, net of cash acquired	12	(405)	–
Net cash used in investing activities		(816)	–
Cash flows from financing activities			
Proceed from issuance of new ordinary shares	22	4,462	–
Share issue expenses	22	(65)	–
Repayment of bank borrowings	18	(1,050)	(100)
Payment of principal portion of lease liabilities		(450)	(282)
(Repayment to)/loan from a former director (resigned on 27 February 2020) of the Company	18	(707)	697
Net cash generated from financing activities		2,190	315
Net increase/(decrease) in cash and cash equivalents		613	(18)
Cash and cash equivalents at beginning of the year		3	21
Effect of exchange rates changes on cash and cash equivalents		3	–
Cash and cash equivalents at end of the year	17	619	3

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

1. CORPORATE INFORMATION

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

The Group has early adopted the *Amendment to SFRS(I) 16 Leases: Covid-19 Related Rent Concessions* which introduced an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification.

The Group has applied this practical expedient to all leases. As a result of applying the practical expedient, rent concessions of approximately S\$30,000 (Note 5) was recognised as "Other operating income" in the profit or loss during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(b) Business combinations (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (i.e. over time). 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.

Childcare income

Childcare income arising from rendering of childcare services is recognised over the period of services being rendered (i.e. over time).

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.

(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

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

(a) *As lessee*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

(a) *As lessee (Continued)*

Right-of-use assets

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

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

(a) *As lessee (Continued)*

Related rent concessions

The Group has applied the *Amendment to SFRS(I) 16 Leases: Covid-19 Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether a rent concession related to Covid-19 is a lease modification. The Group applies the practical expedients consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group choose not to apply the practical expedient or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(b) *As lessor*

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

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in first-out method and comprises all cost of purchase, cost of conversion and other costs incurred in bring the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

2.10 Income taxes

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

(i) *Current income tax*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Income taxes (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Income taxes (Continued)

(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.

2.11 Property, plant and equipment

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Property, plant and equipment (Continued)

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.

2.12 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.

2.13 Investment in an associate

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 an associate using the equity method from the date on which it becomes an associate.

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

Under the equity method, the investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, 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 associate.

When the Group's share of losses in an associate equal or exceed 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 associate are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of non-financial assets

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

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

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

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

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

2.15 Financial instrument

(a) *Financial assets*

Initial recognition and measurement

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

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

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

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instrument (Continued)

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Assets held for sale and discontinued operations

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. 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. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

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

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income.

Additional disclosures are provided in Note 15. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Contingencies

A contingent liability is:

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

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

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

2.21 Related parties

A related party is defined as follows:

- (a) A person or close member of the person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group and Company or of a parent of the Company.
- (b) An entity is related to the Group and Company if any of the following conditions apply:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Related parties (Continued)

- (b) An entity is related to the Group and Company if any of the following conditions apply: (Continued)
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.22 Borrowing cost

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

2.23 Share capital

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

2.24 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

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, the Group has not made significant judgements, apart from those involving estimations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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 is discussed below.

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

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

4. REVENUE

	Group	
	2020 S\$'000	2019 S\$'000
Rental income – satisfied over-time	310	180
Childcare income – satisfied over-time	373	–
	683	180

5. OTHER OPERATING INCOME

	Group	
	2020 S\$'000	2019 S\$'000
Administrative and management income	23	27
Government grants	163	–
Waiver of debts	40	–
Property tax and rental rebate	30	–
Others	64	1
	320	28

Presented under “Property tax and rental rebate” are Covid-19 related rent concessions received from lessors of approximately S\$30,000 to which the Company applied the practical expedient as disclosed in Note 2.8.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

6. FINANCE COSTS

	Group	
	2020 S\$'000	2019 S\$'000
Interest expense on:		
– Loan and borrowings	6	62
– Lease liabilities (Note 21(c))	93	46
	<u>99</u>	<u>108</u>

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2020 S\$'000	2019 S\$'000
Salaries and wages (including director)	1,219	138
Defined contribution plans	110	17
Short-term employee benefits	44	6
	<u>1,373</u>	<u>161</u>

The above employee benefits expense includes compensation payable to key management personnel as disclosed in Note 25 to the financial statement.

8. LOSS BEFORE INCOME TAX

Loss before income tax is determined after charging of the following:

	Group	
	2020 S\$'000	2019 S\$'000
Bank charges	73	–
Directors' fee	82	45
Depreciation of property, plant and equipment (Note 11)	384	339
Depreciation of right-of-use asset (Note 21(c))	549	298
Employee benefits expense (Note 7)	1,373	161
Legal and consultancy fees	554	8
Professional fees	77	78
Property tax	45	65
Sublet consent fee	13	22
Audit fees	45	27

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

9. INCOME TAX CREDIT

The major components of income tax credit for the years ended 31 December 2020 and 2019 are:

	Group	
	2020 S\$'000	2019 S\$'000
Current income tax:		
Over provision in respect of previous years	-	(102)

The tax credit 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	
	2020 S\$'000	2019 S\$'000
Loss before income tax	(2,790)	(1,057)
Tax credit calculated at tax rate of 17% (2019: 17%)	(474)	(180)
Non-deductible expenses	474	180
Over provision in respect of previous years	-	(102)
	-	(102)

10. LOSS PER SHARE

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

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

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

	Group	
	2020 S\$'000	2019 S\$'000
Loss attributable to equity holders of the Company, used in the computation of basic and diluted loss per share	(2,757)	(955)
	No. of shares	No. of shares
	2020	2019
Weighted average number of ordinary shares, used in the computation of basic and diluted loss per share	769,718,266	668,266,667

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold building	Plant and equipment	Total
	S\$'000	S\$'000	S\$'000
<u>At cost or valuation</u>			
As at 1 January 2019	10,316	81	10,397
Revaluation	(4)	–	(4)
As at 31 December 2019	10,312	81	10,393
Acquisition of a subsidiary	–	71	71
Addition	–	411	411
Reclassification	(10,312)	–	(10,312)
As at 31 December 2020	–	563	563
<u>Accumulated depreciation</u>			
As at 1 January 2019	2,016	64	2,080
Charge during the year (Note 8)	337	2	339
Revaluation	(1)	–	(1)
As at 31 December 2019	2,352	66	2,418
Acquisition of a subsidiary	–	69	69
Charge during the year (Note 8)	337	47	384
Reclassification	(2,689)	–	(2,689)
As at 31 December 2020	–	182	182
<u>Net book value</u>			
As at 31 December 2019	7,960	15	7,975
As at 31 December 2020	–	381	381
Company			
<u>At cost or valuation</u>			
As at 1 January 2019	10,316	81	10,397
Revaluation	(4)	–	(4)
As at 31 December 2019	10,312	81	10,393
Addition	–	323	323
Reclassification	(10,312)	–	(10,312)
As at 31 December 2020	–	404	404
<u>Accumulated depreciation</u>			
As at 1 January 2019	2,016	64	2,080
Charge during the year	337	2	339
Revaluation	(1)	–	(1)
As at 31 December 2019	2,352	66	2,418
Charge during the year	336	40	376
Reclassification	(2,688)	–	(2,688)
As at 31 December 2020	–	106	106
<u>Net book value</u>			
As at 31 December 2019	7,960	15	7,975
As at 31 December 2020	–	298	298

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 31 December 2020 and 2019, 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 21).

Revaluation of leasehold building

In previous financial year, the Group engaged Asian Appraisal Company Pte. Ltd., an independent valuer to determine the fair value of the leasehold building on 9 January 2020. Details of valuation techniques and inputs used are disclosed in Note 21.

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

	Group and Company 2019 S\$'000
Leasehold building:	
– Cost	3,334
– Accumulated depreciation	2,808
– Net carrying amount	<u>526</u>

Assets pledged as security

In previous financial year, the Group's leasehold building with a carrying amount of \$7,960,000 was mortgaged to secure the Group's bank loans.

12. INVESTMENT IN SUBSIDIARIES

Company	2020 S\$'000	2019 S\$'000
Unquoted equity shares, at cost	5,000	5,000
Less: Impairment loss	(5,000)	(5,000)
Add: Addition	200	–
Balance as at end of the year	<u>200</u>	<u>–*</u>

* Balance represents the Company's investment in AJJ Health Care Management Pte. Ltd. (formerly known as Yahweh China Pte. Ltd.) of SGD100.

Liquidation of a subsidiary

The Company's investment in OSEC Shipyard Pte. Ltd. ("OSEC") had been fully impaired since previous financial years as OSEC was placed under liquidation since FY2017. The liquidation was subsequently completed on 10 November 2020 and dissolved with immediate effect on that date.

Following the above, OSC Co., Ltd. ("OSC"), an indirect wholly-owned subsidiary of the Group held through OSEC ceased to be the subsidiary of the Group with effect on 10 November 2020.

Acquisition of subsidiaries

On 1 March 2020, the Group acquired 100% of the voting shares of Discovery Kidz Preschool Pte. Ltd. ("Discovery Kidz"), a company based in Singapore for cash consideration of S\$416,000. The principal activity of Discovery Kidz is providing childcare services. The Group acquired Discovery Kidz for diversification of its existing business of investment holding, property rentals and property management, to include business in the childcare wellness education industry.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiaries (Continued)

The fair values of the identifiable assets and liabilities of Discovery Kidz as at the date of acquisition were:

	Fair value recognised on acquisition S\$'000
Assets	
Plant and equipment	2
Right-of-use assets (Note 21(a))	402
Cash at bank	11
Trade and other receivables	140
	<hr/>
	555
Liabilities	
Other payables	(52)
Income tax payable	(1)
Lease liabilities (Note 21(b))	(412)
	<hr/>
	(465)
Total identifiable net assets at fair value	90
Goodwill arising on acquisition (Note 14)	326
	<hr/>
Purchase consideration paid in cash	416
	<hr/>

The effect of acquisition on cash flows was as follows:

	S\$'000
Cash payment for acquisition	416
Less: Cash and cash equivalents in Discovery Kidz	(11)
	<hr/>
Net cash outflow on acquisition	405
	<hr/>

On 11 June 2020, the Company acquired 51% of the voting shares of Shanghai Longjian Hospital Management Co., Ltd. ("Shanghai Longjian"), a newly incorporated company based in China for cash consideration of RMB1.00. The intended principal activities of Shanghai Longjian are those relating to medical technology and health management consulting. The Group acquired Shanghai Longjian for diversification of its existing business of investment holding, property rentals, property management and childcare wellness education services, to include business in the healthcare equipment and services industry.

Incorporation of subsidiaries

On 4 March 2020, the Company subscribed for 1 ordinary share of S\$1.00 representing the entire issued and paid-up share capital of W Property Management Pte. Ltd. ("W Property") for a total cash consideration of S\$1.00. Following the transaction, W Property became a wholly owned subsidiary of the Company. The intended principal business activities of W Property are real estate leasing and management services.

On 4 March 2020, the Company subscribed for 1 ordinary share of S\$1.00 representing the entire issued and paid-up share capital of ESO Health Care Pte. Ltd. ("ESO Health Care") (formerly known as Alice Health Child Care Pte. Ltd.) for a total cash consideration of S\$1.00. Following the transaction, ESO Health Care became a wholly owned subsidiary of the Company. The intended principal business activities of ESO Health Care are providing nurseries and kindergartens services, and investment holding.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Incorporation of subsidiaries (Continued)

On 29 September 2020, AJJ Health Care Management Pte. Ltd. ("AJJ Health Care"), a wholly owned subsidiary of the Company subscribed for 100 ordinary shares of S\$1.00 each, representing the entire issued and paid-up share capital of HIFU Suntec Pte. Ltd. ("HIFU Suntec") for a total cash consideration of S\$100. Following the transaction, HIFU Suntec became an indirect wholly owned subsidiary of the Company. The intended principal business activities of HIFU Suntec are to conduct research and development of medical technologies, manufacture and repair of irradiation and electromedical of High Intensity Focused Ultrasound ("HIFU") machine and other medical equipments.

The details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective interest of the Company		Principal activities
		2020	2019	
<i>Held by the Company</i>				
AJJ Health Care Management Pte. Ltd. (formerly known as Yahweh China Pte. Ltd.) ¹	Singapore	100%	100%	Investment holding and management consultancy services for healthcare organisations
W Property Management Pte. Ltd. ¹	Singapore	100%	–	Real estate leasing and management
ESO Health Care Pte. Ltd. (formerly known as Alice Health Child Care Pte. Ltd.) ¹	Singapore	100%	–	Investment holding, nurseries and kindergartens
Shanghai Longjian Hospital Management Co., Ltd. ²	China	51%	–	Hospital management, medical technology, biotechnology, technology development and health management consulting
OSEC Shipyard Pte. Ltd. ³	Singapore	–	100%	Ship repairs
<i>Held through ESO Health Care Pte. Ltd.</i>				
Discovery Kidz Preschool Pte. Ltd. ¹	Singapore	100%	–	Child care services for pre-school children
<i>Held through AJJ Health Care Management Pte. Ltd.</i>				
HIFU Suntec Pte. Ltd. ¹	Singapore	100%	–	Conduct research and development of medical technologies, manufacture and repair of irradiation and electromedical of HIFU machine and other medical equipments
<i>Held through OSEC Shipyard Pte. Ltd.</i>				
OSC Co., Ltd. ⁴	Thailand	–	100%	Ship repairs

1 Appointed PKF-CAP LLP as auditor but exempted from audit under Section 205C of Companies Act.

2 Inactive and not audited.

3 Dormant and liquidated during the year.

4 Dormant and the entity's immediate parent was liquidated during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Unquoted equity shares, at cost	36	36	36	36
Share of post-acquisition losses	(36)	(36)	–	–
Less: Impairment loss	–	–	(36)	(36)
Less: Disposal	–*	–	–*	–
	–	–	–	–

* On 12 April 2020, the Group has entered into a Share Purchase Agreement with a purchaser to sell 49.0% of the issued and paid-up capital of OCT Co., Ltd, an associate of the Group ("Proposed Disposal"). The aggregate consideration payable by the purchaser for the Proposed Disposal is S\$1. The Proposed Disposal was subsequently completed on 23 April 2020.

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
		2020 %	2019 %	
OCT Co., Ltd.	Thailand	–	49	Providing construction and repair services for marine vessels. Inactive in 2017.

In previous financial years, 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.

14. GOODWILL ON CONSOLIDATION

	Group	
	2020 S\$'000	2019 S\$'000
As at 1 January	–	–
Acquisitions through business combinations (Note 12)	326	–
As at 31 December	326	–

Goodwill on acquisition of Discovery Kidz

Upon the completion of the acquisition, a provisional goodwill amounting to approximately S\$326,000 was recognised during the financial year ended 31 December 2020. The provisional goodwill represents an excess on the cost of acquisition over the estimated fair value of the net identifiable assets of Discovery Kidz prior to the acquisition.

Based on the preliminary result from the Purchase Price Allocation ("PPA") conducted by RSM Corporate Advisory Pte. Ltd. ("RSM"), an intangible asset namely "Acquired Student Population" was identified. The intangible asset was preliminarily valued at S\$69,176 with a corresponding deferred tax liability of S\$11,760.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. ASSET HELD FOR SALE

On 19 October 2020, the Group has granted to a third party (the “Purchaser”) a conditional option to purchase the Group’s leasehold building and land located at 8 Aljunied Avenue 3, Singapore 389933 for a purchase consideration of S\$9,500,000.

The sale of leasehold building and land was subsequently completed on 2 February 2021 (Note 32(b)). As at 31 December 2020, the assets and liabilities related to the sale have been presented in the statement of financial position as “Asset held for sale”.

The major classes of assets and liability classified as held for sale as at 31 December 2020 are as follows:

	Group and Company
	2020
	S\$’000
Assets	
Leasehold building	7,623
Right-of-use asset	7,050
	14,673
Liability	
Lease liabilities	(7,224)
Asset held for sale	7,449

No impairment loss was recognised during the financial year as the fair value less costs to sell exceeds the carrying amount of the asset.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	S\$’000	S\$’000	S\$’000	S\$’000
Trade receivables	71	–	54	–
Other receivables	7	71	566	75
Deposit	645	–	514	–
Prepayment	34	27	17	27
	757	98	1,151	102

Trade receivables are normally settled on 30 days term. Other receivables are unsecured, non-interest bearing and repayable on demand. Both of them are recognised at their original invoice amounts which represent their fair values on initial recognition.

The ECL on the trade and other receivables are not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. CASH AND BANK BALANCES

	Group		Company	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Cash on hand	19	–	–	–
Cash at banks	600	3	402	3
Cash and cash equivalents	619	3	402	3

18. LOANS AND BORROWINGS

	Group and Company	
	2020 S\$'000	2019 S\$'000
Current		
Short term bank loans ⁽ⁱ⁾	–	1,050
Loan from a former director ⁽ⁱⁱ⁾	–	747
	–	1,797

(i) Short term bank loans

The loans are secured by a charge over the Group's leasehold building (Note 11). The loans are arranged at fixed interest rates that ranged from 3.26% to 3.92% (2019: 3.26% to 3.92%) per annum with repayment terms of 6 months (2019: 6 months).

The Company has fully repaid the bank loan of S\$1,050,000 on 24 January 2020.

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

This loan is unsecured and bears interest rate at 5% (2019: 5%) per annum.

The Company has fully settled the loan via cash payment of approximately S\$707,000 and waiver of the remaining balance on 5 March 2020.

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

	1 January 2020 S\$'000	Cash flows S\$'000	Non-cash changes				31 December 2020 S\$'000
			Accretion of interests S\$'000	Waiver S\$'000	Addition* S\$'000	Reclassification S\$'000	
Liabilities							
Lease liabilities							
Current	241	(548)	93	–	499	–	285
Non-current	7,220	–	–	–	500	(7,224)	496
Short term bank loans	1,050	(1,050)	–	–	–	–	–
Loan from a former director	747	(707)	–	(40)	–	–	–
	9,258	(2,305)	93	(40)	999	(7,224)	781

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. LOANS AND BORROWINGS (CONTINUED)

A reconciliation of liabilities arising from financing activities are as follows: (Continued)

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

* Include acquisition of a subsidiary

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
<u>Trade payables</u>				
Third parties	<u>121</u>	121	<u>121</u>	121
<u>Other payables</u>				
Accrued operating expenses	<u>246</u>	184	<u>223</u>	184
Other payables	<u>299</u>	33	<u>252</u>	33
Deposits	<u>1,012</u>	19	<u>975</u>	19
Related party	<u>–</u>	38	<u>–</u>	37
	<u>1,557</u>	274	<u>1,450</u>	273
	<u>1,678</u>	395	<u>1,571</u>	394

Trade and other payables are unsecured, non-interest bearing and are normally settled on 60 days (2019: 60 days) term.

20. DEFERRED TAX LIABILITIES

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

	Group and Company	
	2020 S\$'000	2019 S\$'000
Deferred tax liabilities		
Balance at beginning of the year	280	281
Deferred tax effect arising from revaluation of property	–	(1)
Balance at the end of the year	<u>280</u>	<u>280</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. LEASES

Group as a lessee

The Group has lease contracts for leasehold land, office premises, plant and equipment and motor vehicles. The Group's obligations under its lease are secured by the lessor's title to the leased asset. The leases have lease terms of 3 – 5 years. The Group is restricted from assigning and subleasing the leased assets.

(a) Right-of-use assets

Group	Leasehold land S\$'000	Office premises S\$'000	Plant and equipment S\$'000	Motor vehicles S\$'000	Total S\$'000
At 1 January 2019	7,192	–	–	–	7,192
Additions	467	–	–	–	467
Depreciation (Note 8)	(298)	–	–	–	(298)
At 31 December 2019	7,361	–	–	–	7,361
Acquisition of a subsidiary (Note 12)	–	402	–	–	402
Additions	–	512	6	69	587
Depreciation (Note 8)	(311)	(209)	–	(29)	(549)
Reclassification	(7,050)	–	–	–	(7,050)
At 31 December 2020	–	705	6	40	751

Company	Leasehold land S\$'000	Office premises S\$'000	Plant and equipment S\$'000	Motor vehicles S\$'000	Total S\$'000
At 1 January 2019	7,192	–	–	–	7,192
Additions	467	–	–	–	467
Depreciation	(298)	–	–	–	(298)
At 31 December 2019	7,361	–	–	–	7,361
Additions	–	512	6	69	587
Depreciation	(311)	(143)	–	(29)	(483)
Reclassification	(7,050)	–	–	–	(7,050)
At 31 December 2020	–	369	6	40	415

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. LEASES (CONTINUED)

Group as a lessee (Continued)

(b) Lease liabilities

	Group		Company	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
At 1 January	7,461	7,230	7,461	7,230
Acquisition of a subsidiary (Note 12)	412	–	–	–
Additions	587	467	587	467
Accretion of interests	93	46	77	46
Payments	(548)	(282)	(472)	(282)
Reclassification	(7,224)	–	(7,224)	–
At 31 December	781	7,461	429	7,461
<i>Presented as:</i>				
Current	285	241	207	241
Non-current	496	7,220	222	7,220
	781	7,461	429	7,461

Maturity analysis of lease liabilities:

	Carrying amount S\$'000	Contractual cash flows S\$'000	One year or less S\$'000	One to five years S\$'000	More than five years S\$'000
Group					
2020					
Lease liabilities	781	842	317	525	–
2019					
Lease liabilities	7,461	13,804	298	1,364	12,142
Company					
2020					
Lease liabilities	429	452	223	229	–
2019					
Lease liabilities	7,461	13,804	298	1,364	12,142

(c) Amounts recognised in profit or loss

	Group	
	2020 S\$'000	2019 S\$'000
Depreciation of right-of-use assets (Note 8)	549	298
Interest expense on lease liabilities (Note 6)	93	46
Total amount recognised in profit or loss	642	344

(d) Total cash outflow

The Group had total cash outflows for leases of S\$548,000 (2019: S\$282,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. LEASES (CONTINUED)

Group as a lessor

The Group rents out its leasehold building in Singapore under an operating lease. Property rental income earned during the year was S\$310,000 (2019: S\$180,000).

Rental income from leasehold building is disclosed in Note 4.

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

	Group and Company	
	2020 S\$'000	2019 S\$'000
Not later than one year	25,000	19,000

22. SHARE CAPITAL

	Group and Company			
	2020 Number of shares	2019	2020 S\$'000	2019 S\$'000
Issued and fully paid				
<i>Ordinary shares:</i>				
Beginning of financial year	668,266,667	668,266,667	38,530	38,530
Issuance of new shares	265,535,407	–	4,462	–
Share issue expenses	–	–	(65)	–
End of financial year	933,802,074	668,266,667	42,927	38,530

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.

On 12 May 2020 and 22 September 2020, the Company has issued 77,535,407 and 188,000,000 new ordinary shares respectively at an aggregated amount of approximately S\$4,462,000. The Company intends to utilise the proceeds as follow:

1. Repayment of the Company's loan from its Chairman and Executive Director;
2. Salary related expenses, rental expenses and other expenses incurred for business operations;
3. General acquisitions and investment for expansion of the Group's business; and
4. Development and expansion of the Group's property management, healthcare and childcare business and for future investment opportunities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. 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.

24. SHARE ISSUE RESERVE

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

25. 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	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
<u>Companies in which the Company's directors and key management personnel have a financial interest</u>				
Fees paid to company in which the Company's key management personnel has a financial interest	–	30	–	30
Fees received from company in which the Company's key management personnel has a financial interest	27	–	27	–

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

	Group		Company	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Short-term benefits	687	159	687	159
Post-employment benefits	18	13	18	13
	705	172	705	172

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

26. PROVISION FOR OTHER LIABILITIES

The provision for other liabilities is related to a claim for alleged outstanding legal fees from a local law firm for legal services purportedly provided to the Company, its direct subsidiary, OSEC Shipyard Pte Ltd (“OSEC”) which has since been liquidated and its indirect subsidiary, OSC Co., Ltd (“OSC”) in various arbitration proceedings. The local law firm alleged that the Company had agreed to be jointly and severally liable for all fees and disbursements incurred by OSEC and OSC, due to a letter issued by the Company dated 10 September 2013, which was allegedly signed by the previous managing director of the Company. The local law firm was purportedly engaged for its services on or around March 2013.

The Company disputes the aforesaid claims and is still in the process of verifying and/or confirming the validity and veracity of such claims. In particular, the Company notes that other than a sum of S\$120,406 owing to the local law firm which has already been provided for under “*Trade & Other Payables*” in the financial statements, there was no reference to any of the other alleged outstanding sums owing to the local law firm. Both parties are presently trying to negotiate to reach an amicable settlement.

On the ground of prudence, the Company has recognised the liability for the remaining legal fees amounting to approximately S\$439,000 during the financial year.

27. 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.

(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 and Company 2019 S\$'000
Fair value measurements at the end of the reporting period using significant unobservable inputs (Level 3)	
Asset measured at fair value	
<u>Non-financial asset</u>	
Leasehold building (Note 11)	<u>7,960</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 3 fair value measurements

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

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

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

* 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.

(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):

Total losses for the period included in	Group 2019 S\$'000
Other comprehensive loss:	
– Net loss on revaluation	<u>(3)</u>

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 3 fair value measurements (Continued)

(iii) Valuation policies and procedures (Continued)

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.

(d) Financial instruments whose carrying amount approximates fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate their fair values due to their relatively short-term maturity.

28. 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 loss before tax from continuing operations as majority 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 2020 and 31 December 2019, the Group and the Company do not have any significant concentration of credit risk to any counterparty. Cash balances are held with reputable financial institutions.

(iv) Liquidity risk

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

All financial liabilities are repayable on demand or within 12 months from the end of the reporting period, except for lease liabilities. The maturity analysis of lease liabilities is disclosed in Note 21(b).

29. 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 2020 and 31 December 2019.

30. SEGMENT INFORMATION

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

The Group operates in the following segments:

1. Rental of property and corporate;
2. Childcare wellness education; and
3. Healthcare equipment and services.

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 2020

30. SEGMENT INFORMATION (CONTINUED)

(b) Segment revenues and results

Group	2020 Revenue		2019 Revenue	
	S\$'000	%	S\$'000	%
Rental of property and corporate	310	45.4	180	100.0
Childcare wellness education	373	54.6	–	0.0
Total	683	100.0	180	100.0

Group	2020 Results		2019 Results	
	S\$'000	%	S\$'000	%
Rental of property and corporate	(2,719)	97.5	(955)	100.0
Childcare wellness education	65	(2.3)	–	0.0
Healthcare equipment and services	(136)	4.8	–	0.0
Total	(2,790)	100	(955)	100.0

There were no inter-segment sales during the years ended 31 December 2020 and 31 December 2019.

(c) Segment assets and liabilities

In 2020 and 2019, all assets and liabilities are allocated to reportable segments.

	Rental of property and corporate S\$'000	Childcare wellness education S\$'000	Healthcare equipment and services S\$'000	Total S\$'000
<u>31 December 2020</u>				
Assets				
Segment assets	9,151	987	155	10,293
Liabilities				
Segment liabilities	2,719	450	10	3,179
Other information				
Depreciation	859	73	–	932
<u>31 December 2019</u>				
Assets				
Segment assets	15,437	–	–	15,437
Liabilities				
Segment liabilities	9,933	–	–	9,933
Other information				
Depreciation	637	–	–	637

(d) Geographical and major customer information

The Group's revenue are derived from rental of property and childcare wellness education services, which operates in Singapore. The revenue from rental of property was earned from three customers (2019: two customers). There is no reliance on any major customers in the childcare wellness education services.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. CATEGORIES OF FINANCIAL INSTRUMENTS

Financial instruments as at the reporting date are as follows:

	Group		Company	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
<u>Financial assets</u>				
<i>At amortised cost</i>				
Trade and other receivables	723	71	1,134	75
Cash and bank balances	619	3	402	3
	1,342	74	1,536	78
<u>Financial liabilities</u>				
<i>At amortised cost</i>				
Loans and borrowings	–	1,797	–	1,797
Lease liabilities	781	7,461	429	7,461
Trade and other payables	1,678	395	1,571	394
	2,459	9,653	2,000	9,652

32. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 21 January 2021, the Company has subscribed for an additional 149,900 new ordinary shares at S\$1.00 per share in the share capital of its direct wholly-owned subsidiary, AJJ Health Care Management Pte. Ltd. (“AJJ”), for a total cash consideration of S\$149,900.
- (b) On 2 February 2021, the Company has completed the disposal of the Company’s property located at 8 Aljunied Avenue 3, Singapore 389933 (the “Property”) following the collection of the remaining 90% for the total consideration of S\$9,500,000.
- (c) On 24 February 2021, the Company has commenced legal proceedings against Ms Wang Jue (the “Defendant”) in the High Court of Singapore. The Defendant was not re-elected as a director at the Annual General Meeting of the Company on 26 June 2020 and had consequently asked for her employment with the Company to be terminated. The Suit alleges that the Defendant had, amongst other things, breached her fiduciary duty as an executive director of the Company and/or her duty of fidelity, care and confidence owed to the Company.

The Company had decided to prosecute the claim to protect the interests of the Company and its shareholders including claim for special damages and reputational loss to be assessed. As at the date of this report, the Company is unable to quantify the impact of the Suit.

33. OUTBREAK OF COVID-19

The COVID-19 outbreak and the associated lockdowns all over the world have resulted in an unprecedented global health and economic crisis, with varying knock-on effects on businesses and individuals. While the Company expects the challenges brought by the COVID-19 pandemic to continue, the Company is confident of meeting such challenges with an emphasis on the safety and well-being of the staff. Meanwhile, the COVID-19 pandemic has also increased awareness and demand for the Group’s healthcare related products.

34. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the board of directors on 31 March 2021.

SHARE STATISTICS

As at 18 March 2021

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 MARCH 2021

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 – 99	2	0.07	12	0.00
100 – 1,000	293	9.94	282,957	0.03
1,001 – 10,000	853	28.92	4,866,700	0.52
10,001 – 1,000,000	1,692	57.37	229,576,511	24.59
1,000,001 and above	109	3.70	699,075,894	74.86
Grand Total	2,949	100.00	933,802,074	100.00

TWENTY-ONE LARGEST SHAREHOLDERS AS AT 18 MARCH 2021

NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1 ZHANG JIAN	138,331,000	14.81
2 PHILLIP SECURITIES PTE LTD	37,670,300	4.03
3 DBS NOMINEES PTE LTD	25,178,900	2.70
4 NICHOLAS NG SWEE LIAN	25,000,000	2.68
5 LIM BOK HOO	22,000,000	2.36
6 LIU YUNHUA	20,252,300	2.17
7 LIANG GAOJIAN	20,000,000	2.14
8 UOB KAY HIAN PTE LTD	18,246,100	1.95
9 ZHAO XIN	13,773,000	1.47
10 ANG HAN KEONG (HONG HANQIANG)	13,494,600	1.45
11 WANG JUE	13,365,000	1.43
12 ANG AH LEK @AN AH LEK	13,000,000	1.39
13 UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	12,492,900	1.34
14 MAYBANK KIM ENG SECURITIES PTE. LTD	10,883,753	1.17
15 LEE HUEY SHIN (LI HUIXIN)	10,692,000	1.14
16 QUAK CHOON CHAI (GUO JUNCAI)	10,692,000	1.14
17 SHIE YONG FAH	10,100,000	1.08
18 DAVID QUEK YONG QI	10,000,000	1.07
19 ONG JIA JING	10,000,000	1.07
20 SNG BEE JADE (SUN MEIYU)	10,000,000	1.07
21 YIP KENG SOON	10,000,000	1.07
TOTAL	455,171,853	48.73

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

Name of Person	Zhao Xin	Chong Eng Wee	Toh Lim Kai
Date of Appointment	20 January 2020	30 June 2020	17 October 2020
Date of last re-appointment (if applicable)	26 June 2020	–	–
Age	31	41	45
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board believes that Ms Zhao Xin will continue her contribution to the Company and recommends that she be re-appointed as CEO and Executive Director of the Company.	The Board believes that Mr Chong Eng Wee will continue his contribution to the Company and recommends that he be re-appointed as Independent Director of the Company.	The Board believes that Dr Toh Lim Kai will continue his contribution to the Company and recommends that he be re-appointed as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive, General management, overall strategic planning and direction of the Group	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	CEO and Executive Director	Independent Director, Chairman of RC and NC, Member of AC	Independent Director, Member of AC, RC and NC
Professional qualifications	(i) Master of Social Sciences (China and Global Governance) (ii) Master of Science with Merit in Professional Accountancy	(i) Barrister and Solicitor – High Court of New Zealand (ii) Advocate and Solicitor – Supreme Court of Singapore (iii) Legal Practitioner – Supreme Court of New South Wales, Australia (iv) Solicitor – High Court of Hong Kong	(i) Membership Royal College of Surgeons Ireland (ii) MB. BCh. BAO (Honours) from Royal College of Surgeon in Ireland (iii) MSc (Pharmaceutical Medical) from Hibernia College (Dublin) (iv) Singapore MOH accredited Family Physician

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

For the financial year ended 31 December 2020

Name of Person	Zhao Xin	Chong Eng Wee	Toh Lim Kai
Working experience and occupation(s) during the past 10 years	(i) March 2018 to January 2020 – Eminence Investment Pte Ltd (ii) July 2014 to December 2017 – Manuli Fluiconneto Pte Ltd	(i) October 2017 to Present – Kennedys Legal Solutions Pte. Ltd. – Partner and Head of Corporate (ii) July 2015 to October 2017 – RHTLaw Taylor Wessing LLP (now known as RHTLaw Asia LLP) – Partner and Deputy Head, Capital Markets and International China Practice (iii) April 2011 to June 2015 – Duane Morris & Selvam LLP – Associate Director and Representative of Shanghai Representative Office	(i) 2018 to Present – Resident Physician, T Medical Clinic (ii) 2019 to 2020 – Regional Medical Director (APAC region), VIIV Healthcare – HIV medicine (Project base) (iii) 2015 to 2017 – Regional Medical Director (South Asia), GE Healthcare – Pharmaceutical/ Diagnostic Imaging (iv) 2012 to 2015 – Regional Medical Director (JAPAC region), AbbVie/ Abbott – Virology/ Neonatology (v) 2009 to 2012 – Medical Manager (Pfizer Singapore)
Shareholding interest in the listed issuer and its subsidiaries	13,773,000 ordinary shares	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Zhao Xin	Chong Eng Wee	Toh Lim Kai
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#			
* "Principal Commitments" has the same meaning as defined in the Code.			
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)			
Past (for the last 5 years)	Eminence Investment Pte Ltd	(i) RHTLaw Taylor Wessing LLP (now known as RHTLaw Asia LLP) (ii) Innopac Holdings Limited (iii) CW Group Holdings Limited	(i) Regional Medical Director (APAC region), VIIV Healthcare – HIV medicine (Project base) (ii) Director, TS Medical Pte. Ltd. (iii) Regional Medical Director (South Asia), GE Healthcare Pharmaceutical/ Diagnostic Imaging (iv) Regional Medical Director (JAPAC region), AbbVie/ Abbott – Virology/ Neonatology
Present	Director, OEL Group of Companies	(i) Partner and Head of Corporate of Kennedys Legal Solutions Pte. Ltd. (ii) Director of Legal Solutions LLC (iii) Lead Independent & Non-Executive Director of Heatec Jietong Holdings Ltd. (iv) Lead Independent & Non-Executive Director of GS Holdings Limited (v) Independent & Non-Executive Director of KTL Global Limited	(i) Resident Physician, T Medical Clinic (ii) Director, T Medical Clinic (City Gate) Pte. Ltd.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

For the financial year ended 31 December 2020

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

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Zhao Xin	Chong Eng Wee	Toh Lim Kai
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

For the financial year ended 31 December 2020

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

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

INFORMATION ON DIRECTORS SEEKING RE-ELECTION

For the financial year ended 31 December 2020

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“**AGM**”) of OEL (HOLDINGS) LIMITED (the “**Company**”) will be held by way of electronic means on Thursday, 29 April 2021 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

- To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the year ended 31 December 2020 together with the Auditors’ Report thereon.

(Resolution 1)

- To re-elect the following Directors of the Company retiring pursuant to the following regulations of the Company’s Constitution:

Ms Zhao Xin (pursuant to Regulation 87)

(Resolution 2)

Mr Chong Eng Wee (pursuant to Regulation 94)

(Resolution 3)

Dr Toh Lim Kai (pursuant to Regulation 94)

(Resolution 4)

*Mr Chong Eng Wee will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Nominating Committee and Remuneration Committee, and a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).*

Dr Toh Lim Kai will, upon re-election as a Director of the Company, remain as an Independent Director, and a member of the Audit Committee, Nominating Committee and Remuneration Committee. He will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

- To approve the payment of Directors’ fees of up to S\$180,000 for the year ending 31 December 2021, to be paid quarterly in arrears (FY2020: S\$123,399).

(Resolution 5)

- To re-appoint PKF-CAP LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration.

(Resolution 6)

- To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

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

6. Share Issue Mandate

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

- issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

- (1) the aggregate number of shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of convertible securities;
- (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 7)**

By Order of the Board

Yoo Loo Ping
Company Secretary

Singapore, 7 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Resolutions to be passed:

- (i) The Ordinary Resolution 7 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments (such as options, warrants and debentures) convertible into shares and to issue shares pursuant to such instruments, for such purposes as they consider would be in the interests of the Company, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

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

IMPORTANT NOTICE FOR SHAREHOLDERS:

The Company's AGM is being convened, and will be held, by way of electronic means pursuant to the provision of the COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation titled "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation".

Copies of the documents and information relating to the AGM (including the Annual Report FY2020, Notice of AGM and Proxy Form) have been made available on SGXNet and the Company's corporate website and may be accessed at the following URLs:

- (i) <https://www2.sgx.com/securities/company-announcements>; or
- (ii) <https://www.ohldg.com/tzzgx>

Shareholders should take note of the following arrangements for the AGM:

(a) Participation in the AGM via Live Webcast

The AGM will be conducted only by way of electronic means, and shareholders will **not** be able to attend the AGM in person. Shareholders will also **not** be able to vote online on the resolutions to be tabled for approval at the AGM. Shareholders may instead participate in the AGM by:-

- (i) Observing and/or listening to the proceedings of the AGM through a "live" audio-visual webcast and "live" audio-only feed;
- (ii) Submitting questions in relation to any agenda item in this notice of AGM in advance of the AGM; and/or
- (iii) Appointing the chairman of the AGM ("**Chairman**") as proxy to vote on their behalf in accordance with their vote instructions.

Details of the steps for pre-registration, pre-submission of questions and voting at the AGM are set out in items (b) to (e) below.

(b) Pre-registration for AGM

Shareholders, including investors who hold shares through the Central Provident Fund ("**CPF**") and/or Supplementary Retirement Scheme ("**SRS**"), who wish to follow the proceedings of the AGM must pre-register online at <https://complete-corp.com/oel-agm/> no later than **26 April 2021, 11.00 a.m.** ("**Pre-Registration Deadline**") for verification purposes. Following successful verification, an email with instructions on how to join the live webcast or audio feed of the AGM proceedings will be sent to the registered shareholders via email by 28 April 2021, 11.00 a.m. Shareholders must not forward the email instruction to other persons who are not shareholders and who are not entitled to attend the AGM proceedings. This is also to avoid any technical disruptions or overload to the AGM proceedings.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50) ("**Investors**") (other than CPF/SRS investors) will not be able to pre-register for the live webcast of the AGM. An Investor who wishes to participate in the live webcast of the AGM should approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number), via email to the Company at oel-agm@complete-corp.com no later than **26 April 2021, 11.00 a.m.**

NOTICE OF ANNUAL GENERAL MEETING

Shareholders and Investors who have registered by the Pre-Registration Deadline but did not receive the aforementioned email by **28 April 2021, 11.00 a.m.** should contact the Company by email to oel-agm@complete-corp.com.

(c) Submission of Questions

Shareholders and Investors will not be able to ask questions during the AGM proceedings.

Shareholders and Investors who have questions in relation to any agenda item in this notice of AGM can submit their questions to the Company in advance, by **26 April 2021, 11.00 a.m.**, through any of the following means:

- (i) by email to oel-agm@complete-corp.com; or
- (ii) by post, to be deposited with Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903.

Shareholders and/or Investors must identify themselves when posting questions through email or mail by providing the following details:

- (i) Full Name;
- (ii) Contact Telephone Number;
- (iii) Email Address; and
- (iv) The manner in which you hold shares (if you hold shares directly, please provide your CDP account number; otherwise, please state if you hold your shares through CPF or SRS, or are a relevant intermediary shareholder).

In view of the current COVID-19 situation, members are strongly encouraged to submit their questions via the pre-registration website or by email. The Company will endeavour to respond to all substantial and relevant questions either prior to the AGM (via an announcement on SGXNet at the URL <https://www2.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.ohldg.com/tzzgx>) or at the AGM.

(d) Voting at the AGM by appointing Chairman as Proxy (Submit a Proxy Form)

For Investors who hold shares through relevant intermediaries please refer to item (e) for the procedures to vote at the AGM.

Shareholders will only be able to vote at the AGM by appointing the Chairman as proxy to vote on their behalf. Duly completed Proxy Forms must be submitted through any of the following means not later than **27 April 2021, 11.00 a.m.** (being no later than forty-eight (48) hours before the time appointed for holding the AGM):

- (i) by email to oel-agm@complete-corp.com; or
- (ii) by post, to be deposited with Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903.

The Proxy Form has been made available on SGXNet and the Company's corporate website and may be accessed at the URLs <https://www2.sgx.com/securities/company-announcements> and <https://www.ohldg.com/tzzgx>.

In appointing the Chairman of the Meeting as proxy, the Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

Please refer to the detailed instructions set out in the Proxy Form.

(e) Voting at the AGM by Relevant Intermediary Investors and CPF/SRS Investors

Relevant Intermediary Investors (including CPF/SRS investors) who wish to appoint the Chairman as their proxy to vote at the AGM should not make use of the Proxy Form and should instead approach their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF agent banks or SRS approved banks or depository agents to submit their votes by **19 April 2021, 11.00 a.m.**, being at least seven (7) working days before the AGM, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman to vote on their behalf no later than **27 April 2021, 11.00 a.m.**

NOTICE OF ANNUAL GENERAL MEETING

Important Reminder

Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders and Investors are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM.

Personal Data Privacy

"**Personal data**" in this notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name, address and NRIC/Passport number. By submitting (a) an application to pre-register for participation in the AGM via the Webcast; (b) questions relating to the resolutions to be tabled for approval at the AGM; and/or (c) an instrument appointing Chairman of the meeting as proxy to vote at the AGM and/or any adjournment thereof, a member of the Company hereby consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the AGM) for the purposes of, (i) verifying the member's information and processing of the member's application to pre-register to participate in the AGM via the Webcast and providing the member with any technical assistance where possible; (ii) addressing any selected questions submitted by the member and following up with the member where necessary, and responding to, handling, and processing queries and requests from the member; (iii) the processing and administration by the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the AGM) of proxy forms appointing Chairman of the meeting for the AGM (including any adjournment thereof); and (iv) the preparation, compilation and disclosure (as application) of the attendance lists, minutes, questions from members and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the AGM) to comply with any applicable laws, listing rules, regulations and/or guidelines.

OEL (HOLDINGS) LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No: 198403368H)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT:

1. The Annual General Meeting ("AGM" or the "Meeting") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM dated 7 April 2021 which has been uploaded on SGXNet and the Company's website on the same day.
2. A shareholder WILL NOT be able to attend the AGM in person. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. For CPF, or SRS investors who wish to appoint the Chairman of the Meeting as their proxy, they should approach their CPF and/or SRS Approved Nominees to submit their votes at least seven (7) working days before the AGM. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 April 2021.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a shareholder's proxy to vote on his/her/its behalf at the AGM.

*I/We, _____ (Name) _____ (*NRIC/Passport/Registration No.)

of _____ (Address)

being a *shareholder/shareholders of **OEL (HOLDINGS) LIMITED** (the "**Company**"), hereby appoint the Chairman of the Meeting as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held by way of electronic means via live webcast on Thursday, 29 April 2021 at 11.00 a.m. and at any adjournment thereof. *I/We direct the Chairman of the Meeting to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the Meeting, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)

No.	Ordinary Resolutions relating to	FOR#	AGAINST#	ABSTAIN#
1.	Directors' Statement and Audited Financial Statements for the year ended 31 December 2020			
2.	Re-election of Ms Zhao Xin as a Director			
3.	Re-election of Mr Chong Eng Wee as a Director			
4.	Re-election of Dr Toh Lim Kai as a Director			
5.	Approval of payment of Directors' fees for the financial year ending 31 December 2021 amounting to S\$180,000, payable quarterly in arrears			
6.	Re-appointment of PKF-CAP LLP as Auditors			
7.	Authority to Allot and Issue Shares			

* Delete where inapplicable

Dated this _____ day of _____ 2021

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

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

IMPORTANT: Please read the notes overleaf for this Proxy Form.



Notes:

- (1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members 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 of shares is inserted, this proxy form will be deemed to relate to all shares held by you.
- (2) A shareholder will not be able to vote through the live webcast and voting is only through submission of proxy form. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- (3) The Chairman of the Meeting, as a proxy, need not be a member of the Company.
- (4) The instrument appointing Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (5) Where this instrument appointing Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
- (6) If the Chairman of the Meeting as proxy is to be appointed, the instrument appointing the Chairman of the Meeting as proxy, duly executed, must be submitted through any of the following means not later than forty-eight (48) hours before the time appointed for holding the AGM:
 - (i) by email to oe1-agm@complete-corp.com; or
 - (ii) by post, to be deposited with Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903.
- (7) The Company shall be entitled to reject the instrument appointing Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing Chairman of the Meeting as proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the shareholder being the appointor, is not shown to have shares entered against his/her/its name in the Depositor Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) to the Company.

Personal Data Privacy:

By submitting a proxy form appointing Chairman of the Meeting as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2021.

OEL (HOLDINGS) LIMITED

Registration No. 198403368H
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