

# OCEAN SKY

OCEAN SKY INTERNATIONAL LIMITED

2020 ANNUAL REPORT



# **OCEAN SKY**

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## Sponsor Statement

The annual report has been prepared by Ocean Sky International Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

# CORPORATE PROFILE

Ocean Sky International Limited (“**Ocean Sky**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is a Catalist-listed construction and property company. The Group is engaged in the civil engineering, construction and related services business (“**Construction and Engineering Business**”), and the business of property development, investment and management (“**Property Business**”).

## Construction and Engineering Business

The Group’s wholly-owned subsidiary, Ang Tong Seng Brothers Enterprises Pte Ltd (“**ATS**”), operates primarily in Singapore and provides civil engineering services including earthwork, roadwork, drainage work, basement work, structural works involving demolition and underground infrastructure as well as other general building works.

In addition, ATS’ wholly-owned subsidiary, Ang Tong Seng Construction Pte. Ltd., streamlines the Group’s civil engineering operations through the wholesaling and leasing of construction-related machinery, equipment, materials and supplies.

Registered with the Building and Construction Authority of Singapore, ATS is currently classified under Grade C3 for the General Building category and Grade C1 for the Civil Engineering category.

## Property Business

### Property Development

#### *Singapore*

The Group, through its wholly-owned subsidiary, Atlantic Sky Investment Pte. Ltd., redeveloped and sold a 999-year leasehold detached house at 6 Nim Drive.

Through its 40% indirect joint venture company, TSky Development Pte. Ltd., the Group is redeveloping two freehold properties into high-end residential units for sale, namely Sloane Residences at 17 Balmoral Road in District 10 and Cairnhill 16 at 16 Cairnhill Rise in District 9.

#### *Cambodia*

The Group’s wholly-owned subsidiary, Pacific Sky Investment Pte. Ltd., together with its joint venture partners, are developing a proposed 71-unit shophouse development project, Eco Garden Mall, on a freehold land area of approximately 9,185 square metres in Kandal Province. The sale of the first phase, comprising 28 completed units, is currently ongoing. Meanwhile, 23 units of these first phase units have been fully or partially rented out to generate income for the Group in the near term.

### Property Investment

#### *Australia*

In March 2020, the Group completed the acquisition of a property located at 541 Blackburn Road, Melbourne, a four-storey office building with a net lettable area (“NLA”) of 3,628 square metres in the Monash Technology precinct in Melbourne. Sitting on a freehold site area measuring 6,210 square metres, this investment property offers a 150-metre-long corner street frontage and has 157 on-site car parking lots. It is currently 100% leased to a premium and diversified tenant mix with a weighted average lease expiry (“WALE”) by income of approximate 2.96 years.

#### *Singapore*

In December 2020, the Group disposed of its investment property at 17 Tuas View Close, a 60-year leasehold two-storey detached factory with ancillary office with a gross floor area (“GFA”) of 1,339 square metres. It was leased to a single tenant from July 2017 to December 2020.

The Group will continue to explore opportunities in Singapore and the Asia Pacific region to widen its foothold in property investment, to provide a source of recurring income stream.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Ang Boon Cheow Edward  
*Executive Chairman & Chief Executive Officer*

Mr Toh David Ka Hock  
*Lead Independent Director*

Mr Tan Teng Wee  
*Independent Director*

Ms Tan Min-Li  
*Independent Director*

Mr Chia Boon Kuah  
*Non-Executive Director*

## AUDIT COMMITTEE

Mr Toh David Ka Hock (Chairman)  
Mr Tan Teng Wee  
Ms Tan Min-Li  
Mr Chia Boon Kuah

## NOMINATING COMMITTEE

Mr Tan Teng Wee (Chairman)  
Mr Ang Boon Cheow Edward  
Mr Toh David Ka Hock  
Ms Tan Min-Li  
Mr Chia Boon Kuah

## REMUNERATION COMMITTEE

Ms Tan Min-Li (Chairman)  
Mr Toh David Ka Hock  
Mr Tan Teng Wee  
Mr Chia Boon Kuah

## COMPANY SECRETARY

Mr Chia Yau Leong

## REGISTERED OFFICE AND BUSINESS ADDRESS

29 Tuas South Street 1  
Singapore 638036  
Tel: (65) 6789 9988  
Fax: (65) 6789 9933  
[www.oceanskyintl.com](http://www.oceanskyintl.com)

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Tel: (65) 6536 5355  
Fax: (65) 6536 1360

## AUDITORS

BDO LLP  
Public Accountants and Chartered Accountants  
600 North Bridge Road  
#23-01 Parkview Square  
Singapore 188778

Partner in Charge: Ms Goh Chern Ni  
(First appointed in respect of the financial year ended  
31 December 2018)

## SPONSOR

UOB Kay Hian Private Limited  
8 Anthony Road  
#01-01  
Singapore 229957

## BANKERS

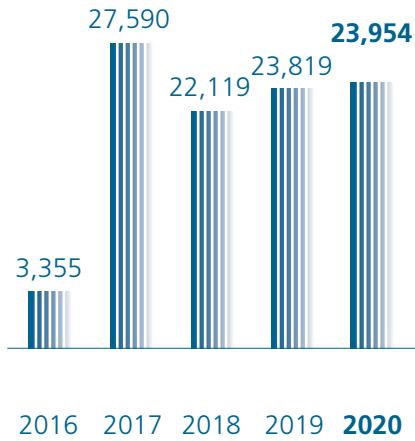
DBS Bank Limited  
United Overseas Bank Limited

# FINANCIAL HIGHLIGHTS

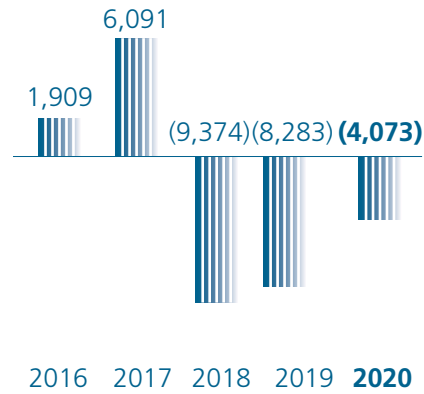
(S\$'000)	2016	2017	2018	2019	2020
<b>SUMMARISED COMPREHENSIVE INCOME STATEMENT</b>					
Revenue	3,355	27,590	22,119	23,819	<b>23,954</b>
Profit/(Loss) before income tax	1,909	6,091	(9,374)	(8,283)	<b>(4,073)</b>
Net profit/(loss) attributable to owners of the parent	1,213	3,803	(9,572)	(8,364)	<b>(4,270)</b>
<b>SUMMARISED FINANCIAL POSITION STATEMENT</b>					
Non-current assets	48,440	37,913	38,022	34,186	<b>48,880</b>
Current assets	28,375	46,062	38,891	38,225	<b>30,894</b>
Current liabilities	(10,772)	(16,726)	(10,477)	(16,535)	<b>(13,811)</b>
Non-current liabilities	(10,771)	(10,256)	(12,352)	(10,344)	<b>(25,205)</b>
Capital and reserves	55,272	56,993	54,084	45,532	<b>40,758</b>
<b>FINANCIAL RATIOS</b>					
Earnings/(Loss) per share (SGD cents)	0.52	1.17	(2.61)	(1.94)	<b>(0.99)</b>
Profit/(Loss) before income tax margin	56.9%	22.1%	(42.4%)	(34.8%)	<b>(17.0%)</b>
Net profit/(loss) margin	36.2%	13.8%	(43.3%)	(35.1%)	<b>(17.8%)</b>
Net tangible assets per share (SGD cents)	13.12	13.83	11.46	10.57	<b>9.47</b>
Return on assets	1.6%	4.5%	(12.4%)	(11.6%)	<b>(5.4%)</b>
Return on equity	2.2%	6.7%	(17.7%)	(18.4%)	<b>(10.5%)</b>

# FINANCIAL HIGHLIGHTS

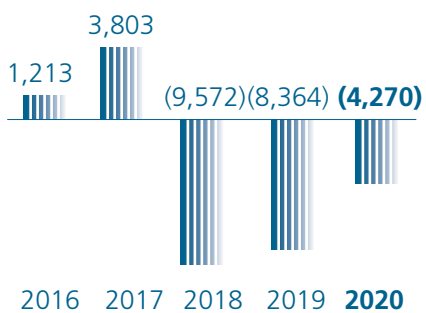
Revenue in S\$'000



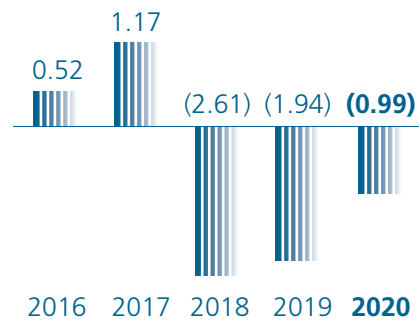
Profit/(Loss) before income tax in S\$'000



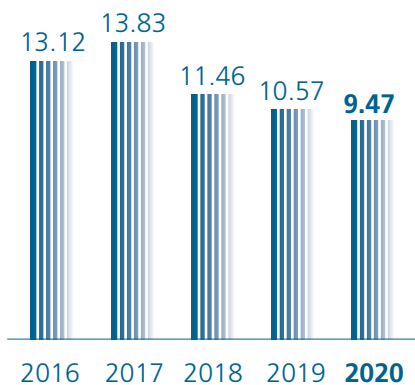
Net profit/(loss) attributable to owners of the parent in S\$'000



Earnings/(Loss) per share in SGD cents



Net tangible assets per share in SGD cents



# BOARD OF DIRECTORS

## Mr Ang Boon Cheow Edward

*Executive Chairman & Chief Executive Officer*

Mr Ang Boon Cheow Edward is the Executive Chairman and Chief Executive Officer of the Group and is also a member of the Nominating Committee.

Mr Ang has almost 30 years' experience in the construction and civil engineering sector. From 1992 to 2003, Mr Ang was the Managing Director of Ang Tong Seng Brothers Enterprises Pte Ltd ("**ATS**") and oversaw the company's business development, strategic planning and project management. Between 2003 and 2016, Mr Ang was the Non-Executive Chairman of ATS and maintained oversight of ATS' operations at the board level. In 2016, ATS became a wholly-owned subsidiary of the Group and Mr Ang was appointed Executive Director of ATS.

In his various roles, Mr Ang provides strong leadership to the Group in the area of strategic direction and planning, and has been instrumental in spearheading the Group's expansion since its inception.

Following Ocean Sky's business diversification in 2013, Mr Ang drives the Group's Property Business. As a director at TSky Development Pte. Ltd., the Group's 40%-owned joint venture company, Mr Ang is actively involved in the planning, design and development of the high-end residential projects, Sloane Residences and Cairnhill 16.

Mr Ang has a Business Degree from the USA and is currently the Chairman for International Affairs Committee and a Council Member of Singapore Chinese Chamber of Commerce & Industry as well as a member of the Singapore Institute of Directors.

## Mr Toh David Ka Hock

*Lead Independent Director*

Mr Toh David Ka Hock is the Lead Independent Director and also the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

During the period from 1975 to 1990, Mr Toh worked at various accounting firms in Sydney and Hong Kong. Mr Toh joined the then Coopers and Lybrand, Singapore as a tax principal in 1990 and later served as the head of corporate tax. After Coopers and Lybrand merged with Pricewaterhouse to form PricewaterhouseCoopers, Mr Toh was the leader for providing tax advice on mergers and acquisition transactions in Asia and the head of China Desk. Mr Toh retired from PricewaterhouseCoopers, Singapore in July 2007.

Mr Toh holds a bachelor's degree in commerce from the University of New South Wales, Australia and is a member of the Institute of Chartered Accountants in Australia. Mr Toh currently sits on the board of another listed company in Hong Kong – Want Want China Holdings Limited.



# BOARD OF DIRECTORS

## Mr Tan Teng Wee

*Independent Director*

Mr Tan Teng Wee is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr Tan was previously the Managing Director of PSC Freyssinet (S) Pte Ltd, an international specialist civil engineering contracting company. He has more than 30 years of experience in specialist civil engineering and project management.

Mr Tan graduated from the National University of Singapore with a Bachelor of Engineering (Civil) and a Graduate Diploma in Marketing from the Marketing Institute of Singapore. He is a Fellow member of the Institution of Engineers Singapore and a registered P.E. (Civil) with the Professional Engineers Board. Mr Tan currently sits on the board of another listed company in Singapore – Starburst Holdings Limited.

## Ms Tan Min-Li

*Independent Director*

Ms Tan Min-Li is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Ms Tan is currently a Partner at CNPLaw LLP, a firm of advocates and solicitors in Singapore, and has over 15 years of experience in the legal profession. Ms Tan has considerable experience in the areas of initial public offerings, regional investments, corporate restructuring, cross border joint ventures and mergers and acquisitions in the region. She regularly advises on Singapore Exchange compliance and corporate governance issues. Ms Tan heads the Corporate Finance Practice Group, Greater China Practice Group and Japan Focus Group at CNPLaw LLP. Her principal areas of practice are in corporate and financial services with particular emphasis on corporate finance and mergers and acquisitions in Singapore and the region. Prior to joining CNPLaw LLP in 2003, she was a Partner with KhattarWong, a firm of advocates and solicitors in Singapore, and had also held other positions at other law firms since graduation.

Ms Tan graduated with a Bachelor of Laws (Honours) from the National University of Singapore and a Master of Laws from University College London, University of London, and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1992. Ms Tan currently sits on the board of two other listed companies in Singapore – Anchun International Holdings Ltd. and Union Steel Holdings Limited.

## Mr Chia Boon Kuah

*Non-Executive Director*

Mr Chia Boon Kuah is a member of the Audit, Nominating and Remuneration Committees.

Mr Chia has over 35 years of varied management experience comprising marketing, operations, property development and investment management across real estate, hospitality and airline industries. Prior to his appointment, Mr Chia sat on the boards of Far East Hospitality Trust, Guocoland Limited, Guocoland (Malaysia) Berhad and Singapore National Healthcare Group. He was also the President of the Real Estate Developers' Association of Singapore (REDAS) from 2013 to 2015.

Mr Chia holds a Bachelor's degree in Engineering from Heriott Watt University in UK and has a Master in Business Administration from National University of Singapore.

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ms Tan Min-Li, Mr Chia Boon Kuah, Mr Toh David Ka Hock and Mr Tan Teng Wee are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 28 April 2021 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalyst (the “Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules of SGX-ST:

	MS TAN MIN-LI	MR CHIA BOON KUAH	MR TOH DAVID KA HOCK	MR TAN TENG WEE
Date of Appointment	15 May 2014	1 December 2017	1 October 2020	1 October 2020
Date of last re-appointment	29 April 2019	30 April 2018	N.A.	N.A.
Age	53	64	69	64
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Ms Tan Min-Li for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Ms Tan Min-Li possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Chia Boon Kuah for re-appointment as Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Chia Boon Kuah possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Toh David Ka Hock for re-appointment as Lead Independent Director of the Company. The Board has reviewed and concluded that Mr Toh David Ka Hock possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tan Teng Wee for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Tan Teng Wee possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of Remuneration Committee and a member of Audit Committee and Nominating Committee	Non-Independent and Non-Executive Director and a member of Audit Committee, Nominating Committee and Remuneration Committee	Lead Independent Director, Independent Non-Executive Director, Chairman of Audit Committee and a member of Nominating Committee and Remuneration Committee	Independent Non-Executive Director, Chairman of Nominating Committee and a member of Audit Committee and Remuneration Committee

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAN MIN-LI	MR CHIA BOON KUAH	MR TOH DAVID KA HOCK	MR TAN TENG WEE
Professional qualifications	<p>Bachelor of Laws (Honours) from the National University of Singapore</p> <p>Master of Laws from University College London, University of London</p> <p>Advocate and Solicitor of the Supreme Court of Singapore</p>	<p>Master of Business Administration from the National University of Singapore</p> <p>Bachelor of Engineering from the Heriott Watt University, United Kingdom</p>	<p>Bachelor of Commerce from the University of New South Wales, Australia</p> <p>Chartered Accountant from Institute of Chartered Accountants in Australia</p>	<p>Bachelor of Engineering (Civil) from the National University of Singapore</p> <p>Graduate Diploma in Marketing from the Marketing Institute of Singapore</p> <p>Fellow member of the Institute of Engineers Singapore</p> <p>Professional Engineer (Civil) of the Professional Engineers Board</p>
Working experience and occupation(s) during the past 10 years	2011 to present: Partner of CNPLaw LLP	<p>2003 to 2014: Chief Operating Officer of Property sales and Executive Director of Far East Organisation</p> <p>2012 to 2017: Board Member and Member of Investment Committee of Singapore Polytechnic</p> <p>2013 to 2015: President, Real Estate Developers' Association of Singapore</p> <p>2014 to 2015: Director, Group President and Chief Executive Officer of Guocoland Ltd</p> <p>2015 to 2019: Board Member and Member of Property Committee, Singapore National Healthcare Group</p>	<p>2009 to present: Independent Director of Want Want China Holdings Limited</p> <p>2017 to present: Director of Governance and Internal Audit of Nuri Management Pte. Ltd.</p> <p>2020 to present: Chief Executive Officer of Sinopartners Financial Services Pte. Ltd.</p> <p>2020 to present: Board Adviser of Sino Suisse Capital Pte. Ltd.</p>	1991 to 2017: Managing Director of PSC Freyssinet (S) Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	None	None	None	None
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.	No	No	No	No
Conflict of Interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAN MIN-LI	MR CHIA BOON KUAH	MR TOH DAVID KA HOCK	MR TAN TENG WEE
Other Principal Commitments Including Directorships  Past (for the last 5 years)	<p>Director of:-</p> <ol style="list-style-type: none"> <li>Xeitgeist Entertainment Group Pte Limited</li> <li>Linkasia Consult Pte Ltd</li> <li>CNP Services Pte Ltd</li> </ol> <p>Note: Excludes companies which Ms Tan Min-Li was appointed as a director for purposes of incorporation only and in the course of her professional practice, and companies where she acted as nominee director.</p>	<p>Director of:-</p> <ol style="list-style-type: none"> <li>A-Z Holdings Pte Ltd</li> <li>Beijing Cheng Jian Dong Hua Hotel Management Limited</li> <li>Beijing Cheng Jian Dong Hua Property Management Limited</li> <li>Beijing Cheng Jian Dong Hua Real Estate Development Company Limited</li> <li>Beijing Cheng Jian Dong Hua Retail Limited</li> <li>Beijing Jiang Sheng Property Development Co., Ltd.</li> <li>Cheltenham Investments Pte Ltd</li> <li>Easthouse Properties Pte. Ltd.</li> <li>Eco Properties Pte. Ltd.</li> <li>First Coventry Development Pte Ltd (liquidated)</li> <li>First Garden Development Pte Ltd (liquidated)</li> <li>First Meyer Development Pte Ltd</li> <li>GLL (Malaysia) Pte. Ltd.</li> <li>GLL Chengdu Pte. Ltd.</li> <li>GLL IHT Pte. Ltd.</li> <li>GLL Land Pte. Ltd.</li> <li>Goodwood Residence Development Pte. Ltd.</li> <li>Guoco Property Management Pte Ltd</li> <li>GuocoLand (China) Limited</li> <li>GuocoLand (Malaysia) Berhad</li> <li>GuocoLand (Singapore) Pte. Ltd.</li> <li>GuocoLand Binh Duong Property Co., Ltd</li> <li>GuocoLand Hotels Pte. Ltd.</li> <li>GuocoLand Limited</li> <li>GuocoLand Management Pte. Ltd.</li> <li>GuocoLand Property Management Pte. Ltd.</li> <li>GuocoLand Retail Management Pte. Ltd. (liquidated)</li> <li>GuocoLand Vietnam (S) Pte. Ltd.</li> <li>GuocoLand Vietnam Company Limited</li> <li>GuoSon Assets China Limited</li> </ol>	<p>Director of:-</p> <ol style="list-style-type: none"> <li>PT IRC Inoac Indonesia</li> <li>PT Bando Indonesia</li> <li>PT Gajah Tunggal TBK</li> <li>Tink Labs (Singapore) Pte Ltd</li> <li>Vios Solution Pte Ltd</li> <li>Softex International Limited</li> <li>Softex Holdings Limited</li> <li>P.T. Softex Indonesia</li> <li>Ka Hock &amp; Sons Trading Company Pte Ltd</li> </ol>	<p>Director of:-</p> <ol style="list-style-type: none"> <li>PSC Freyssinet (S) Pte Ltd</li> </ol>

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MS TAN MIN-LI	MR CHIA BOON KUAH	MR TOH DAVID KA HOCK	MR TAN TENG WEE
		31 Guoson Changfeng China Limited 32 GuoSon Investment Company Limited 33 Guoson Lifestyle Retail (Beijing) Limited 34 Hainan Jinghao Asset Ltd 35 Leedon Residence Development Pte. Ltd. 36 Leonie Land Pte Ltd (liquidated) 37 MyHome Online Pte Ltd 38 Nanjing Mahui Property Development Co. Ltd 39 Nanjing XinHaoFu Economic Information Consultants Co., Ltd 40 Shanghai Xinhaojia Property Development Co., Ltd 41 Shanghai Xinhaolong Property Development Co., Ltd 42 Shanghai Xinhaolong Property Management Limited 43 Shanghai Xinhaozhong Property Development Co., Ltd 44 Sims Urban Oasis Pte. Ltd. 45 Sophia Residence Development Pte. Ltd. 46 Tianjin Zhongxin Mingshi Real Estate Development Co., Ltd. 47 TPC Commercial Pte. Ltd. 48 TPC Hotel Pte. Ltd. 49 Trusthouse Pte. Ltd. 50 Wallich Residence Pte. Ltd. 51 Waterline Development Pte. Ltd. 52 Winterhall Pte Ltd (under members' voluntary liquidation) 53 National Healthcare Group Pte Ltd	

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAN MIN-LI	MR CHIA BOON KUAH	MR TOH DAVID KA HOCK	MR TAN TENG WEE
Present	Director of:- 1 Belle Curve Holdings Pte. Ltd. 2 Plan B Projects Pte. Ltd. 3 Union Steel Holdings Limited 4 Whitelight Ventures Inc. 5 Anchun International Holdings Ltd. 6 Sky Premium International Pte. Ltd.  Note: Excludes companies which Ms Tan Min-Li is appointed as a director for purposes of incorporation only and in the course of her professional practice, and companies where she acts as nominee director	Director of :- 1 Tsky Development Pte Ltd 2 Tsky Balmoral Pte Ltd 3 Tsky Cairnhill Pte Ltd	Director of:- 1 Equity International Group Limited 2 Equity Global International Limited (BVI) 3 Equity Global International Limited (Hong Kong) 4 Anglia Finance Inc 5 Action Century Limited 6 WeConex Group Holdings Limited 7 Yue Tai Trading Ltd 8 Want Want China Holdings Limited 9 Donovan International Venture Ltd 10 Ding Xin International Venture Pte Ltd 11 LYJD Friendship International Pte Ltd 12 Tricom Capital management (Singapore) Pte Ltd 13 LYJD Friendship Holdings Limited 14 Sinopartners Financial Services Pte Ltd 15 WeConex Hong Kong Limited	Director of:- 1 Starburst Holdings Limited

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.

	MS TAN MIN-LI	MR CHIA BOON KUAH	MR TOH DAVID KA HOCK	MR TAN TENG WEE
a) Whether at any time during the last 10 years, an application or 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 any time within 2 years from the date he ceased to be a partner?	No	No	No	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MS TAN MIN-LI	MR CHIA BOON KUAH	MR TOH DAVID KA HOCK	MR TAN TENG WEE
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 group of insolvency?	No	No	No	No
c)	Whether there is any unsatisfied judgement against him?	No	No	No	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MS TAN MIN-LI	MR CHIA BOON KUAH	MR TOH DAVID KA HOCK	MR TAN TENG WEE
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
f)	Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No



## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MS TAN MIN-LI	MR CHIA BOON KUAH	MR TOH DAVID KA HOCK	MR TAN TENG WEE
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAN MIN-LI	MR CHIA BOON KUAH	MR TOH DAVID KA HOCK	MR TAN TENG WEE
<p>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</p> <p>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?</p>				
<p>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?</p>	No	No	Yes Mr Toh David Ka Hock was asked to pay the cost of proceeding by the Institute of Chartered Accountants in Australia over 30 years ago as a result of his self-admission for soliciting a client without having first sought professional clearance from existing accountant.	No

# KEY MANAGEMENT

## ■ Mr Ang Boon Cheow Edward

*Chief Executive Officer*

Mr Ang Boon Cheow Edward spearheads the Group's overall corporate strategies where he plans and oversees the Corporate Services division. He is responsible for leading Ocean Sky in its overall corporate support including finance & accounting, IT, corporate social responsibility, administration and human resource management functions.

## ■ Mr Chia Yau Leong

*Financial Controller*

Mr Chia Yau Leong is responsible for the overall planning and management of the Group's financial, taxation and corporate governance functions. He also plays an important advisory role towards the formulation of the Group's strategic development plans through financial analysis and providing recommendations to the management.

# CHAIRMAN'S STATEMENT



## Dear Shareholders,

On behalf of the board and management, I am pleased to present to you the annual report of Ocean Sky International Limited ("**Ocean Sky**" or the "**Group**") for the financial year ended 31 December 2020 ("**FY2020**").

FY2020 has been an exceptional year. It was the year of COVID-19. This disease started to spread in late 2019 and quickly became a pandemic in the first quarter of 2020, affecting almost every country in the world. As this virus is spread through close contact, many countries are forced to limit movement, commuting, gathering, crowding, travelling, etc. Majority of businesses that require human interaction and movement are severely affected by such measures.

In Singapore, the virus infection outbreak in workers' dormitory in the first half of 2020 has affected the manpower availability for the construction sector, thus affecting the progress of our construction projects. As the situation improved in the second half of 2020, workers were progressively allowed to resume work at the construction sites, with COVID-safe management measures in place.

Even as the local spread has subsided, international borders and travel are still controlled or restricted. Consequently, it is now even more difficult to recruit new labour force for construction and the supply chain for materials could also be disrupted to some extent.

Despite the COVID situation in Singapore, the price index for local private residential property remains resilient. In particular, prices of non-landed private residential properties in the Core Central Region (CCR) increased by 3.2% in the last quarter of 2020. Notwithstanding, the Group is mindful of the upcoming launches in the CCR and will work closely with its joint venture partners to maximise value of the development projects, Sloane Residences and Cairnhill 16, under the prevailing market conditions.

The Group's acquisition of the commercial investment property in Melbourne, Australia is currently fully leased and providing a good source of recurring rental income. We are taking an active approach to engage our key tenants early on lease renewals so as to maintain full occupancy and prevent any gaps in rental income.

In Cambodia, the first phase of development of the 71-unit joint venture shop house project, Eco Garden Mall, comprising 28 units has been completed. Currently, the sale of the first phase is ongoing. Meanwhile, 23 units of these first phase units have been fully or partially rented out to generate income for the Group in the near term.

For FY2020, the Group recorded a revenue of S\$23.95 million compared with S\$23.82 million for the financial year ended 31 December 2019 ("**FY2019**"). Revenue from the Group's Construction and Engineering business segment decreased by S\$7.86 million to S\$15.70 million for FY2020 from S\$23.56 million for FY2019 due mainly to the suspension of construction work during the COVID circuit breaker in the first half of 2020 and the subsequent slow restart of construction activities. On a positive note, revenue from our Property business segment increased by S\$7.99 million to S\$8.25 million for FY2020 from S\$0.26 million for FY2019 due to the sale of our maiden development property at 6 Nim Drive, Singapore and the additional rental income from our Melbourne investment property.

# CHAIRMAN'S STATEMENT

## Long-term opportunities

As COVID vaccination rolls out globally, the situation is turning towards the better, albeit gradually. Locally, the Building and Construction Authority (BCA) has projected an increase in construction demand in 2021 compared to 2020, expecting the demand in 2021 to reach between S\$23 billion and S\$28 billion, compared to S\$21.3 billion in 2020.

The improving construction demand presents long-term opportunities for the Group. We will continue to enhance our competitiveness and capabilities to remain a trusted player in the construction and civil engineering industry.

The proceeds from the sale of our development property at 6 Nim Drive and investment property at 17 Tuas View Close, Singapore has strengthened the cash reserves of the Group and will facilitate the funding of the Group's construction and property businesses, and provide ready capital for future investments.

The Group will remain disciplined and focused on its strategy to broaden its property development and investment portfolio in Singapore and the Asia Pacific region as we continue to forge ahead in our goal to establish Ocean Sky as a trusted property developer and investor.

## Acknowledgements

I would like to take this opportunity to thank Mr Chia Yau Leong who has retired as Executive Director on 26 June 2020. Mr Chia remains as the Financial Controller and Secretary of the Group. I would also like to thank Mr Chua Keng Hiang and Mr Ng Ya Ken who have served for more than nine years as Independent Non-Executive Directors. They resigned with effect from 1 October 2020 to allow for the renewal of the Board of Directors. I thank Mr Chua, Mr Ng and Mr Chia for their contribution during their tenure as Directors of the Board.

The renewal of our Board of Directors sees the appointments of our new Independent Non-Executive Directors, Mr Toh David Ka Hock and Mr Tan Teng Wee. They joined us with effect from 1 October 2020. Mr Toh has also taken over Mr Chua as the Lead Independent Director. I would like to extend a warm welcome to Mr Toh and Mr Tan and look forward to their service and guidance to the Board.

I would also like to thank our shareholders and other stakeholders for their continuous support. In particular, I would like to extend my appreciation to the Group's dedicated staff who continue to work hard as we face the challenges brought by the COVID pandemic. With all your support, Ocean Sky can continue to grow, seek out new opportunities and bring long-term value and growth for everyone.

Yours Sincerely,



Ang Boon Cheow Edward  
Executive Chairman & Chief Executive Officer

# OPERATIONS REVIEW

## Revenue and Other Income

The Group recorded a revenue of S\$23.95 million for financial year ended 31 December 2020 (“**FY2020**”) compared with S\$23.82 million for financial year ended 31 December 2019 (“**FY2019**”).

Revenue from Construction and Engineering Business decreased by S\$7.86 million to S\$15.70 million for FY2020 from S\$23.56 million for FY2019 due mainly to the suspension of construction work during Covid circuit breaker and the subsequent slow restart of construction activities after Phase 1 re-opening.

Revenue from Property Business increased by S\$7.99 million to S\$8.25 million for FY2020 from S\$0.26 million for FY2019 due to the sale of development property at 6 Nim Drive in Singapore and the additional rental income arising from the acquired investment property in Melbourne, Australia.

Other income, comprising mainly government grants and interest income, increased by S\$1.34 million to S\$1.79 million for FY2020 from S\$0.45 million for FY2019 due mainly to the Job Support Scheme payout and the Foreign Worker Levy rebates provided by the Singapore Government during the financial year.

## Expenses

Administrative and other operating expenses decreased by S\$3.35 million to S\$5.37 million for FY2020 from S\$8.72 million for FY2019 due mainly to an absence of impairment of goodwill in FY2020, the higher foreign exchange gain and a lower staff cost, partly offset by higher fair value loss on investment property and provision of related tax penalty and interest.

Finance costs increased by S\$0.28 million to S\$0.68 million for FY2020 from S\$0.40 million for FY2019 due mainly to new loans taken to finance the acquisition of the investment property in Melbourne and bridging loan for working capital purposes.

Share of results of joint ventures recorded a loss of S\$1.43 million for FY2020 as compared with a loss of S\$1.81 million for FY2019. The decrease of S\$0.38 million was due mainly to lower marketing and promotional expenses incurred.

Income tax expense increased by S\$0.12 million to S\$0.20 million for FY2020 from S\$0.08 million for FY2019 due mainly to under-provision of prior years' income taxes.

As a result of the above, the Group registered a loss after income tax of S\$4.27 million for FY2020, compared with a loss after income tax of S\$8.36 million for FY2019.

# OPERATIONS REVIEW

## Financial Position

Property, plant and equipment decreased to S\$11.35 million as at 31 December 2020 from S\$12.32 million as at 31 December 2019 due mainly to depreciation, partly offset by the additions of new plant and equipment for the financial year.

Investment property increased to S\$21.37 million as at 31 December 2020 from S\$5.55 million as at 31 December 2019 due to the completion of acquisition of investment property in Melbourne, partly offset by the disposal of the investment property in Singapore during the financial year.

Investments in joint ventures decreased to S\$16.15 million as at 31 December 2020 from S\$16.32 million as at 31 December 2019 due mainly to recognition of share of loss of joint ventures, partly offset by advances extended to the joint ventures for the financial year.

Trade and other receivables decreased to S\$10.14 million as at 31 December 2020 from S\$13.27 million as at 31 December 2019 due mainly to lower revenue recorded by the Group's construction and engineering segment and reclassification of deposit paid for the acquisition of investment property in Melbourne, Australia in fourth quarter of 2019 from "Trade and other receivables" to "Investment property" upon completion of acquisition during the financial year.

Trade and other payables increased to S\$8.38 million as at 31 December 2020 from S\$8.04 million as at 31 December 2019 due mainly to additional provision for related tax penalty and interest arising from a subsidiary in Cambodia, partly offset by lower purchases of construction materials, subcontractor costs and bonus provision for the financial year.

Provisions decreased to S\$0.36 million as at 31 December 2020 from S\$0.51 million as at 31 December 2019 due to the reversal of provision for contract losses, partly offset by increase in provision of defects liability for the completed projects during the financial year.

Total bank term loans increased to S\$24.85 million as at 31 December 2020 from S\$12.82 million as at 31 December 2019 due mainly to the new loans taken for acquisition of investment property in Melbourne and for working capital purposes, partly offset by repayment and full settlement of property and construction loans upon disposal of the investment and development properties during the financial year.

Total lease liabilities decreased to S\$1.77 million as at 31 December 2020 from S\$1.96 million as at 31 December 2019 due to repayment, partly offset by financing of purchases of plant and equipment during the financial year.

## Cashflows

The Group generated net cash inflow from operating activities of S\$7.98 million for FY2020 due mainly to operating profit before working capital changes of S\$2.28 million and net working capital inflow of S\$5.70 million.

The Group incurred net cash outflow from investing activities of S\$15.24 million for FY2020 due mainly to loans extended to the joint venture projects and balance of payment for the acquisition of the Melbourne investment property, partly offset by proceeds received from disposal of investment property in Singapore.

The Group generated net cash inflow from financing activities of S\$10.39 million for FY2020 due mainly to the new loans taken to finance the acquisition of investment property in Melbourne and for working capital purposes, partly offset by repayment of bank borrowings and obligations under leases, and payment of interest charges.

Overall, total cash and cash equivalents increased from S\$18.23 million as at 31 December 2019 to S\$20.58 million as at 31 December 2020.

# CORPORATE GOVERNANCE

Ocean Sky International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to maintaining high standards of corporate governance, and adherence to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) so as to ensure greater transparency, accountability and maximisation of long-term shareholder value. This report outlines the Company’s corporate governance practices throughout the financial year ended 31 December 2020 (“**FY2020**”). The Company has complied with the principles of the Code and appropriate explanations have been provided in the relevant sections below where there are deviations from the provisions of the Code.

## (A) BOARD MATTERS

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

The Board of Directors (the “**Board**”) comprises:

Mr Ang Boon Cheow Edward	(Executive Chairman & Chief Executive Officer)
Mr Toh David Ka Hock	(Lead Independent Director)
Mr Tan Teng Wee	(Independent Director)
Ms Tan Min-Li	(Independent Director)
Mr Chia Boon Kuah	(Non-Executive Director)

All the Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. The Board’s key responsibilities are in the following areas:

- formulate the Group’s overall corporate strategies and directions and ensure adequate resources are available to meet these objectives;
- assume responsibility for overall performance of the Group;
- approve major funding, investment and divestment decisions;
- ensure adequate and effective system of internal controls and risk management processes to safeguard shareholders’ interest and Group’s assets;
- ensure compliance with statutory and financial reporting requirements, including approval of results, annual report and financial statements;
- ensure compliance with the law and the Company’s Constitution;
- determine and propose payment of dividends;
- provide guidance and advice to Management;
- determine and monitor corporate governance practices;
- identify key shareholder groups and recognise their perceptions affect the Group’s reputation;
- set the Group’s value and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues including environmental and social factors in the formulation of the Group’s strategies.



# CORPORATE GOVERNANCE

Matters that require the Board's approval include, amongst others, the following:

- strategic direction of the Group;
- business practices and risk management of the Group;
- annual budgets, major funding proposals, investment and divestment of proposals;
- the Group's internal control, financial performance, compliance practices and resource allocation;
- material acquisitions and disposal of assets;
- convening of shareholders' meetings;
- corporate or financial restructuring;
- share issuance, dividends and other returns to shareholders;
- interested person transaction; and
- any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company's Constitution.

The Board and the Management fully appreciate that an effective and robust board whose members engage in open and constructive debate and challenge the Management on its assumptions and proposals is fundamental to good corporate governance. The Directors on the Board have the appropriate core competencies and diversity of experience to enable them to contribute effectively. They are able to objectively raise issues and seek clarification as and when necessary from the Board and the Management on matters pertaining to their area of responsibilities and actively help the Management in the development of strategic proposals and oversees the effective implementation by Management to achieve the objectives set. All Directors are expected to exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

Each Director is required to promptly disclose any conflict or potentially conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his/her knowledge. On an annual basis, each Director is also required to submit details of his/her associates for the purpose of monitoring interested persons transactions. Where a Director has a conflict or potentially conflict of interest in relation to any matter, he/she would immediately declare his/her interest when the conflict-related matter is discussed, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he/she abstains from voting in relation to the conflict-related matters.

When a new director is to be appointed, a formal letter of appointment setting out the duties and obligations shall be given to the new Director. The Company ensures that incoming new Directors are given guidance and orientation program by Management to get them familiarised with the Group's businesses, organisation structure, corporate strategies and policies, and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties.

For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will have to undergo a training programme, particularly courses conducted by the Singapore Institute of Directors, to develop the requisite individual skills, such as knowledge on the Companies Act, Chapter 50 of Singapore and the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

# CORPORATE GOVERNANCE

The new Directors will be given training appropriate to the level of their previous experience and provided with extensive background information about the Group's history and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. The new Directors will also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations.

For FY2020, two new Independent Directors, Mr Toh David Ka Hock and Mr Tan Teng Wee, have been appointed with effect from 1 October 2020. As Mr Toh does not have prior experience as a director of a company listed on SGX-ST, he will be attending the requisite training courses prescribed in the Catalist Rules within one year from his appointment.

The Board is updated on a regular basis on key changes in relevant regulatory requirements, the Code, financial reporting standards, risk management and industry-related matters so as to enable them to properly discharge their duties as Board or Board Committee members. For FY2020, the Board was briefed on the strategic and business development of the Group by the Chief Executive Officer (the "**CEO**") and financial reporting updates by the external auditors, and releases issued by the SGX-ST, Accounting and Corporate Regulatory Authority ("**ACRA**"), Building and Construction Authority and Urban Redevelopment Authority which are relevant to the Board, including but not limited to the Code, SGX regulatory updates and recommendations of ACRA's Financial Reporting Surveillance Programme, were circulated to the Board by the Company Secretary.

The Board has also delegated specific responsibilities to three committees namely, the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") (collectively, the "**Board Committees**") to assist in the execution of its responsibilities. These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The Board acknowledges that while these Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

The composition of the Board and Board Committees are as follows:-

Name of Director	Designation	AC	RC	NC
Ang Boon Cheow Edward	Executive Chairman & Chief Executive Officer	–	–	Member
Toh David Ka Hock	Lead Independent Director	Chairman	Member	Member
Tan Teng Wee	Independent Director	Member	Member	Chairman
Tan Min-Li	Independent Director	Member	Chairman	Member
Chia Boon Kuah	Non-Executive Director	Member	Member	Member

The Board meets at least three times each year. Ad-hoc meetings are held whenever circumstances require. The Company's Constitution allows the Board to convene meetings through teleconferencing, video conferencing or similar communication equipment whereby all persons participating in the meeting are able to hear one another.

# CORPORATE GOVERNANCE

The Board holds three scheduled meetings each year and such additional meetings as may be necessary to address any specific matters that may arise. The Directors' attendance at Board and Board Committee meetings held during FY2020 is as follows:

Name of Director	Board of Directors	Meetings							
		Board		AC		RC		NC	
		Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ang Boon Cheow Edward	Executive Chairman & Chief Executive Officer	3	3	N/A	N/A	N/A	N/A	1	1
Chia Yau Leong <sup>1</sup>	Executive Director	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Chua Keng Hiang <sup>2</sup>	Lead Independent Director	2	2	2	2	1	1	1	1
Ng Ya Ken <sup>2</sup>	Independent Director	2	2	2	2	1	1	N/A	N/A
Toh David Ka Hock <sup>3</sup>	Lead Independent Director	1	1	2	2	1	1	–	–
Tan Teng Wee <sup>3</sup>	Independent Director	1	1	2	2	1	1	–	–
Tan Min-Li	Independent Director	3	3	4	4	2	2	1	1
Chia Boon Kuah <sup>4</sup>	Non-Executive Director	3	2	4	4	2	2	1	1

<sup>1</sup> Retired as Executive Director with effect from 26 June 2020.

<sup>2</sup> Resigned as Independent Director with effect from 1 October 2020.

<sup>3</sup> Appointed as Independent Director with effect from 1 October 2020.

<sup>4</sup> Re-designation from Independent Director to Non-Executive Director with effect from 1 October 2020.

All Directors are required to declare their board representations. When a Director has multiple board representation, the NC will consider whether the Director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC has reviewed and is satisfied that Mr Toh David Ka Hock, Mr Tan Teng Wee and Ms Tan Min-Li, with multiple board representations and other principal commitments, have been able to devote sufficient time and attention to the affairs of the Company to adequately and satisfactorily discharge their duties as Directors of the Company, notwithstanding their multiple appointments and commitments in FY2020.

The Board, particularly the Independent Directors and Non-Executive Director, are kept well informed of the Group's business and are knowledgeable about the industry the Group operates in. To ensure that the Independent Directors and Non-Executive Director are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively. The Independent Directors and Non-Executive Director also receive Board briefings on prospective deals and potential developments at an early stage before formal Board approval is sought.

# CORPORATE GOVERNANCE

Key management personnel (“**KMP**”) provide material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group’s performance, position and prospects. Such information includes Board papers, updates to the Group’s operations and the markets in which the Group operates in; budgets; consolidated management accounts; internal and external auditors’ reports.

Board members have unrestricted access to the Company’s records and are given all information and documents in advance of each Board and Board Committee meeting. Any additional materials or information requested by the Directors to make informed decisions are promptly furnished by Management.

All the Directors have separate and independent access to the Company Secretary who attends all Board and Board Committee meetings and prepares minutes of meetings. The Company Secretary is responsible for ensuring that Board procedures are followed and that the relevant rules and regulations, including requirements of the Companies Act, Chapter 50 of Singapore and Securities and Futures Act, and the provisions in the Catalyst Rules are complied with. The Company Secretary also assists the Executive Chairman in ensuring good information flows within the Board and its Board Committees and between the Management and Independent Directors. The appointment and removal of the Company Secretary are subject to the approval of the Board.

Subject to the approval of the Executive Chairman, Management can assist the Directors, either individually or as a group, to obtain independent professional advice to assist them in furtherance of their duties, at the expense of the Company.

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at the date of this Annual Report, the Board has 5 members consisting one Executive Director, one Non-Executive Director and three Independent Directors.

In view that the Chairman of the Board (the “**Executive Chairman**”) is not independent, Provision 2.2 of the Code is met as the Independent Directors make up more than half of the Board. The Company also has complied with the Provision 2.3 whereby the majority of the Board members are non-executive directors.

Taking into account the nature and scope of the Group’s business and the number of Board Committees, in concurrence with the NC, the Board believes that the current size and composition provide sufficient diversity without interfering with efficient decision making.

The NC believes that the current composition and size of the Board provides an appropriate balance of skills, experience, gender and knowledge, which facilitates effective decision-making. At present, the Board has one female Independent Director, namely Ms Tan Min-Li. In addition, it consists of directors with ages ranging from 53 to 69 years old, who have served on the Board for different tenures.

The Board members possess the core competencies in areas such as accounting and finance, legal, business and management experience, relevant industry knowledge and strategic planning experience to lead and control the Company. In particular, the Executive Director and Non-Executive Director possess good industry knowledge while the Independent Directors, who are mostly professionals and experts in their own fields, are able to take a broader view of the Group’s activities, contribute their valuable experiences and provide independent judgement during Board deliberations.

# CORPORATE GOVERNANCE

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience, customer-based experience or knowledge, regardless of gender.

The Board takes steps to maintain or enhance its balance and diversity through annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board and an annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors.

The role of Independent as well as Non-Executive Directors is to constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Lead Independent Director makes himself available to shareholders at the Company's general meetings if they have concerns relating to matters for which the Executive Chairman and Management were informed but have failed to resolve, or where such contact is inappropriate and he is also responsible for leading the meetings of Independent Directors and Non-Executive Director and providing feedback to the Executive Chairman on matters discussed at such meetings. Mr Toh David Ka Hock, in replacement of Mr Chua Keng Hiang, has been appointed as the Lead Independent Director of the Company, with effect from 1 October 2020.

When necessary, the Independent Directors and Non-Executive Director meet without the presence of Management to discuss and review any matters regarding the Group. For FY2020, the Independent Directors and Non-Executive Director had met three times without the presence of Management.

The composition of the Board and independence of each Independent Director are reviewed annually by the NC. All the Independent Directors have confirmed in writing of their independence in accordance with the Code.

The NC, in its deliberation as to the independence of a Director, took into account examples of relationships as set out in the Code, considered whether a Director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independence judgement. The Independent Directors do not have any relationship as stated in the Code that would otherwise deem him/her not to be independent.

No Independent Director has served on the Board for more than nine years.

## **PRINCIPLE 3: EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Mr Ang Boon Cheow Edward assumes the roles of the Executive Chairman and CEO. The Board believes that this arrangement is appropriate as a single leadership structure will facilitate the decision-making process in relation to business opportunities and operational matters. The Board feels that the separation of the said roles is not necessary after taking into consideration, *inter alia*, the size and capabilities of the Board, the size and operations of the Group, and the safeguards currently in place.

# CORPORATE GOVERNANCE

As the Executive Chairman, Mr Ang schedules board meetings, determines meeting agendas in consultation with other Board members, co-ordinates the flow of information between Management and the Board, and ensures compliance with the Code, with the assistance of the Company Secretary. As the CEO, Mr Ang takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of KMP. He also oversees the execution of the business and corporate strategy decisions made by the Board.

Led by the Lead Independent Director, the Independent Directors and Non-Executive Director meet periodically without the presence of the Executive Directors, and the Lead Independent Director provides feedback to the Executive Chairman and CEO after such meetings as appropriate. In FY2020, the Independent Directors and Non-Executive Director had met three times in the absence of the Executive Directors.

The NC, the RC and the AC are all chaired by the Independent Directors.

## PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises:

Mr Tan Teng Wee (Chairman)	Independent Director
Mr Toh David Ka Hock	Lead Independent Director
Mr Ang Boon Cheow Edward	Executive Chairman & Chief Executive Officer
Ms Tan Min-Li	Independent Director
Mr Chia Boon Kuah	Non-Executive Director

A majority of the NC members, including the Chairman of the NC, are Independent Directors. The NC holds at least one meeting in each financial year.

The principal functions of the NC under its written terms of reference include:

- review the structure, size and composition (including the skills, qualifications, experience and diversity) of the Board and Board Committees;
- nominate directors (including Independent Directors) taking into consideration each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Group and the Directors' respective commitments outside the Group including their principal occupation and board representations in other companies;
- review and recommend the appointment and re-appointment of directors (including alternate directors, if applicable);
- determine annually whether or not a director (including alternate director) of the Company is independent having regard to the Code and any other salient factors;
- review the process for evaluating the effectiveness and performance of the Board and its committees;
- assess the performance of the Board, the Board Committees and contribution of each Director to the effectiveness of the Board;
- recommend the membership of the Board Committees to the Board;

# CORPORATE GOVERNANCE

- review of succession plans for the Board Chairman, Directors, Chief Executive Officer and KMP of the Company;
- review and decide, in respect of a director who has multiple board representations on various companies, whether or not, such director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced by the director when serving on multiple boards and discharging his/her duties towards other principal commitments;
- determine and recommend to the Board on the maximum number of listed company board representations which any director may hold;
- review training and professional development programmes for the Board; and
- review any new employment of persons related to the director(s) and substantial shareholder(s), and the proposed terms of their employment.

The considerations in assessing the capacity of Directors include the expected and/or competing time commitments of Directors, geographical location of Directors, size and composition of the Board, and the nature and scope of the current Group's operations. The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all the Directors have discharged their duties adequately for FY2020.

The Board has not capped the maximum number of listed company board representations each Director may hold as the NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments, and not guided by a numerical limit. The NC is of the view that the existing multiple board representations presently held by the Directors do not impede their performance in carrying out their duties to the Company. The NC will continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

For FY2020, there was no alternate director on the Board.

The NC would assess performance of each Director in accordance with the performance criteria set by the Board, which included, *inter alia*, commitment of time, knowledge and abilities, teamwork and overall effectiveness. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval. The NC would review the performance criteria used in assessing the performance of the Directors from time to time and will recommend revised performance criteria to be approved by the Board to better assess the performance of the Directors.

On a regular basis, the NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of strengths and weaknesses of the existing Board to complement and strengthen the Board. The NC may tap on the Directors' personal contacts and recommendations and/or through search companies in identifying suitable candidates for new appointment as director and interview each proposed candidate for directorship based on the qualification and experience of such candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives. The Board is also advised by the Sponsor on the appointment of directors as required under Catalist Rule 226(2)(d). The NC would then recommend the appropriate candidate to the Board for consideration and approval. For FY2020, two new Independent Directors have been appointed to the Board following the resignation of two Independent Directors with effect from 1 October 2020.

# CORPORATE GOVERNANCE

Succession planning is a crucial element of the Group's corporate governance process. The NC will seek to refresh the Board membership progressively and in an orderly manner.

New directors are appointed by way of a Board resolution, after the NC approves their appointments. Such new directors must submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company pursuant to Article 88 of the Company's Constitution.

Article 89 of the Company's Constitution requires one third of the Board (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) to retire by rotation at every AGM and be re-elected at least once every three years.

The date of initial appointment and the date of last re-election of the Directors are set out below:

Name of Director	Date of Initial Appointment	Date of Last Re-election
Ang Boon Cheow Edward	15 August 1995	29 April 2019
Toh David Ka Hock	1 October 2020	–
Tan Teng Wee	1 October 2020	–
Tan Min-Li	15 May 2014	29 April 2019
Chia Boon Kuah	1 December 2017	30 April 2018

According to Article 89 of the Company's Constitution, Ms Tan Min-Li and Mr Chia Boon Kuah will retire at the Company's forthcoming AGM and will submit themselves for re-election. According to Article 88 of the Company's Constitution, Mr Toh David Ka Hock and Mr Tan Teng Wee will retire at the Company's forthcoming AGM and will submit themselves for re-election. The retiring Directors have offered themselves for re-election. In making the recommendations, the NC had considered the retiring Directors' overall contribution and performance. The Board has accepted the recommendation of the NC.

Key information regarding the Directors can be found on pages 6 to 7 of the Annual Report. Shareholdings of Mr Ang Boon Cheow Edward, Executive Chairman & CEO, can be found on page 126 of the Annual Report. The Independent Directors and Non-Executive Director do not hold any shares in the Company.

The Directors who are seeking re-election at the forthcoming AGM will be stated in the Notice of AGM. The disclosure of information on the Directors seeking re-election can be found on pages 8 to 16 of the Annual Report.



# CORPORATE GOVERNANCE

## PRINCIPLE 5: BOARD PERFORMANCE

The NC is responsible for recommending and implementing a process to assess the performance and effectiveness of the Board and Board Committees as well as the contributions of each individual Director to the overall effectiveness of the Board. The NC uses a self-assessment process to assess the contribution by each Director to the effectiveness of the Board. The criteria for assessing Directors include assessing each Director's integrity, independence mindedness, contribution and commitment to the role taking into consideration, *inter alia*, attendance at meetings, the participation and quality of contributions at meetings and functional expertise. The review of Board and Board Committees' performance is undertaken collectively by the Board annually taking into account the performance criteria such as the Board/Board Committees composition and functions, Board procedures, inputs to strategic planning, accountability and profitability of the Group. In assessing the effectiveness of the Board and Board Committees as a whole, both quantitative and qualitative criteria are considered. The results of the assessments are analysed and discussed with a view to implementing any recommendation(s) to enhance the effectiveness of the Board.

For FY2020, no external facilitator has been engaged to perform the Board assessment process. Where relevant and when the need arises, the NC will consider such an engagement. The NC has assessed the Board and Board Committees' performances to-date, as well as the performance of each individual Director, and is of the view that the Board and Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board. The Board has met its performance objectives for FY2020.

## (B) REMUNERATION MATTERS

### PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises:

Ms Tan Min-Li (Chairman)	Independent Director
Mr Toh David Ka Hock	Lead Independent Director
Mr Tan Teng Wee	Independent Director
Mr Chia Boon Kuah	Non-Executive Director

A majority of the RC members, including the Chairman, are Independent Directors. The RC holds at least one meeting in each financial year.

The principal functions of the RC under its written terms of reference include:

- recommend to the Board a remuneration policy/framework for directors, CEO and KMP;
- review the remuneration of employees related to the directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
- review the ongoing appropriateness and relevance of the Company's remuneration policy for the Board and KMP;
- review any major changes in the benefits or remuneration structures of the Board and KMP;

# CORPORATE GOVERNANCE

- review the design of all long-term and short-term incentive plans for approval by the Board and/or shareholders, if required;
- review the contractual terms and any termination payments are fair to the Board and KMP of the Company; and
- review the strategies for talent management and succession planning of Board, Chairman, CEO and KMPs of the Company.

Each RC member will not participate in discussions, and abstain from decision-making, in relation to any remuneration, compensation, options or any form of benefits to be granted to him/her. No Director is involved in deciding his own remuneration, compensation or any form of benefits to be granted to him/her.

If necessary, the RC would seek professional advice internally and/or externally pertaining to the remuneration of all Directors. For FY2020, the RC did not engage any external remuneration consultant to advise on remuneration matters.

## PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The RC is in charge of overseeing the performance-related remuneration system to ensure that the interests of the shareholders are aligned with the Board and Management in order to promote the long-term success of the Group.

In setting the remuneration packages, the RC considers that the level of remuneration should be appropriate to attract, retain and motivate the Directors and KMP to run the Group successfully.

The remuneration packages of Executive Directors and KMP comprise a basic salary component and a variable component where the annual bonus is based on the performance of the Group as a whole and their individual performance. This is designed to align the remuneration of Executive Directors and KMP with the interests of shareholders and link rewards to corporate and individual performance. Executive Directors are not paid directors' fees.

For those Executive Directors under service contracts, there is a fixed appointment period. The remuneration package of such Executive Directors comprises a basic salary component, fixed annual bonus component, variable performance-related component which is based on the profitability level of the Group as a whole and other benefits-in-kind. The service contracts do not have excessively long or onerous removal from office clauses.

The performance conditions chosen for the Group to remain competitive and to motivate the Executive Directors and KMP to work in alignment with the goals of all stakeholders included both qualitative and quantitative criteria. The RC has reviewed and is satisfied that the performance conditions were met for FY2020.

Having reviewed and considered the variable components of the Executive Directors and the KMP, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

# CORPORATE GOVERNANCE

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group's business units and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is transparent, competitive, relevant and appropriate in finding a balance between the current and longer term objectives of the Company so as to be able to attract, retain and motivate talents without being excessive, and thereby maximise value for shareholders.

The Board concurred with the RC that the proposed directors' fees are appropriate and that the Independent Directors and Non-Executive Director receive directors' fees in accordance with their level of contribution, taking into account factors such as effort and time spent in serving on the Board and Board Committees, as well as the responsibilities and obligations of the Independent Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain the Independent Directors without being excessive.

Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

The Company did not have any share-based compensation scheme or any long-term scheme involving the offer of shares in place to encourage the Independent Directors to hold shares in the Company in FY2020.

## PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The Group's remuneration policy is to provide compensation packages at market rates comprising a fixed component, a variable component and other benefits-in-kind. The fixed and variable components are in the form of a base salary and variable bonus that is linked to the performance of the Group and individual, which seek to reward successful performance and attract, retain and motivate the Executive Directors and KMP to run the Group successfully.

The breakdown of remuneration of Directors of the Company for FY2020 are as follows:

Name of Director	Salary %	Bonus %	Incentive Bonus %	Fees %	Benefits- in-kind %	Total %
<b>(a) Between S\$500,001 and S\$750,000</b>						
Ang Boon Cheow Edward	83	–	–	–	17	100
<b>(b) Below S\$250,000</b>						
Chia Yau Leong <sup>1</sup>	100	–	–	–	–	100
Chua Keng Hiang <sup>2</sup>	–	–	–	100	–	100
Ng Ya Ken <sup>2</sup>	–	–	–	100	–	100
Toh David Ka Hock <sup>3</sup>	–	–	–	100	–	100
Tan Teng Wee <sup>3</sup>	–	–	–	100	–	100
Tan Min-Li	–	–	–	100	–	100
Chia Boon Kuah	–	–	–	100	–	100

# CORPORATE GOVERNANCE

The Company has only one KMP who is not director in FY2020.

Key Management	Salary	Bonus	Incentive Bonus	Fees	Benefits- in-kind	Total
	%	%	%	%	%	%
<b>Below S\$250,000</b>						
Chia Yau Leong <sup>1</sup>	87	13	–	–	–	100

1 Retired as Executive Director with effect from 26 June 2020. The remuneration disclosed under Director was for the period from January to June 2020. The remuneration disclosed under Key Management was for the period from July to December 2020.

2 Resigned as Independent Director with effect from 1 October 2020.

3 Appointed as Independent Director with effect from 1 October 2020.

The Board is of the view that it would not be in the best interest of the Group to disclose the specific remuneration of each individual Director and KMP (who are not directors or the CEO), in light of the sensitivities of remuneration in a small and medium size enterprise environment, for competitive reasons. The Board believes that the above disclosure of the remuneration in bands of S\$250,000 provides sufficient overview and is of the opinion that such disclosure would be adequate for purposes of compliance with the provision of the Code.

There are no termination, retirement, post-employment benefits that may be granted to the Executive Directors, save for the standard contractual notice period termination payment in lieu of service.

Ms Hoon Pang Heng Joanna, Vice President, Corporate Affairs of the Company, is the spouse of Mr Ang Boon Cheow Edward, who is the Executive Chairman & CEO of the Company and controlling shareholder of the Company. The remuneration of Ms Hoon Pang Heng Joanna was between S\$150,001 to S\$200,000 for FY2020. The breakdown of the remuneration (in percentage term) is as follows:

	Salary	Bonus	Benefits- in-kind	Total
	%	%	%	%
<b>Between S\$150,001 and S\$200,000</b>				
Hoon Pang Heng Joanna (Spouse of Ang Boon Cheow Edward)	67	3	30	100

Save as disclosed above, there was no other employee of the Group who was a substantial shareholder of the Company, or an immediate family member of a Director, the CEO or a substantial shareholder of the Company whose remuneration exceeded S\$100,000 in FY2020.

The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares.

# CORPORATE GOVERNANCE

## (C) ACCOUNTABILITY AND AUDIT

### PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the internal processes of the Group in a manner which address stakeholders' expectations and does not expose the Group to an unacceptable level of operational, financial, compliance and information technology risks. The Board approves the key management policies and ensures a sound system of risk management and internal controls.

Management highlights and discusses (if any) salient risk management matters to the Board on a quarterly basis. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks and internal controls.

The Group does not have a Risk Management Committee. The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC, with the assistance of external risk management consultant and internal auditors.

The Management regularly reviews the Company's business, operations and activities to identify possible areas of significant business risks to the Board as well as to implement appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

The Board acknowledges that it is responsible for ensuring that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. In addition to determining the approach to risk governance, the Board sets and instils the right risk-focused culture throughout the Group for effective risk governance. The AC, together with the Board, reviews the effectiveness of the Group's system of internal controls put in place to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information are reliable. The AC evaluates the findings of the external and internal auditors on the Group's internal controls annually. Internal audit function of the Group is outsourced to a third party professional firm.

The Group does not utilise sophisticated and complex computer systems in its operations and considers its exposure to information technology risks to be relatively low.

The Board is of the opinion that the system of internal controls maintained by the Management and that was in place throughout the financial year was adequate and provides reasonable, but not absolute, assurance against material financial misstatements of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

# CORPORATE GOVERNANCE

For FY2020, the Board has received assurance from the CEO and Financial Controller that:

- the Group’s risk management and internal controls system in place is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks; and
- the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances.

Based on the framework of risk management controls and internal controls established and maintained by the Group, work performed by the external and internal auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group’s internal controls and risk management systems in place, which addresses the financial, operational, compliance and information technology risks were adequate and effective as at 31 December 2020.

## PRINCIPLE 10: AUDIT COMMITTEE

The AC comprises:

Mr Toh David Ka Hock (Chairman)	Lead Independent Director
Mr Tan Teng Wee	Independent Director
Ms Tan Min-Li	Independent Director
Mr Chia Boon Kuah	Non-Executive Director

A majority of the AC members, including the Chairman, are Independent Directors.

The Board ensures that the members of the AC are qualified to discharge their responsibilities. The members of the AC, collectively, bring with them many years of accounting and related financial management, legal, business and marketing expertise and experience. The AC has at least 2 members, including the AC Chairman, who have recent and relevant accounting and related financial management expertise and experience.

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

The duties of the AC include:

- review with the external auditors their audit plans, their evaluation of the system of internal controls, their audit report, their management letter and the management’s response thereto and discuss any concerns and issues arising from their audits including any matters which the external auditors may wish to discuss in the absence of management, where necessary;
- review key financial risk areas and key audit matters;

# CORPORATE GOVERNANCE

- review with the internal auditors their internal audit plans, which includes a review of the interested person transactions including the guidelines and procedures for the monitoring of all such transactions, and their evaluation of the adequacy and effectiveness of internal control and accounting system and the management's response, and discuss any matters which the internal auditors may wish to discuss in the absence of the management, where necessary;
- review the independence and objectivity of the external and internal auditors, taking into account the non-audit services provided by them, as well as consider the appointment or re-appointment of the external and internal auditors and matters relating to resignation or dismissal of the auditors, including approving the remuneration and terms of engagement of the external and internal auditors;
- make recommendations to the Board on the proposals to the Shareholders where applicable, with regard to the appointment, re-appointment and removal of external and internal auditors, and approve the remuneration and terms of engagement of the auditors;
- review the half-yearly and full-year, if applicable, consolidated financial statements and any formal announcements relating to the Group's financial performance before their submission to the Board;
- review all interested person transactions and determine methods or procedures for checking that the transaction prices are adequate for transactions to be carried out on normal commercial terms, and that they will not prejudice the Company or its minority shareholders;
- review potential conflicts of interests (if any);
- review all hedging policies and instruments, if any, to be implemented by the Group;
- review the policy and procedures by which the employees may, in confidence, raise concerns to the chairman of the AC on possible improprieties in matters of financial reporting or other matters, and ensure that there are arrangements in place for the independent investigations of such matter and for appropriate follow-up in relation thereto;
- review the Company's programmes and policies to identify and prevent fraud as well as work with management to oversee the establishment of appropriate controls and anti-fraud programmes;
- review and discuss with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations;
- review and discuss with investigators, any suspected fraud, irregularity, or failure of internal controls or suspected infringements in which the Group operates, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response thereto;
- review the adequacy and effectiveness of the risk management and internal control (including financial, operational, compliance and information technology controls), and provide comments on adequacy and effectiveness of the Company's internal controls and risk management systems to the Board;
- review the assurance provided by the CEO and Financial Controller on the financial records and financial statements;
- review the assurance provided by the CEO and other key management personnel on the effectiveness of risk management and internal controls;

# CORPORATE GOVERNANCE

- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- review the Group's compliance under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time.

The AC assists the Board with regard to discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, and develop and maintain effective system of internal controls with an overall objective of ensuring that the Management has created and maintained an effective control environment in the Group, and that the Management demonstrates and stipulates the necessary aspects of the Group's internal control structure among all parties.

The AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any Singapore law, rules or regulations which have or is likely to have a material impact on the Group's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he/she will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

The AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, the Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

On a half-yearly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval.

The AC meets with the internal and external auditors at least once a year without the presence of the Management to review any matters that might be raised. The AC had met with the external auditors once in the absence of the Management in FY2020. Separately, the AC had met with the internal auditors once in the absence of the Management on 1 March 2021 for the internal audit work performed for FY2020.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is subject to shareholders' approval at the AGM of the Company.

The AC undertook the review of the independence and objectivity of the external auditors annually through discussions with the external auditors as well as reviewing the non-audit fees awarded to them to satisfy the AC that the nature and extent of such services will not prejudice the independence of the external auditors. The AC is satisfied with their independence and hence has recommended to the Board the re-appointment of BDO LLP as the Company's external auditors at the forthcoming AGM. BDO LLP, which is registered with the Accounting and Corporate Regulatory Authority, is the external auditor of the Company. In this respect, the Company complies with Rule 712 of the Catalist Rules.

BDO LLP is also the auditors of all its significant subsidiaries. The Company is therefore in compliance with Rule 715 of the Catalist Rules.



# CORPORATE GOVERNANCE

For FY2020, the aggregate amount of fees paid/payable to the auditors of the Company for audit services amounted to S\$174,000 in respect of the audit for FY2020 and S\$46,000 for non-audit services relating to tax compliance and corporate secretarial services. The AC has undertaken a review of all non-audit services provided by the external auditors. Notwithstanding the substantial volume of non-audit services rendered to the Company, the AC is satisfied that the nature and extent such services does not impair the independence and objectivity of the external auditors.

None of the AC members (i) is a former partner or director of the Company's existing auditing firm or auditing corporation in the previous 2 years, and (ii) holds any financial interest in the auditing firm or auditing corporation.

An annual review of the outsourced internal audit function is carried out. The AC ensures, among others, the adequacy and effectiveness of the internal audit function by examining the internal audit firm's performance, resources, its audit plans and scope of work and that the internal audit function is carried out according to standards set by international recognized professional bodies.

The Company's internal audit function is outsourced to Ernst & Young Advisory Pte. Ltd. ("**EY**") for FY2020. The internal auditors report directly to the AC Chairman and administratively to the CEO and/or Financial Controller. The AC decides on the appointment, termination and remuneration of the outsourced internal audit function.

EY is a global professional advisory service firm which is independent to the Company with a history of over 30 years in Singapore. EY is a full-resourced service provider, providing internal audit, corporate governance and risk management services, to various industries such as building & construction, property development & management, leisure and hospitality. The engagement team is led by a Partner who has more than 16 years of internal audit and risk advisory experience. The EY team engaged to undertake the Company's internal audit function is a team of approximately 3 to 4 persons for each review.

The internal auditors plan its audit work in consultation with, but independently of, the Management, and their yearly plan is submitted to the AC for review and approval prior to their commencement of work for FY2020.

The internal auditors have full access to all the Company's documents, records, properties and personnel including access to the AC. The AC is satisfied that internal auditors are adequately qualified (given, *inter alia*, its adherence to Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors) and resourced, and have the appropriate standing in the Company to discharge their duties effectively.

The findings from the reviews and checks on the adequacy of the internal control and risk management are rated and reported to the AC and the Management will ensure that proper follow-up actions are undertaken to ensure proper internal control and risk management systems are in place.

The AC also enquired and relied on reports from Management and external auditors on any material non-compliance and internal control weakness. The AC has reviewed with the external auditors their findings of the existence and adequacy of material internal control procedures as part of their audit for FY2020. The AC is of the view that in the light of the present business operations of the Group, the internal controls put in place by Management are adequate and effective to address the key risks identified.

# CORPORATE GOVERNANCE

The Company has put in place a whistle-blowing framework whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The framework includes arrangements for independent investigation and appropriate follow-up of such matters.

To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports are addressed and sent to the AC Chairman. A whistle-blower email address has been created for reporting suspected fraud, corruption, dishonest practices or other similar matters. Details of the whistle-blowing policy and arrangements have been made known to all staff. In addition, new staff is briefed on the policy during the orientation programme. No whistle-blowing report was received during FY2020.

## (D) SHAREHOLDER RIGHTS AND ENGAGEMENT

### PRINCIPLES 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Company welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders are informed of shareholders' meetings through notices published in the annual report or circular sent to all shareholders and via SGXNET, and advertised in a major local newspaper. All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Every matter requiring shareholders' approval is proposed as a separate resolution. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. Each item of special business included in the notice of meeting is accompanied by an explanation for the resolution to be passed. Resolutions tabled at general meetings are passed through a process of voting by poll whereby procedures are clearly explained by the scrutineers at such general meetings.

Proxy form is sent with notice of general meeting to all shareholders. The Company's Constitution provide for a shareholder to appoint one or two proxies to attend and vote in his stead at all general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

For FY2020, as allowed under the COVID-19 (Temporary Measures) Act 2020, the annual general meeting was conducted by way of electronic means on 26 June 2020 ("**2020 AGM**"). The Company arranged for a "live" audio-visual webcast of the 2020 AGM, which allowed shareholders to view the proceedings of the 2020 AGM contemporaneously. Documents relating to the business of the 2020 AGM, which comprised the Company's Annual Report for the financial year ended 31 December 2019 as well as the Notice of Annual General meeting and the Proxy Form were published only on SGXNet and the Company's corporate website respectively. Printed copies of these documents were not despatched to shareholders.

An announcement containing the Important information pertaining to the conduct of the "live" webcast of the 2020 AGM, including but not limited to registration procedures, appointment of Chairman of the 2020 AGM as proxy and submission of questions in respect to the agenda of the 2020 AGM, was also released via SGXNet and the Company's corporate website respectively.

# CORPORATE GOVERNANCE

Shareholders (whether individual or corporate) were required to appoint the Chairman of the 2020 AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the 2020 AGM if such shareholder wished to exercise his/her/its voting rights at the 2020 AGM. Shareholders were able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters by submitting their questions prior to the 2020 AGM. The Company provided responses to substantial queries and relevant comments from shareholders relating to the agenda of the 2020 AGM via SGXNet prior to the 2020 AGM. The responses from the Board of Directors of the Company were also published on SGXNet and the Company's corporate website together with the minutes of the 2020 AGM on 14 July 2020.

For the time being, the Company has decided not to allow for absentia voting methods such as by mail, email and fax at the general meetings due to concern over the authentication of shareholders' identity.

All the Directors, Management, Company Secretary and external auditors are required to be present at the general meetings to address any questions, unless of exigencies. General meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the shareholders with the Directors on their view on matters relating to the Company. All resolutions at general meetings are put to vote by poll which are verified by an appointed scrutineer for the general meeting and the results showing the number of votes cast for and against each resolution and the respective percentage are announced to the audience at the general meetings. The polling results are also announced after the meeting via SGXNET. During FY2020, one general meeting was held and it was attended by all the Directors, Company Secretary and external auditors.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are published and made publicly available via SGXNet and on the Company's corporate website within one month after the meeting.

The Group does not have a fixed dividend policy at present. The form, frequency and the amount of dividends declared for each year will take into consideration the Group's profit, cash position, and other factors as the Board may deem appropriate. For FY2020, the Board has not declared or recommended any dividend as the Company does not have profits available for the declaration of a dividend.

## **PRINCIPLES 12: ENGAGEMENT WITH SHAREHOLDERS**

The Company is committed to maintaining high standards of corporate disclosure, transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Board subscribes to the Code's principle that the Company should engage in regular, effective and fair communication with shareholders and the investing public. To this end, it is the Company's policy that all material information will be disseminated on a timely basis through SGXNET and not released to any selected group of persons. The Company also strives to promptly respond to enquiries from shareholders, investors, analysts, fund managers and the press, without practising selective disclosure. The Group's financial results and annual reports are announced or issued within the period specified under the Catalist Rules, and are also made available to the public via SGXNET. The Company has engaged an external investor relations adviser who focuses on facilitating the communications with all stakeholders on a regular basis and to attend to their queries or concern.

# CORPORATE GOVERNANCE

Shareholders, the investment community, media and analysts are kept informed of the Group's performance, progress and prospects and major developments of the Company on a timely basis through various means of communication as follows:

- (1) Announcements including periodic and half/full-year announcements of financial results, price sensitive information, significant transactions or other announcements or press release through SGXNET;
- (2) Annual Report, Sustainability Report and notices of AGM issued to all shareholders; and
- (3) Company's general meetings.

General meetings have been and are still the principal forum for dialogue with shareholders. Shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters by submitting their questions prior to the general meetings. The Company will provide responses to substantial queries and relevant comments from shareholders relating to the agenda of the general meetings prior to, via SGXNet, or at the general meetings. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, via SGXNet, or at the general meetings in respect of substantial and relevant matters. The responses from the Board and Management of the Company shall thereafter be published on SGXNet and the Company's corporate website together with the minutes of the general meetings, within one (1) month after the conclusion of the general meetings.

## PRINCIPLES 13: ENGAGEMENT WITH STAKEHOLDERS

The Company has engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services' standards, as well as to sustain business operations for long-term growth.

To ensure that core sustainability issues are incorporated into our corporate agenda, we have established a dedicated governance framework to drive, govern and manage the sustainability function. This structure drives our priorities to protect the long-term interests of our shareholders and create value for our company and stakeholders.

The sustainability is managed by the CEO who reports to the Board of Directors. He would collaborate on sustainability initiatives and share sustainability best practices across the Group as well as oversee the monitoring of quantitative and qualitative measurements, setting sustainability performance benchmarks and key performance indicators.

The CEO also works closely with other business functions, namely, operations, human resource and procurement in the Group's sustainability efforts and the development of the Group's sustainability programme. The Board has the ultimate responsibility for the Group's sustainability strategy, reporting and maintain oversight of the Group's sustainability direction and reviews the strategy annually.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. These key stakeholders include, but are not limited to the employees, customers, suppliers and service providers, investors/shareholders and government and regulators. Both formal and informal channels of communication are adopted to understand the needs of these key stakeholders, and incorporated into our corporate strategies to achieve mutually beneficial relationships. The following sets out our engagement platforms with our stakeholders:

# CORPORATE GOVERNANCE

Stakeholder	Engagement Platform	Frequency of Engagement	Key Concerns
Employees	Emails	Daily	<ul style="list-style-type: none"> <li>Workplace safety</li> <li>Workers welfare</li> <li>Talent retention and career progression</li> </ul>
	Meetings	Monthly	
	Performance appraisal	Annually	
	Welfare & social events	Ad hoc	
	Training	Ad hoc	
Customers	Email communications, phone calls	Daily	<ul style="list-style-type: none"> <li>On time project completion</li> <li>Service quality</li> <li>Workplace safety</li> <li>Competitive prices</li> </ul>
	Meetings	Ad-hoc	
	Company website	Ad hoc	
Suppliers and Service Providers	Email communications, phone calls	Daily	<ul style="list-style-type: none"> <li>Prompt payment</li> <li>Service quality</li> </ul>
	Meetings	Ad hoc	
	Site visits	Ad hoc	
	Trade events	Ad hoc	
Investors/Shareholders	Announcements via SGXNet, company website	Ad hoc/Half-Yearly	<ul style="list-style-type: none"> <li>Compliance to rules and regulations</li> <li>Financial results</li> <li>Business updates</li> </ul>
	General meetings	Annually	
	Annual report	Annually	
Government and Regulators	Seminars conducted by regulators	Ad hoc	<ul style="list-style-type: none"> <li>Compliance to rules and regulations</li> </ul>
	Relevant government association memberships	Ad hoc	
	Email communications	Ad hoc	

All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET, press releases and the Company's corporate website. The Company does not practice selective disclosure of material information. All materials on the half-yearly and full-year financial results are available on the Company's corporate website. The website, which is updated regularly, contain various information on the Group and the Company which serves as an important resource for investors and all stakeholders.

## DEALINGS IN SECURITIES

The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers are prohibited from dealing in the Company's securities on short term considerations and during the period beginning one month before the announcement of the Company's half-yearly and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.

# CORPORATE GOVERNANCE

## INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Board and the AC will review all interested person transactions (“**IPTs**”) to be entered to ensure that the relevant rules under Chapter 9 of the Catalist Rules are complied with. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

No interested person transaction has been entered into for FY2020.

## MATERIAL CONTRACTS

Save for the service agreement of Executive Chairman & CEO, Mr Ang Boon Cheow Edward, there were no material contracts entered into by the Company and its subsidiaries involving the interest of the Executive Chairman, each Director or controlling shareholder, which were either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

## NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company’s sponsor, UOB Kay Hian Private Limited, in FY2020.

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# DIRECTORS' STATEMENT

The Directors of Ocean Sky International Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

## 1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon 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 of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) 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.

## 2. DIRECTORS

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

Ang Boon Cheow Edward  
Toh David Ka Hock (appointed 1 October 2020)  
Tan Min-Li  
Tan Teng Wee (appointed 1 October 2020)  
Chia Boon Kuah

## 3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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



# DIRECTORS' STATEMENT

## 4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Shareholdings registered in name of Director	
	At beginning of year	At end of year
<b><u>The Company</u></b>		
<b>Ocean Sky International Limited</b>		
<b>(No. of ordinary shares)</b>		
Ang Boon Cheow Edward	278,160,811	278,160,811
<b>(No. of warrants)</b>		
Ang Boon Cheow Edward	92,720,270	92,720,270

By virtue of Section 7 of the Act, Ang Boon Cheow Edward is deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2021 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2020.

## 5. SHARE OPTIONS

There were no share options granted by the Company or its subsidiary corporations 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 subsidiary corporations.

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

# DIRECTORS' STATEMENT

## 6. AUDIT COMMITTEE

The audit committee of the Company is chaired by Toh David Ka Hock, an independent Director, and includes Tan Min-Li and Tan Teng Wee, who are independent Directors and Chia Boon Kuah, who is a non-executive Director. The audit committee has met five times since the last Annual General Meeting and has carried out its functions in accordance with section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Director and external and internal auditors of the Company:

- (a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;
- (b) the Company's and the Group's financial and operating results and accounting policies;
- (c) the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;
- (d) the half-yearly and full-year announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Company's external auditor; and
- (f) the re-appointment of the external auditor of the Company.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external auditor has unrestricted access to the audit committee.

The audit committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, BDO LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

## 7. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

**Ang Boon Cheow Edward**

Director

**Chia Boon Kuah**

Director

Singapore

5 April 2021

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OCEAN SKY INTERNATIONAL LIMITED

## Report on the Audit of the Financial Statements

We have audited the financial statements of Ocean Sky International Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 56 to 124, 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 for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

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

## Basis for Opinion

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

## Key Audit Matters

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OCEAN SKY INTERNATIONAL LIMITED

## Key Audit Matters (Continued)

1

### Revenue recognition from construction contracts and provisions for contract losses and defects liability

For the financial year ended 31 December 2020, the Group recorded revenue from construction contracts amounting to \$15,675,000 as disclosed in Note 20 to the financial statements. The Group uses the output method to measure its revenue from construction contracts which comprises civil engineering works. Revenue is recognised over time as the Group assessed that the customers simultaneously receive and consume all the benefits arising from the Group's civil engineering works as the projects progress. As part of the Group's contractual obligations, the Group may be required to carry out rectification of construction defects during the defects liability period. As at 31 December 2020, provision for defects liability was \$355,000 as disclosed in Note 14 to the financial statements. Management exercises judgements in determining whether provisions made for defects liability or contract losses are adequate in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

We have determined revenue recognition from construction contracts and provisions for contract losses and defects liability to be a key audit matter because of the long-term nature of construction contracts which requires periodic review of its costs estimates and assessment on whether there are any onerous contracts that could possibly result in losses.

## Related Disclosures

Refer to Notes 2.16, 2.18, 3.2, 14 and 20 to the financial statements.

## Audit Response

Our procedures included, amongst others, the following:

- Examined the terms and conditions of the construction contracts and assessed the appropriateness of management's revenue recognition policy;
- Obtained surveys of contract works performed to verify the revenue recognised;
- Checked actual costs incurred to supplier invoices;
- Obtained project summaries for ongoing project costs and carried out discussions with management to evaluate the adequacy of provision made for contract losses;
- Assessed the adequacy of management's provision for defects liability for completed projects by comparing against historical level of rectification works; and
- Assessed the adequacy of related disclosures in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OCEAN SKY INTERNATIONAL LIMITED

## Key Audit Matters (Continued)

### 2 Fair value of an investment property

During the financial year ended 31 December 2020, the Group recognised a fair value loss of \$2,138,000 in respect of its investment property in Australia and as of that date, the carrying amount was \$21,374,000. The property is stated at fair value based on the valuation performed by an independent external professional valuer. The valuation requires significant judgement to be made in the determination of the appropriate valuation methodology, and the key assumptions include capitalisation rates, occupancy details, and price per square metre of gross/net lettable area.

We have determined the valuation of the investment property to be a key audit matter because the valuation process involves the use of significant estimates and assumptions. Changes in the assumptions applied may have a significant impact to the valuation of the investment property.

## Related Disclosures

Refer to Notes 2.5, 3.2, 5 and 36 to the financial statements.

## Audit Response

Our procedures included, amongst others, the following:

- Assessed the objectivity and competency of the independent valuer which included considering the experience in valuing similar types of assets;
- Evaluated the appropriateness of the independent valuer's valuation methodology in determining the fair value;
- Held discussions with the independent valuer to understand the critical underlying assumptions applied and assessed the reasonableness of those assumptions; and
- Assessed the adequacy of related disclosures in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OCEAN SKY INTERNATIONAL LIMITED

## Key Audit Matters (Continued)

### 3 Impairment assessment on the carrying amount of Company's investments in subsidiaries

As at 31 December 2020, the carrying amount of the Company's investments in subsidiaries was \$37,851,000. Management views Ang Tong Seng Brothers Enterprises Pte Ltd and Ang Tong Seng Construction Pte Ltd in the construction and engineering segment as one CGU. Arising from indicators of impairment from this CGU, management determined the recoverable amount of the CGU using the value-in-use ("VIU") method and compared against the carrying amount.

In estimating the VIU, management prepared discounted cash flow projections which involved judgement in estimating the expected future cash flows using suitable revenue growth rates, budgeted margin and discount rate in order to calculate the present value of those cash flows.

We have determined the impairment assessment to be a key audit matter as the process involved significant judgements, estimates and assumptions applied by the management in preparing the cash flow projections and actual outcome may vary depending on current and future economic factors.

## Related Disclosures

Refer to Notes 2.10, 3.2 and 8 to the financial statements.

## Audit Response

Our procedures included, amongst others, the following:

- Compared key assumptions used against recent performance and assessed historical accuracy of cash flow projections prepared by management;
- Carried out discussions with management and assessed the reasonableness of the key business performance assumptions used, including revenue growth rate and earnings before interest, tax, depreciation and amortisation margin;
- Evaluated the reasonableness of the discount rate used by independently developing an expectation of the discount rate;
- Performed sensitivity analysis around the key assumptions used in cash flow forecasts; and
- Assessed the adequacy of related disclosures in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OCEAN SKY INTERNATIONAL LIMITED

## Other Information

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OCEAN SKY INTERNATIONAL LIMITED

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OCEAN SKY INTERNATIONAL LIMITED

## Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Goh Chern Ni.

### **BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore  
5 April 2021

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	4	11,353	12,315	239	358
Investment property	5	21,374	5,550	–	–
Goodwill	6	–	–	–	–
Intangible assets	7	–	–	–	–
Investments in subsidiaries	8	–	–	37,851	38,431
Investments in joint ventures	9	16,153	16,321	–	–
		<b>48,880</b>	<b>34,186</b>	<b>38,090</b>	<b>38,789</b>
<b>Current assets</b>					
Inventories		176	224	–	–
Development property	10	–	6,503	–	–
Trade and other receivables	11	10,143	13,267	9,849	3,348
Cash and cash equivalents	12	20,575	18,231	9,088	15,446
		<b>30,894</b>	<b>38,225</b>	<b>18,937</b>	<b>18,794</b>
Less:					
<b>Current liabilities</b>					
Trade and other payables	13	8,376	8,042	24,030	24,775
Provisions	14	355	506	–	–
Bank term loans	15	1,249	4,227	–	–
Lease liabilities	16	201	305	65	67
Current income tax payable		3,630	3,455	–	–
		<b>13,811</b>	<b>16,535</b>	<b>24,095</b>	<b>24,842</b>
<b>Net current assets/(liabilities)</b>		<b>17,083</b>	<b>21,690</b>	<b>(5,158)</b>	<b>(6,048)</b>
Less:					
<b>Non-current liabilities</b>					
Bank term loans	15	23,598	8,589	–	–
Lease liabilities	16	1,571	1,652	84	151
Deferred tax liabilities	17	36	103	–	–
		<b>25,205</b>	<b>10,344</b>	<b>84</b>	<b>151</b>
<b>Net assets</b>		<b>40,758</b>	<b>45,532</b>	<b>32,848</b>	<b>32,590</b>
<b>Equity</b>					
Share capital	18	55,167	55,167	55,167	55,167
Reserves	19	(1,105)	(480)	–	–
Accumulated losses	19	(13,304)	(9,155)	(22,319)	(22,577)
<b>Equity attributable to owners of the parent</b>		<b>40,758</b>	<b>45,532</b>	<b>32,848</b>	<b>32,590</b>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
Revenue	20	23,954	23,819
Cost of services		(22,340)	(21,621)
Gross profit		1,614	2,198
Other income	21	1,792	449
Administrative and other operating expenses		(5,374)	(8,719)
Finance costs	22	(675)	(404)
Share of loss of joint ventures, net of tax	9	(1,430)	(1,807)
<b>Loss before income tax</b>	23	<b>(4,073)</b>	(8,283)
Income tax expense	25	(197)	(81)
<b>Loss for the financial year attributable to owners of the parent</b>		<b>(4,270)</b>	(8,364)
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translating foreign operations		(504)	(188)
Other comprehensive income for the financial year, net of tax		(504)	(188)
<b>Total comprehensive income for the financial year attributable to owners of the parent</b>		<b>(4,774)</b>	(8,552)
		<b>2020</b>	<b>2019</b>
<b>Loss per share (cents)</b>			
– Basic and diluted	26	(0.99)	(1.94)

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Share capital \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	Accumulated losses \$'000	Equity attributable to owners of the parent \$'000
Balance at 1 January 2020	55,167	(601)	121	(9,155)	45,532
<b>Loss for the financial year</b>	–	–	–	(4,270)	(4,270)
<b>Other comprehensive income for the financial year</b>					
Exchange differences on translating foreign operations	–	(504)	–	–	(504)
Total other comprehensive income for the financial year	–	(504)	–	–	(504)
<b>Total comprehensive income for the financial year</b>	–	(504)	–	(4,270)	(4,774)
Transfer upon disposal of investment property	–	–	(121)	121	–
Balance at 31 December 2020	<b>55,167</b>	<b>(1,105)</b>	<b>–</b>	<b>(13,304)</b>	<b>40,758</b>
Balance at 1 January 2019	55,167	(413)	121	(791)	54,084
<b>Loss for the financial year</b>	–	–	–	(8,364)	(8,364)
<b>Other comprehensive income for the financial year</b>					
Exchange differences on translating foreign operations	–	(188)	–	–	(188)
Total other comprehensive income for the financial year	–	(188)	–	–	(188)
<b>Total comprehensive income for the financial year</b>	–	(188)	–	(8,364)	(8,552)
Balance at 31 December 2019	55,167	(601)	121	(9,155)	45,532

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 \$'000	2019 \$'000
<b>Operating activities</b>		
<b>Loss before income tax</b>	<b>(4,073)</b>	(8,283)
Adjustments for:		
Depreciation of property, plant and equipment	1,088	866
Fair value loss on investment property	2,138	50
Gain on disposal of property, plant and equipment	(2)	(212)
Impairment of goodwill	–	4,755
Interest expense	675	404
Interest income	(29)	(218)
Loss allowance reversed for third party trade receivables	–	(4)
Loss on disposal of investment property	50	–
Plant and equipment written off	1	–
Provision made/(reversed) for defects liability	139	(1)
Provision (reversed)/made for contract losses	(200)	100
Provision made for penalty and interest	1,152	–
Share of results of joint ventures	1,430	1,807
Unrealised foreign exchange gain	(93)	(40)
<b>Operating cash flows before working capital changes</b>	<b>2,276</b>	(776)
Working capital changes:		
Development property	6,503	(691)
Inventories	48	(108)
Trade and other receivables	71	(1,140)
Trade and other payables	(818)	2,326
Provisions	(90)	(12)
<b>Net cash from/(used in) operations</b>	<b>7,990</b>	(401)
Income taxes paid	(14)	(14)
<b>Net cash from/(used in) operating activities</b>	<b>7,976</b>	(415)
<b>Investing activities</b>		
Purchase of property, plant and equipment (Note 4)	(151)	(1,262)
Proceeds from disposals of property, plant and equipment	26	240
Proceeds from disposal of investment property	5,500	–
Acquisition of investment property (Note 5)	(19,337)	–
Advances to joint ventures	(1,309)	(740)
Advance payment for acquisition of investment property	–	(3,070)
Interest received	29	218
<b>Net cash used in investing activities</b>	<b>(15,242)</b>	(4,614)

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 \$'000	2019 \$'000
<b>Financing activities</b>		
Interest paid	(675)	(404)
Proceeds from bank borrowings (Note A)	18,537	821
Repayment of bank borrowings (Note A)	(7,286)	(395)
Proceeds from lease liabilities (Note A)	156	–
Repayment of lease liabilities (Note A)	(341)	(502)
<b>Net cash from/(used in) financing activities</b>	<b>10,391</b>	<b>(480)</b>
<b>Net change in cash and cash equivalents</b>	<b>3,125</b>	<b>(5,509)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>18,231</b>	<b>23,910</b>
Effect of foreign exchange rate changes on cash and cash equivalents	(781)	(170)
<b>Cash and cash equivalents at end of financial year (Note 12)</b>	<b>20,575</b>	<b>18,231</b>

## Note A: Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1.1.2020 \$'000	Financing cash flows \$'000	Non-cash changes	
			Foreign exchange differences \$'000	31.12.2020 \$'000
Bank term loans (Note 15)	12,816	11,251	780	24,847
Lease liabilities (Note 16)	1,957	(185)	–	1,772
	14,773	11,066	780	26,619

	1.1.2019 \$'000	Financing cash flows \$'000	Non-cash changes	
			Additions of property, plant and equipment under lease liabilities \$'000	31.12.2019 \$'000
Bank term loans (Note 15)	12,390	426	–	12,816
Lease liabilities (Note 16)	2,165	(502)	294	1,957
	14,555	(76)	294	14,773

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 financial statements.

## 1. GENERAL CORPORATE INFORMATION

Ocean Sky International Limited (the "Company") is a public limited company incorporated and domiciled in Singapore with its registered office and principal place of business at 29 Tuas South Street 1 Singapore 638036. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company's registration number is 198803225E.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements. The ultimate controlling party is Mr Ang Boon Cheow Edward.

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 5 April 2021.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) INTs") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements. The financial statements are expressed in Singapore dollar and rounded to the nearest thousand ("'\$'000"), unless otherwise stated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

#### *New standards, amendments and interpretations effective from 1 January 2020*

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.1 Basis of preparation of financial statements (Continued)

#### New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ASC that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in a joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

### 2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as expense during the financial year in which it is incurred.

Depreciation for property, plant and equipment is provided on straight-line basis so as to write off their depreciable amounts over their estimated useful lives as follows:

Leasehold property	Over the lease term of 41 years
Leasehold land	Over the lease term of 41 years
Plant and machinery	3 to 10 years
Renovation	10 years
Computer equipment	5 years
Motor vehicles	5 years
Furniture, fittings and other equipment	3 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual value and depreciation methods are reviewed, and adjusted as appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and 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)

### 2.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

### 2.6 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill on subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.7 Intangible assets

#### Construction contracts

Construction contracts arising from the acquisition of the remaining equity interests in a former associate is stated at cost less accumulated amortisation and accumulated impairment losses. The intangible assets are amortised to profit or loss based on the revenue recognised from the contracts during the period over the total contract revenue.

### 2.8 Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries (Note 2.2). The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures using the equity method as described in Note 2.9.

### 2.9 Joint ventures

Joint ventures are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of investments in joint ventures.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of joint ventures and distributions received are adjusted against the carrying amount of the investments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.9 Joint ventures (Continued)

Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the joint venture.

Where the Group transacts with a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

### 2.10 Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.11 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

#### Financial assets

The Group classifies its financial assets as amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding prepayments and government grant receivables) and cash and cash equivalents.

#### Amortised cost

These assets arise principally from the provision of goods and services to customers (for example, trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less allowance for impairment.

Impairment allowances for trade receivables are recognised based on the simplified approach. During this process, the Group assessed the probability of the non-payment of the trade receivables based on its historical observed default rates, adjusted for forward-looking information. For trade receivables, which are reported net, such impairment allowances are recorded in a separate account with the loss being recognised in the profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated impairment allowances made.

Impairment allowances for receivables from subsidiaries and joint ventures are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the allowance is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised. For those that are determined to be credit impaired, lifetime expected credit losses are recognised.

Receivables are credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that receivables have occurred (i.e. significant financial difficulty of debtor, possible bankruptcy or liquidation of debtor, default of payments, etc.).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.11 Financial instruments (Continued)

#### Financial assets (Continued)

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

#### Financial liabilities and equity instruments

##### Classification as debt or equity

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

##### Equity instruments

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

##### Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost.

##### *Trade and other payables*

Trade and other payables, excluding goods and services tax and provisions, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

##### *Borrowings*

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.11 Financial instruments (Continued)

#### Financial liabilities and equity instruments (Continued)

##### Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

- a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- b) the amount of loss provisions determined in accordance with SFRS(I) 9.

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

### 2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in first out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.13 Development property

Development property is held or developed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost and net realisable value.

The costs of the development properties include:

- (a) leasehold rights for land;
- (b) amounts paid to contractors for construction; and
- (c) borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.14 Cash and cash equivalents

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

### 2.15 Leases

*As lessor*

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

*As lessee*

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.15 Leases (Continued)

*As lessee (Continued)*

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

#### Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets (excluding those which meet the definition of investment property) within property, plant and equipment, while lease liabilities are presented separately from other liabilities in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.15 Leases (Continued)

*As lessee (Continued)*

#### Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under the cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The right-of-use assets are depreciated based on the following bases:

Leasehold land	Over the lease term of 39 years
Plant and machinery	10 years
Motor vehicles	5 years

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.10 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities is recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly 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 Leases (Continued)

*As lessee (Continued)*

Subsequent measurement (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

### 2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.16 Provisions (Continued)

#### Onerous contracts

A provision for contract losses arising from onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contracts. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

#### Rectification costs

A provision for defects liability is recognised for construction defects when there are potential defects that could arise, taking into consideration the estimation of the timing of incurring such costs and of the future costs of carrying out such rectification works.

### 2.17 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

### 2.18 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.18 Revenue recognition (Continued)

#### Contract revenue

The Group's construction and engineering segment comprise civil engineering works. Revenue is recognised over time based on surveys of contract work performed as the Group has assessed that the customers simultaneously receive and consume all the benefits arising from the Group's civil engineering works as the projects progress. At the inception of the contract, the Group assesses the nature of work to be performed, and identifies the performance obligations related to the contract. The Group determines if the performance obligations within the contract are distinct i.e. if the work performed is separately identifiable and the customer is able to benefit from it. Performance obligation is satisfied when the Group has an enforceable right to payment for the performance completed to-date. The progress towards the completed satisfaction of each performance obligation is measured using the output method based on surveys of contract works performed.

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

The period between the completion of the construction project and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customers from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

#### Sale of construction materials

The Group's construction and engineering segment is also involved in the trading of construction materials. Revenue from the sale of these materials is recognised at a point in time when the products are delivered to customers. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay within a credit term of 30 days.

#### Lease income

Lease income arising from rental of investment property and asset leasing is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.18 Revenue recognition (Continued)

#### Sale of development property

The Group develops and sells residential development project to customer through fixed-price contracts. Revenue is recognised at a point in time when the control over a development property has been transferred to the customer.

#### Interest income

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

### 2.19 Employee benefits

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

#### Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

### 2.20 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.21 Borrowing costs

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

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

### 2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the reporting period in which they are declared for payment. Final dividends are recorded in the reporting period in which the dividends are approved by the shareholders.

### 2.23 Taxes

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

#### Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

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.

#### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.23 Taxes (Continued)

#### Deferred tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

#### Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of 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 sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.24 Foreign currency transactions and translation

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

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

### 2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer who make strategic decisions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

### 3.1 Critical judgements in applying the entity's accounting policies

Management is of opinion that there is no significant judgement made in applying the accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

### 3.2 Key sources of estimation uncertainty

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

#### Provision for defects liability and contract losses

At the end of each reporting period, management reviews the provisions recognised for defects liability and contract losses and update the provisions based on the circumstances and information available. The provisions recognised represent management's best estimate of the expected future costs required. The estimates involved uncertainties on changes to timing contracts and extent of costs required. The actual outcome or expenses incurred may be different from the amounts currently provided. The carrying amounts of the provisions are disclosed in Note 14 to the financial statements.

#### Fair value of investment property

The Group's investment property is stated at fair value, which was determined by an independent valuer. The market value may differ from the price at which the Group's asset could be sold at a particular time. In addition, certain estimates require an assessment of factors not within management's control, such as overall market condition. As a result, actual results of the realisation of the investment property in the future could differ from the estimates used in the determination of the market value. As at 31 December 2020, the carrying amount of the Group's investment property was \$21,374,000 (2019: \$5,550,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### 3.2 Key sources of estimation uncertainty (Continued)

#### Impairment assessment on carrying amount of investments in subsidiaries

At the end of each reporting period, management assess whether its investments in subsidiaries exhibit any indication of impairment. Where such indication exists, the recoverable amount will be determined using the higher of fair value less costs of disposal or value-in-use method, which requires the use of estimates. As at 31 December 2020, the carrying amount of the Company's investments in subsidiaries was \$37,851,000 (2019: \$38,431,000) as disclosed in Note 8 to the financial statements.

#### Expected credit loss ("ECL") allowance

##### *Trade receivables due from third parties*

Management estimates ECL allowance by reviewing the historical credit loss rates and adjusts for forward looking information using industry market data and customer profile so as to reflect the effects of current and future economic conditions and factors affecting the industries in which the Group is operating under. The Group's credit risk exposure for trade receivables was disclosed in Note 31.1 to the financial statements. As at 31 December 2020, the carrying amount of the Group's trade receivables was \$9,352,000 (2019: \$9,720,000) as disclosed in Note 11 to the financial statements.

##### *Non-trade amounts due from subsidiaries and joint ventures*

The advances made to its subsidiaries and joint ventures are mainly for the purpose of developing properties and hence settlement of these advances will be made upon the realisation of the underlying investments held by the subsidiaries and joint ventures. For those balances where management determines there is significant increase in credit risks since initial recognition, lifetime ECL is derived by assessing the expected profit from the realisation of the underlying development properties by adjusting its estimates on development costs and targeted selling price based on the relevant market data and condition. As at 31 December 2020, the carrying amounts of the Company's advances made to subsidiaries was \$21,126,000 (2019: \$21,706,000) and the Group's advances to joint ventures was \$19,594,000 (2019: \$18,304,000).

#### Income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. As at 31 December 2020, the carrying amounts of the Group's current income tax payable and deferred tax liabilities were \$3,630,000 (2019: \$3,455,000) and \$36,000 (2019: \$103,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property \$'000	Leasehold land \$'000	Plant and machinery \$'000	Renovation \$'000	Computer equipment \$'000	Motor vehicles \$'000	Furniture, fittings and other equipment \$'000	Total \$'000
<b>Cost</b>								
At 1 January 2020	8,305	1,385	2,954	163	43	2,451	492	15,793
Additions	–	–	107	–	1	12	31	151
Disposals	–	–	(27)	–	–	–	–	(27)
Written-off	–	–	–	–	–	–	(2)	(2)
At 31 December 2020	8,305	1,385	3,034	163	44	2,463	521	15,915
<b>Accumulated depreciation</b>								
At 1 January 2020	646	36	887	47	11	1,694	157	3,478
Depreciation	203	36	502	16	8	268	55	1,088
Disposals	–	–	(3)	–	–	–	–	(3)
Written-off	–	–	–	–	–	–	(1)	(1)
At 31 December 2020	849	72	1,386	63	19	1,962	211	4,562
At 31 December 2020	7,456	1,313	1,648	100	25	501	310	11,353
<b>Carrying amount</b>								
At 31 December 2020	7,456	1,313	1,648	100	25	501	310	11,353
<b>Cost</b>								
At 1 January 2019	8,305	1,385	1,905	163	37	2,285	473	14,553
Additions	–	–	1,070	–	6	461	19	1,556
Disposals	–	–	(20)	–	–	(295)	–	(315)
Written-off	–	–	(1)	–	–	–	–	(1)
At 31 December 2019	8,305	1,385	2,954	163	43	2,451	492	15,793
<b>Accumulated depreciation</b>								
At 1 January 2019	448	–	636	31	3	1,678	104	2,900
Depreciation	198	36	270	16	8	285	53	866
Disposals	–	–	(18)	–	–	(269)	–	(287)
Written-off	–	–	(1)	–	–	–	–	(1)
At 31 December 2019	646	36	887	47	11	1,694	157	3,478
At 31 December 2019	7,659	1,349	2,067	116	32	757	335	12,315
<b>Carrying amount</b>								
At 31 December 2019	7,659	1,349	2,067	116	32	757	335	12,315

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles \$'000	Furniture, fittings and other equipment \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2020	620	69	689
Additions	–	10	10
At 31 December 2020	620	79	699
<b>Accumulated depreciation</b>			
Balance at 1 January 2020	268	63	331
Depreciation	124	5	129
At 31 December 2020	392	68	460
<b>Carrying amount</b>			
At 31 December 2020	228	11	239
<b>Cost</b>			
At 1 January 2019	546	69	615
Additions	202	–	202
Disposals	(128)	–	(128)
At 31 December 2019	620	69	689
<b>Accumulated depreciation</b>			
Balance at 1 January 2019	257	60	317
Depreciation	113	3	116
Disposals	(102)	–	(102)
At 31 December 2019	268	63	331
<b>Carrying amount</b>			
At 31 December 2019	352	6	358

As at 31 December 2020, the carrying amount of the Group's leasehold property pledged for Term loan II as disclosed in Note 15 to the financial statements was \$7,456,000 (2019: \$7,659,000).

Right-of-use of assets under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in the next page.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets classified within property, plant and equipment

Group	Leasehold land \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost</b>				
At 1 January 2020	1,385	842	1,176	3,403
Recognition of right-of-use assets	–	174	–	174
Derecognition of right-of-use assets	–	(842)	(71)	(913)
At 31 December 2020	1,385	174	1,105	2,664
<b>Accumulated depreciation</b>				
At 1 January 2020	36	222	539	797
Depreciation	36	86	227	349
Derecognition of right-of-use assets	–	(288)	(71)	(359)
At 31 December 2020	72	20	695	787
<b>Carrying amount</b>				
At 31 December 2020	1,313	154	410	1,877
<b>Cost</b>				
At 1 January 2019	1,385	842	978	3,205
Additions	–	–	408	408
Disposals	–	–	(210)	(210)
At 31 December 2019	1,385	842	1,176	3,403
<b>Accumulated depreciation</b>				
At 1 January 2019	–	138	475	613
Depreciation	36	84	248	368
Disposals	–	–	(184)	(184)
At 31 December 2019	36	222	539	797
<b>Carrying amount</b>				
At 31 December 2019	1,349	620	637	2,606

As at 31 December 2020, the Group's plant and machinery and motor vehicles with a carrying amount of \$154,000 (2019: \$620,000) and \$410,000 (2019: \$637,000) were secured over the lease liabilities of \$110,000 (2019: \$124,000) and \$319,000 (2019: \$469,000) respectively. These assets will be seized and returned to lessor in the event of default by the Group.

The recognition and derecognition of right-of-use assets relate to the new lease arrangement made/settlement of lease liabilities during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets classified within property, plant and equipment (Continued)

	Company	
	2020 \$'000	2019 \$'000
<b>Motor vehicles</b>		
<b>Cost</b>		
At 1 January	620	546
Additions	–	202
Disposals	–	(128)
At 31 December	<b>620</b>	620
<b>Accumulated depreciation</b>		
At 1 January	268	257
Depreciation	124	113
Disposals	–	(102)
At 31 December	<b>392</b>	268
<b>Carrying amount</b>		
At 31 December	<b>228</b>	352

As at 31 December 2020, the Company's motor vehicles are secured over the lease liabilities of \$149,000 (2019: \$218,000). These assets will be seized and returned to lessor in the event of default by the Company.

Consolidated statement of cash flows

During the financial year, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2020 \$'000	2019 \$'000
Additions to property, plant and equipment	151	1,556
Acquired under lease agreements	–	(294)
Cash payments to acquire property, plant and equipment	<b>151</b>	1,262



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 5. INVESTMENT PROPERTY

	Group	
	2020 \$'000	2019 \$'000
<u>At fair value</u>		
At 1 January	5,550	5,600
Addition	22,407	–
Disposal	(5,550)	–
Fair value loss	(2,138)	(50)
Currency re-alignment	1,105	–
At 31 December	<b>21,374</b>	5,550

### Addition

On 19 March 2020, the Group completed the acquisition of an investment property in Australia for a consideration of \$22,407,000. Advance payment of \$3,070,000 (Note 11) was made in the previous financial year and remaining \$19,337,000 was paid during the financial year.

### Disposal

During the financial year, the Group disposed of its investment property in Singapore for a consideration of \$5,500,000 and recognised a loss on disposal of \$110,000 in profit or loss. Included in the loss on disposal are sales commission and legal and professional fees of \$60,000 incurred relating to the disposal.

### Valuation techniques and assumptions

The investment properties were valued by independent professional valuers at each reporting date who hold a recognised and relevant professional qualification and have recent experience in the location and category of the property held by the Group.

As at 31 December 2020, the valuation of the investment property in Australia was arrived at using the capitalisation approach. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate and the key assumptions include capitalisation rates, occupancy details, and price per square metre of gross/net lettable area. The fair value hierarchy used was Level 3.

As at 31 December 2019, the valuation of the investment property in Singapore was arrived at using the comparable sales approach whereby sales prices of comparable properties in similar locations were adjusted for differences in key attributes such as property size. The most significant input into the valuation model was the price per square metre of the properties. The fair value hierarchy used was Level 3.

The valuations were based on the respective property's highest and best use, which was in line with its actual use. Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 5. INVESTMENT PROPERTY (CONTINUED)

### Valuation techniques and assumptions (Continued)

Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the management for reasonableness.

As at 31 December 2020, the significant input to the valuation technique using capitalisation approach in respect of the investment property in Australia was the capitalisation rate of 6.25%. An adjustment of the capitalisation rate to 6.50% would result in a decrease of fair value of the investment property by \$1,727,000.

At each reporting date, details of the Group's investment properties are set out below:

Description	Location	Existing use	Unexpired lease term
<b>2020</b>			
Freehold property	541 Blackburn Road, Mount Waverley VIC 3149, Australia	Rental of property for a lease period ranging from 2 to 10 years	N/A
<b>2019</b>			
Leasehold property	17 Tuas View Close, Singapore 637484	Rental of property for a lease period of 36 months	37 years

The following amounts are recognised in profit or loss:

	Group	
	2020 \$'000	2019 \$'000
Rental income from investment properties	1,374	264
Property taxes and other direct operating expenses arising from investment properties	(355)	(31)

As at 31 December 2020, the investment property in Australia has been pledged for Term loan V as disclosed in Note 15 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 6. GOODWILL

	Group	
	2020 \$'000	2019 \$'000
At 1 January	–	4,755
Impairment loss	–	(4,755)
At 31 December	–	–

Goodwill acquired in a business combination is allocated to the group cash-generating unit (“CGU”), Ang Tong Seng Brothers Enterprises Pte Ltd (“ATSB”) and Ang Tong Seng Construction Pte. Ltd. (“ATSC”). Management views ATSB and ATSC in the construction and engineering segment as one CGU. As at 31 December 2019, the recoverable amount of the CGU was determined using the value-in-use (“VIU”) calculations prepared by an external valuer based on cash flow forecasts derived from the most recent financial budgets approved by management. The key estimates and assumptions used were as disclosed below. Actual outcome could vary from these estimates.

	2019 %
Revenue growth rate	
– within the next financial year	0.7
– second to fifth financial year	2.0
Earnings before interest, tax, depreciation and amortisation margin	5.0 to 7.0
Terminal growth rate	2.0
Discount rate	8.0

Management estimated the discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates beyond the first 5 years are based on country growth forecasts and historical performance of the CGU. In the previous financial year, an impairment loss of \$4,755,000 was recognised in the Group’s profit or loss caused mainly by the intense competition among local and overseas construction players.

## 7. INTANGIBLE ASSETS

Intangible assets comprise construction contracts of \$935,000 and software of \$3,000, both of which were fully amortised in prior financial years. Construction contracts arose from the acquisition of the remaining equity interests in a former associate, ATSB, and were amortised to profit or loss based on the contract period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 \$'000	2019 \$'000
Unquoted equity investments, at cost	29,932	29,932
Allowance for impairment losses	(13,207)	(13,207)
Carrying amount of investments	16,725	16,725
Due from subsidiaries – non-trade	21,126	21,706
	<b>37,851</b>	<b>38,431</b>

### Non-trade receivables from subsidiaries

The amount comprised advances made to subsidiaries in the property segment which were unsecured, interest-free and with no fixed terms of repayment. The settlement of these advances will be made upon the realisation of the investments held by the subsidiaries in the future. The balances are accounted for as part of the net investment in the subsidiaries and not expected to be repaid within the next 12 months.

Movements in the allowance for impairment losses are as follows:

	Company	
	2020 \$'000	2019 \$'000
At 1 January	13,207	9,364
Impairment loss recognised during the financial year	–	3,843
At 31 December	<b>13,207</b>	<b>13,207</b>

### Impairment testing

At the end of each reporting period, where there are indicators of impairment, management determined the recoverable amount using the higher of fair value less costs of disposal ("FVLCD") or VIU method. In respect of the property segment, management uses the FVLCD method where the fair value of the underlying investments was estimated based on the information available at the reporting date. In respect of the construction and engineering segment, the recoverable amount was determined using the VIU method. Management views ATSB and ATSC as one CGU and the recoverable amount was \$14,182,000 (2019: \$14,182,000) as at 31 December 2020. The key estimates and assumptions used in the VIU were as disclosed below. Actual outcome could vary from these estimates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Impairment testing (Continued)

	2020 %	2019 %
Revenue growth rate		
– within the next financial year	<b>40.0</b>	0.7
– second to fifth financial year	<b>2.0</b>	2.0
Earnings before interest, tax, depreciation and amortisation margin	<b>3.5 to 5.0</b>	5.0 to 7.0
Terminal growth rate	<b>0</b>	2.0
Discount rate	<b>6.0</b>	8.0

During the financial year, the financial performance was affected by the progress of the construction projects caused by COVID-19 pandemic and as a result, revenue growth rate for 2021 was projected at 40% based on secured construction projects which have either commenced or scheduled to commence. Management estimated the discount rates using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates from year 2 to year 5 are based on country growth forecasts and historical performance of CGU.

The VIU prepared by management are most sensitive to discount rate and revenue growth rate as follows:

- If the discount rate increases from 6.0% to 8.4% with other variables held constant, the carrying amount will decrease by approximately \$818,000.
- If revenue growth rate for 2021 increases by 20% instead of 40%, and 1% thereafter from year 2 to year 5, with other variables held constant, the carrying amount will decrease by approximately \$416,000.

In the previous financial year, an allowance for impairment loss of \$3,843,000 was recognised in the Company's profit or loss due to the intense competition among local and overseas construction players.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of significant subsidiaries are as follows:

Name of subsidiaries	Country of incorporation and principal place of business	Principal activities	Proportion of equity interest	
			2020 %	2019 %
<b><i>Held by the Company</i></b>				
Suntex Investment Co., Ltd <sup>(2)</sup>	Cambodia	Dormant	100	100
Ang Tong Seng Brothers Enterprises Pte Ltd <sup>(1)</sup>	Singapore	Building and civil engineering contractors	100	100
Ocean Sky Properties Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding	100	100
<b><i>Held by Ang Tong Seng Brothers Enterprises Pte Ltd</i></b>				
Ang Tong Seng Construction Pte. Ltd. <sup>(1)</sup>	Singapore	Civil engineering contractors and wholesales/leasing of construction-related machinery and materials	100	100
<b><i>Held by Ocean Sky Properties Pte. Ltd.</i></b>				
Pacific Sky Investment Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding	100	100
Arctic Sky Investment Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding	100	100
Atlantic Sky Investment Pte. Ltd. <sup>(1)</sup>	Singapore	Property development	100	100
Ocean Sky Properties (AUS) Holdings Pty Ltd <sup>(3)</sup>	Australia	Investment holding	100	–
Ocean Sky Properties (AUS) Pty Ltd <sup>(3)</sup>	Australia	Investment holding	100	–
<b><i>Held by Ocean Sky Properties (AUS) Holdings Pty Ltd</i></b>				
Ocean Sky Properties (541 Blackburn) Trust <sup>(3)</sup>	Australia	Investment holding	100	–

Notes:

(1) Audited by BDO LLP, Singapore.

(2) The subsidiary is not audited as it is dormant.

(3) The subsidiary is not audited as it qualifies for audit relief under The Australian Securities and Investments Commission ("ASIC"). Audited by BDO LLP for consolidation purposes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. INVESTMENTS IN JOINT VENTURES

	Group	
	2020 \$'000	2019 \$'000
Unquoted equity investments, at cost	534	534
Share of post-acquisition results	(3,954)	(2,524)
Currency re-alignment	(21)	7
	<b>(3,441)</b>	(1,983)
Due from joint ventures – non-trade	<b>19,594</b>	18,304
	<b>16,153</b>	16,321

### Non-trade receivables from joint ventures

The amount comprised advances made to joint ventures in the property segment which were unsecured, interest-free and with no fixed terms of repayment. The settlement of these advances will be made upon the realisation of the development properties of the joint ventures in the future. The balances are accounted for as part of the net investment in the joint ventures and not expected to be repaid within the next 12 months.

Details of the Group's significant joint ventures are as follows:

Name of joint ventures	Country of incorporation and principal place of business	Principal activities	Proportion of equity interest	
			2020 %	2019 %
<b><i>Held by Pacific Sky Investment Pte. Ltd.</i></b>				
Eco Garden Mall Co., Ltd. <sup>(2)</sup> ("EGM")	Cambodia	Property development	<b>33.33</b>	33.33
<b><i>Held by Arctic Sky Investment Pte. Ltd.</i></b>				
TSky Development Pte. Ltd. <sup>(1)(2)</sup> ("TSky")	Singapore	Investment holding	<b>40.00</b>	40.00
<b><i>Held by TSky Development Pte. Ltd.</i></b>				
TSky Balmoral Pte. Ltd. <sup>(1)(2)</sup>	Singapore	Property development	<b>28.00</b>	28.00
TSky Cairnhill Pte. Ltd. <sup>(1)(2)</sup>	Singapore	Property development	<b>20.40</b>	20.40

Notes:

<sup>(1)</sup> Audited by KPMG, Singapore, for statutory audit purposes.

<sup>(2)</sup> Audited by BDO LLP for consolidation purposes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised financial information in relation to the joint ventures are presented below:

	TSky and its joint ventures \$'000	EGM \$'000	Total \$'000
<b>2020</b>			
Current assets	386	332	718
Non-current assets	39,982	2,566	42,548
Current liabilities	(312)	(81)	(393)
Non-current liabilities	(48,799)	(2,648)	(51,447)
Net (liabilities)/assets attributable to parents of the joint ventures	(8,743)	169	(8,574)
<i>Included in the above amounts are:</i>			
– Cash and cash equivalents	342	48	390
– Current financial liabilities	312	81	393
– Non-current financial liabilities (excluding trade and other payables and provisions)	48,799	2,648	51,447
Revenue	624	70	694
Loss for the financial year, representing total comprehensive income	(3,418)	(188)	(3,606)
<i>Included in the above amounts are:</i>			
– Interest expense	(1,525)	–	(1,525)
<b>2019</b>			
Current assets	766	3,109	3,875
Non-current assets	37,968	–	37,968
Current liabilities	(482)	(52)	(534)
Non-current liabilities	(43,502)	(2,707)	(46,209)
Net (liabilities)/assets attributable to parents of the joint ventures	(5,250)	350	(4,900)
<i>Included in the above amounts are:</i>			
– Cash and cash equivalents	426	51	477
– Current financial liabilities	482	52	534
– Non-current financial liabilities (excluding trade and other payables and provisions)	2,568	2,707	5,275
Revenue	1,007	34	1,041
Loss for the financial year, representing total comprehensive income	(4,510)	(9)	(4,519)
<i>Included in the above amounts are:</i>			
– Interest expense	(2,510)	–	(2,510)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures.

### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in the joint ventures, is as follows:

	<b>TSky and its joint ventures</b>	<b>EGM</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2020</b>			
Proportion of Group ownership	40.00%	33.33%	
Net assets attributable to joint venturers	(8,743)	169	
Interest in joint ventures	(3,497)	56	
Carrying value	(3,497)	56	(3,441)
Due from joint ventures – non-trade			19,594
Carrying value of Group's interest in joint ventures			<u>16,153</u>
<b>2019</b>			
Proportion of Group ownership	40.00%	33.33%	
Net assets attributable to joint venturers	(5,250)	350	
Interest in joint ventures	(2,100)	117	
Carrying value	(2,100)	117	(1,983)
Due from joint ventures – non-trade			18,304
Carrying value of Group's interest in joint ventures			<u>16,321</u>

## 10. DEVELOPMENT PROPERTY

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Land cost	–	4,339
Development costs	–	2,164
	–	<u>6,503</u>

Development property was pledged as security for Term Loan III granted to the Group as disclosed in Note 15 to the financial statements. During the financial year, the Group sold the development property for a consideration of \$6,880,000 (Note 20).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables				
– Third parties	3,119	2,451	–	–
– Accrued income	2,158	3,374	–	–
– Retention sums	4,040	3,909	–	–
– Related company	49	–	–	–
Loss allowance	(14)	(14)	–	–
	<b>9,352</b>	9,720	–	–
Other receivables				
– Third parties	159	76	80	20
– Subsidiaries	–	–	9,706	3,271
Deposits	92	78	–	–
Government grant receivables	234	–	9	–
Prepayments	306	3,393	54	57
Total trade and other receivables	<b>10,143</b>	13,267	<b>9,849</b>	3,348
Less:				
Government grant receivables	(234)	–	(9)	–
Prepayments	(306)	(3,393)	(54)	(57)
Add:				
Cash and cash equivalents	20,575	18,231	9,088	15,446
Total financial assets carried at amortised cost	<b>30,178</b>	28,105	<b>18,874</b>	18,737

Trade receivables are non-interest bearing and generally have credit terms of 30 to 60 days (2019: 30 to 60 days). Accrued income represents unbilled revenue from work performed by the Group which has been certified by surveyor before the reporting date. Retention receivables are classified as current assets because they are expected to be realised in the normal operating cycle of the Group.

Other receivables due from subsidiaries represent payment on behalf of the subsidiaries, which are unsecured, non-interest bearing and repayable upon demand. In the previous financial year, prepayments comprised mainly advance payment of \$3,070,000 made for acquisition of investment property in Melbourne, Australia (Note 5).

The government grant receivables are related to Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers to help them retain their employees during the period of economic uncertainty. In determining the timing of recognition of the JSS grant income, the management assessed that the Group is impacted from April 2020 onwards following the circuit-breaker measure, and hence JSS grant income is recognised in the consolidated statement of comprehensive income from the month of April 2020 onwards.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group provides for lifetime expected credit losses for trade receivables based on the Group's historical observed default rates which is adjusted with forward-looking information. At each reporting date, management had assessed the expected credit loss to be insignificant. The loss allowance at the end of each reporting period represents allowances made for trade receivables that are credit impaired. There is no change in the estimation techniques made in assessing loss allowance during the financial year.

Movement in the loss allowance for third party trade receivables for the Group:

	Group	
	2020 \$'000	2019 \$'000
At 1 January	14	18
Loss allowance reversed	–	(4)
At 31 December	14	14

The currency profiles of trade and other receivables at end of the reporting period were as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore dollar	9,882	10,039	238	3,348
Australian dollar	261	3,208	9,611	–
United States dollar	–	20	–	–
	10,143	13,267	9,849	3,348

## 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the statements of financial position and consolidated statement of cash flows comprise the following:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash on hand and bank balances	20,575	7,537	9,088	4,752
Fixed deposits	–	10,694	–	10,694
	20,575	18,231	9,088	15,446

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 12. CASH AND CASH EQUIVALENTS (CONTINUED)

The currency profiles of cash and cash equivalents at end of the reporting period were as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore dollar	15,632	13,477	4,431	10,696
United States dollar	4,659	4,754	4,656	4,750
Australian dollar	284	–	1	–
	<b>20,575</b>	18,231	<b>9,088</b>	15,446

Banker's performance guarantees issued in favour of customers amounted to \$587,000 (2019: \$587,000). Fixed deposits in the previous financial year earned interest ranging from 1.26% to 2.33% per annum and had tenures from 30 to 90 days.

## 13. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables				
– Third parties	3,642	5,116	–	–
– Retention sums	1,007	695	–	–
Other payables				
– Third parties	403	280	55	60
– Subsidiaries	–	–	23,791	24,323
– Penalty and interest	1,418	324	–	–
Goods and services tax payable	608	109	–	3
Accrued expenses	1,257	1,478	143	349
Accrued Directors' fee	41	40	41	40
Total trade and other payables	<b>8,376</b>	8,042	<b>24,030</b>	24,775
Less:				
– Goods and services tax payable	(608)	(109)	–	(3)
– Penalty and interest payable	(1,418)	(324)	–	–
Add:				
– Bank term loans	24,847	12,816	–	–
– Lease liabilities	1,772	1,957	149	218
Total financial liabilities carried at amortised cost	<b>32,969</b>	22,382	<b>24,179</b>	24,990

Trade payables due to third parties are non-interest bearing and are generally settled on 30 to 60 (2019: 30 to 60) days' credit terms.

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 13. TRADE AND OTHER PAYABLES (CONTINUED)

During the financial year, the Group received a notice of tax reassessment from the General Department of Taxation (“GDT”) of Cambodia for a penalty and interest imposed on the outstanding tax payable in relation to the disposal of land by a subsidiary in Cambodia in 2017. This amount will be repaid within the next financial year.

The currency profiles of trade and other payables at end of the reporting period were as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore dollar	6,782	7,651	24,030	24,775
United States dollar	1,469	384	–	–
Australian dollar	118	–	–	–
Others	7	7	–	–
	<b>8,376</b>	8,042	<b>24,030</b>	24,775

## 14. PROVISIONS

Movements in provisions are as follows:

	Group		
	Defects liability \$'000	Contract losses \$'000	Total \$'000
<b>2020</b>			
At 1 January	306	200	506
Addition during the financial year	139	–	139
Utilised during the financial year	(90)	–	(90)
Written back during the financial year	–	(200)	(200)
At 31 December	<b>355</b>	–	<b>355</b>
<b>2019</b>			
At 1 January	319	100	419
Addition during the financial year	–	100	100
Utilised during the financial year	(12)	–	(12)
Written back during the financial year	(1)	–	(1)
At 31 December	<b>306</b>	200	<b>506</b>

The provision for defects liability represents the best estimate of the Group’s contractual obligations at each reporting date based on historical level of rectification work, typically for a period of 12 to 24 months after the completion of the projects.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 14. PROVISIONS (CONTINUED)

The provision for contract losses represents the estimated losses arising from onerous contracts where the estimated costs to complete the contract exceed the economic benefits expected to be received under it.

The assumptions used to estimate the above provisions are reviewed periodically in light of actual experience.

## 15. BANK TERM LOANS

	Group	
	2020 \$'000	2019 \$'000
<b>Current</b>		
<i>Secured</i>		
Term loan I	–	136
Term loan II	336	270
Term loan III	–	3,821
Term loan IV	318	–
Term loan V	595	–
	<b>1,249</b>	<b>4,227</b>
<b>Non-current</b>		
<i>Secured</i>		
Term loan I	–	3,006
Term loan II	5,430	5,583
Term loan IV	4,682	–
Term loan V	13,486	–
	<b>23,598</b>	<b>8,589</b>
	<b>24,847</b>	<b>12,816</b>
<b>Effective interest rate per annum</b>		
Bank term loans	<b>1.39%</b> to <b>2.46%</b>	2.62% to 3.50%

### Term loan I

Term loan I was repayable in 300 monthly instalments commencing 8 August 2012 and secured against the investment property in Singapore which was disposed of during the year (Note 5). Term loan I was fully settled during the financial year.

### Term loan II

Term loan II is repayable in 360 monthly instalments commencing 13 September 2016 and secured against the leasehold property in Singapore of \$7,456,000 (2019: \$7,659,000) (Note 4).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 15. BANK TERM LOANS (CONTINUED)

### Term loan III

Term loan III was repayable in one lump sum after 36 months from first drawdown or on 7 months after the issuance of the Temporary Occupation Permit or on 2 May 2020. Term loan III was secured against the development property (Note 10) which was sold and fully settled during the financial year.

### Term loan IV

Term loan IV is repayable in 60 monthly instalments commencing 13 September 2021 after initial 12 months interest servicing period.

### Term loan V

Term loan V is repayable semi-annually amounting to \$254,000 starting 6 months from 3 March 2020 and remaining balance repayable in full by 3 March 2023. Term loan V is secured against the investment property of \$21,374,000 (2019: \$Nil) (Note 5).

At each reporting date, the fair value of bank term loans approximates the carrying amount as the interest rate approximates the prevailing market rate.

The currency profiles of bank term loans as at the end of reporting period were as follows:

	Group	
	2020 \$'000	2019 \$'000
Singapore dollar	10,766	12,816
Australian dollar	14,081	–
	<b>24,847</b>	12,816

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 16. LEASE LIABILITIES

Group	Leasehold	Plant and	Motor vehicles	Total
	land	machinery		
	\$'000	\$'000	\$'000	\$'000
At 1 January 2020	1,364	124	469	1,957
Additions	–	156	–	156
Interest expense	35	5	33	73
Lease payments				
– Principal portion	(21)	(170)	(150)	(341)
– Interest portion	(35)	(5)	(33)	(73)
At 31 December 2020	1,343	110	319	1,772
At 1 January 2019	1,385	410	370	2,165
Additions	–	–	294	294
Interest expense	35	15	23	73
Lease payments				
– Principal portion	(21)	(286)	(195)	(502)
– Interest portion	(35)	(15)	(23)	(73)
At 31 December 2019	1,364	124	469	1,957

Company	Motor vehicles	
	2020	2019
	\$'000	\$'000
At 1 January	218	180
Additions	–	121
Interest expense	12	10
Lease payments		
– Principal portion	(69)	(83)
– Interest portion	(12)	(10)
At 31 December	149	218



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 16. LEASE LIABILITIES (CONTINUED)

The maturity analysis of lease liabilities at each reporting date was as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Contractual undiscounted cash flows</b>				
– Within one year	255	370	76	81
– Within two to five years	496	477	95	136
– After five years	1,795	1,955	–	35
	<b>2,546</b>	2,802	<b>171</b>	252
Less: Future interest expense	(774)	(845)	(22)	(34)
Present value of lease liabilities	<b>1,772</b>	1,957	<b>149</b>	218
Presented in the statement of financial position				
– Current	201	305	65	67
– Non-current	1,571	1,652	84	151
	<b>1,772</b>	1,957	<b>149</b>	218

The Group leases a piece of land in Singapore. It is customary for lease contract to provide payment to increase each year by inflation, to be reset periodically to market rental rates or fixed payments.

The Group also leases plant and machinery and motor vehicles with only fixed payments over the lease terms.

The Group leases dormitories on the short-term basis (i.e. 6 to 12 months) in order to provide accommodation for workers. The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operations.

As at 31 December 2020, the incremental borrowing rate range from 2.56% to 5.62% (2019: 2.56% to 3.99%). If the incremental borrowing rate was 0.5% higher or lower than management's estimate, the Group's lease liabilities would have been lower by \$99,000 (2019: \$103,000) or higher by \$111,000 (2019: \$115,000).

The Group's and the Company's lease liabilities of \$429,000 (2019: \$593,000) and \$149,000 (2019: \$218,000) respectively are secured by the leased assets (Note 4), which will revert to the lessors in the event of default by the Group or the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 17. DEFERRED TAX LIABILITIES

	Group	
	2020 \$'000	2019 \$'000
At 1 January	103	14
(Credit)/Charge to profit or loss	(67)	89
At 31 December	36	103

The following are the major deferred tax liabilities/(assets) recognised by the Group and the movements during the financial year.

	Accelerated tax depreciation \$'000	Group Other temporary differences \$'000	Total \$'000
At 1 January 2020	147	(44)	103
(Credit)/Charge to profit or loss	(85)	18	(67)
At 31 December 2020	62	(26)	36
At 1 January 2019	58	(44)	14
Charge to profit or loss	89	–	89
At 31 December 2019	147	(44)	103

Deferred tax liabilities are attributable to temporary differences between the tax written down values and the carrying amounts of the property, plant and equipment computed at the statutory income tax rate of 17%.

## 18. SHARE CAPITAL

	Group and Company	
	2020 \$'000	2019 \$'000
<b>Issued and fully paid</b>		
430,583,096 ordinary shares at beginning and end of financial year	55,167	55,167

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

As at 31 December 2020, the Company has outstanding warrants of 105,642,794, convertible into 105,642,794 shares of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 19. RESERVES AND ACCUMULATED LOSSES

	Group	
	2020 \$'000	2019 \$'000
Foreign currency translation reserve	(1,105)	(601)
Revaluation reserve	–	121
	<b>(1,105)</b>	<b>(480)</b>

### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### Revaluation reserve

The revaluation reserve represents the increase in the fair value of leasehold property, prior to the change in use from property, plant and equipment to investment property.

### Accumulated losses

Movements in the Company's accumulated losses are as follows:

	Company Accumulated losses	
	2020 \$'000	2019 \$'000
At 1 January	(22,577)	(17,242)
Profit/(Loss) for the financial year	258	(5,335)
At 31 December	<b>(22,319)</b>	<b>(22,577)</b>

## 20. REVENUE

### Disaggregation of revenue

The Group has disaggregated revenue into various categorical in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data; and
- enable users to understand the relationship with revenue segment information provided in Note 30 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 20. REVENUE (CONTINUED)

### Disaggregation of revenue (Continued)

Segment	Group					
	Construction and engineering		Property		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Type of good or service</i>						
Over time						
– Contract revenue	15,675	23,445	–	–	15,675	23,445
Point in time						
– Sales of construction materials	1	1	–	–	1	1
– Sales of development property	–	–	6,880	–	6,880	–
Lease income	24	109	1,374	264	1,398	373
	<b>15,700</b>	<b>23,555</b>	<b>8,254</b>	<b>264</b>	<b>23,954</b>	<b>23,819</b>

The Group has applied the practical expedient not to disclose information about its remaining performance obligation as the Group recognised revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customers of the Group's performance completed to-date.

## 21. OTHER INCOME

	Group	
	2020 \$'000	2019 \$'000
Interest income	29	218
Gain on disposal of property, plant and equipment	2	212
Government grants	1,707	19
Others	54	–
	<b>1,792</b>	<b>449</b>

During the financial year, government grants comprised mainly JSS of \$965,000 to provide wage support to employers to help them retain their local employees during the period of economic uncertainty and foreign worker levy rebates of \$598,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 22. FINANCE COSTS

	Group	
	2020	2019
	\$'000	\$'000
Interest expense		
– Bank term loans	602	331
– Lease liabilities (Note 16)	73	73
	<b>675</b>	404

## 23. LOSS BEFORE INCOME TAX

Loss before income tax for the financial year is arrived at after charging/(crediting) the following:

	Group	
	2020	2019
	\$'000	\$'000
<i>Cost of services</i>		
Depreciation of property, plant and equipment	514	371
Plant and equipment written off	1	–
Provision made/(reversed) for defects liability	139	(1)
Provision (reversed)/made for contract losses	(200)	100
Material costs	2,482	6,925
Short-term leases	460	431
<i>Administrative and other operating expenses</i>		
Audit fees		
– auditors of the Company	174	176
Non-audit fees		
– auditors of the Company	46	59
Depreciation of property, plant and equipment	574	495
Fair value loss on investment property (Note 5)	2,138	50
Foreign exchange gain, net	(1,276)	(149)
Loss allowance reversed for third party trade receivables	–	(4)
Loss on disposal of investment property (Note 5)	110	–
Provision made for penalty and interest (Note 13)	1,152	–
Impairment of goodwill	–	4,755

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 24. EMPLOYEE BENEFITS EXPENSES

	Group	
	2020 \$'000	2019 \$'000
Directors' fees	161	160
Short-term employee benefits	5,728	6,864
Post-employment benefits	273	309
Other expenses	478	1,347
	<b>6,640</b>	<b>8,679</b>

The employee benefits expenses are recognised in the following line items of profit or loss:

	Group	
	2020 \$'000	2019 \$'000
Cost of services	4,983	6,272
Administrative and other operating expenses	1,657	2,407
	<b>6,640</b>	<b>8,679</b>

The remuneration of Directors and other members of the key management personnel of the Company during the financial year was as follows:

	Group	
	2020 \$'000	2019 \$'000
Directors of the Company		
– Short-term employee benefits	702	928
– Post-employment benefits	12	25
Other key management personnel		
– Short-term employee benefits	48	–
– Post-employment benefits	7	–
	<b>769</b>	<b>953</b>

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 25. INCOME TAX EXPENSE

	Group	
	2020 \$'000	2019 \$'000
Current tax:		
– Current year	–	21
– Under/(Over) provision in prior years	264	(29)
	264	(8)
Deferred tax:		
– Current year	(67)	70
– Under provision in prior years	–	19
	(67)	89
Total income tax expense	197	81

Income tax expense is calculated at 17% (2019: 17%) of the estimated assessable profit for the financial year.

### Reconciliation of effective tax rate

	Group	
	2020 \$'000	2019 \$'000
Loss before income tax	(4,073)	(8,283)
Income tax using Singapore tax rate of 17% (2019: 17%)	(692)	(1,408)
Deferred tax asset not recognised	175	128
Effect of income not subject to tax	(252)	(10)
Effect of expenses not deductible for tax purposes	924	1,434
Income tax exemption	–	(25)
Effect of different tax rates in other countries	(218)	–
Under/(Over) provision of current income tax in prior years	264	(29)
Under provision of deferred tax in prior years	–	19
Others	(4)	(28)
	197	81

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 25. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets arise as a result of:

	Group	
	2020 \$'000	2019 \$'000
Property, plant and equipment	196	289
Unutilised capital allowance	85	-
Unutilised tax losses	583	373
Others	91	118
	<b>955</b>	<b>780</b>

As at 31 December 2020, the Group had unutilised tax losses of approximately \$3,432,000 (2019: \$2,196,000) and other temporary differences of approximately \$2,012,000 (2019: \$2,392,000) that are available for offset against future taxable profits of the Group, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations. No deferred tax asset has been recognised on these tax losses and other temporary differences as it is uncertain that there will be sufficient future taxable profits to realise these future benefits. There is no expiry to the unutilised tax losses.

At each reporting date, the temporary difference associated with undistributed earnings of a subsidiary for which deferred tax liabilities have not been recognised was \$1,325,000 (2019: \$1,843,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

## 26. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the parent is based on the following data:

	Group	
	2020	2019
<b>Loss</b>		
Loss for the financial year attributable to owners of the parent (\$'000)	<b>(4,270)</b>	(8,364)
<b>Number of shares</b>		
Actual number of ordinary shares in issue ('000)	<b>430,583</b>	430,583
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share ('000)	<b>430,583</b>	430,583
<b>Loss per share</b>		
Basic and diluted (cents)	<b>(0.99)</b>	(1.94)

The Group was in a loss making position for the financial year ended 31 December 2020. As such, the potential ordinary shares to be converted arising from the outstanding warrants as at 31 December 2020 were anti-dilutive. Diluted earnings per share is the same as the basic earnings per share.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 27. LEASE ARRANGEMENTS

### The Group as lessee

As at 31 December 2020, the Group had aggregated undiscounted commitments for short-term leases amounting to \$325,000 (2019: \$242,000).

### The Group as lessor

At each reporting date, the Group has contracted with tenants for the following minimum lease receivables:

	Group	
	2020 \$'000	2019 \$'000
Within one year	1,173	132
Within two to five years	1,740	–
More than five years	1,606	–
	<b>4,519</b>	132

The lease for the investment property was negotiated for a term of 2 to 10 years commencing with no arrangement on contingent rents. Lease payments will be reviewed upon renewal to reflect market rentals.

## 28. CONTINGENT LIABILITIES

### Corporate guarantee

The Company has provided a corporate guarantee of \$13,391,000 (2019: \$16,567,000) to a bank for which a loan of \$11,353,000 (2019: \$13,402,000) was utilised by a subsidiary. The financial guarantee has not been recognised in the financial statements of the Company as the credit risk of default payment by the subsidiary is assessed to be low.

### Tax assessment in relation to dividends attributable to the Group

During the financial year ended 31 December 2018, a subsidiary in Cambodia received a notice of tax reassessment for the financial year ended 31 December 2014 ("Tax Reassessment") from the Large Taxpayers Department ("LTD") of the GDT, Cambodia, of approximately \$1,169,000 for the withholding tax on deemed dividend distribution to the Company, including related penalty and interest. The management had submitted an objection letter subsequently on the basis that there are no specific tax provisions and legal basis for the LTD to deem such dividend distribution as the dividend has not been paid.

Nonetheless, the management had, without admission of the correctness of the Tax Reassessment received and pending clarification from the LTD, made a provision of \$293,000 in relation to the withholding tax and \$327,000 for related penalty and interest in the financial year ended 31 December 2018. The respective amounts recognised in the statement of financial position under "Current income tax payable" and "Trade and other payables" as at 31 December 2020 were \$284,000 and \$316,000 (2019: \$290,000 and \$324,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 29. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The outstanding balances with related parties at each reporting date are unsecured, interest-free and with no fixed terms of repayment, unless otherwise stated.

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions during the financial year:

	Group	
	2020 \$'000	2019 \$'000
<b><u>Substantial shareholder</u></b>		
Demolition works, earthwork and disposal of materials for Mr Ang Boon Cheow Edward*	–	26

\* Mr Ang Boon Cheow Edward is a controlling shareholder of the Company and the Executive Chairman and CEO of the Group.

## 30. SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, Australia and Cambodia. Singapore remains as the Corporate Headquarters and with various subsidiaries engaged in the construction and engineering business as well as property business, while Australia is engaged in property business.

The Group has two reportable segments being construction and engineering as well as property.

The construction and engineering segment is in the business of building and civil engineering contractors.

The property segment is in the business of leasing of properties and development of properties.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. SEGMENT REPORTING (CONTINUED)

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation. Profit or loss is reviewed after elimination of intersegment transactions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. SEGMENT REPORTING (CONTINUED)

	Note	Construction and engineering \$'000	Property \$'000	Unallocated \$'000	Consolidated \$'000
<b>2020</b>					
<b>Revenue</b>					
Revenue from external customers		15,700	8,254	–	23,954
Total revenue		15,700	8,254	–	23,954
<b>Results</b>					
Segment results	A	1,252	(196)	173	1,229
Interest income		–	–	29	29
Interest expense		(211)	(452)	(12)	(675)
Depreciation of property, plant and equipment		(959)	–	(129)	(1,088)
Fair value loss on investment property		–	(2,138)	–	(2,138)
Share of results of joint ventures		–	(1,430)	–	(1,430)
<b>Profit/(Loss) before income tax</b>		<b>82</b>	<b>(4,216)</b>	<b>61</b>	<b>(4,073)</b>
Income tax expense					(197)
<b>Loss for the financial year</b>					<b>(4,270)</b>
<b>Capital expenditure</b>					
Additions to non-current assets	B	141	22,407	10	22,558
<b>Assets and liabilities</b>					
Segment assets	C	31,146	39,145	9,483	79,774
Segment liabilities	D	19,003	19,342	635	38,980
Deferred tax liabilities					36
Total liabilities					39,016

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. SEGMENT REPORTING (CONTINUED)

	Note	Construction and engineering \$'000	Property \$'000	Unallocated \$'000	Consolidated \$'000
<b>2019</b>					
<b>Revenue</b>					
Revenue from external customers		23,555	264	–	23,819
Total revenue		23,555	264	–	23,819
<b>Results</b>					
Segment results	A	809	171	(1,599)	(619)
Interest income		–	–	218	218
Interest expense		(248)	(146)	(10)	(404)
Depreciation of property, plant and equipment		(750)	–	(116)	(866)
Fair value loss on investment property		–	(50)	–	(50)
Share of results of joint ventures		–	(1,807)	–	(1,807)
Impairment of goodwill		(4,755)	–	–	(4,755)
<b>Loss before income tax</b>		(4,944)	(1,832)	(1,507)	(8,283)
Income tax expense					(81)
<b>Loss for the financial year</b>					(8,364)
<b>Capital expenditure</b>					
Additions to non-current assets	B	1,354	–	202	1,556
<b>Assets and liabilities</b>					
Segment assets	C	24,683	31,842	15,886	72,411
Segment liabilities	D	14,964	10,894	918	26,776
Deferred tax liabilities					103
Total liabilities					26,879

Notes:

- Unallocated segment results comprise mainly Corporate Headquarter expenses.
- Additions to non-current assets consist of additions to property, plant and equipment and investment property.
- Unallocated segment assets comprise mainly cash and bank balances held at the Corporate Headquarter.
- Unallocated segment liabilities comprise mainly lease liabilities and trade and other payables at the Corporate Headquarter.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. SEGMENT REPORTING (CONTINUED)

### Geographic information

#### Revenue by geographical market

	Singapore \$'000	Australia \$'000	Cambodia \$'000	Consolidated \$'000
<b>2020</b>				
Construction and engineering	15,700	–	–	15,700
Property	7,100	1,154	–	8,254
<b>2019</b>				
Construction and engineering	23,555	–	–	23,555
Property	264	–	–	264

#### Location of non-current assets

	Singapore \$'000	Australia \$'000	Cambodia \$'000	Consolidated \$'000
<b>2020</b>				
Non-current assets	26,492	21,374	1,014	48,880
<b>2019</b>				
Non-current assets	33,149	–	1,037	34,186

Non-current assets consist of property, plant and equipment, investment property and investments in joint ventures.

### Major customer

The Group's revenue from construction and engineering segment of \$15,700,000 (2019: \$23,555,000) are derived from various customers in Singapore. The Group derives revenue from 2 (2019: 2) major customers from the construction and engineering segment who contributed revenue amounting more than 10% of the Group's total revenue. The revenue from these customers amounted to \$2,682,000 and \$1,610,000 (2019: \$3,443,000 and \$3,416,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's activities expose it to credit risk, market risks (including foreign currency risk and interest rate risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

### 31.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. The Group assesses the credit risk of new customers before entering into contracts and generally does not require a collateral. Such credit ratings are taken into account by local business practices.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the Board of Directors.

The Board of Directors determines concentrations of credit risk by monitoring the creditworthiness rating of existing customers and through a review of the ageing analysis. In monitoring the customers' credit risk, management reviews the historical credit loss rates and adjusts for forward looking information using industry market data and customer profile so as to reflect the effects of current and future economic conditions and factors affecting the industries in which the Group is operating under. The exposure to credit risk for trade receivables at the end of the financial year was as follows:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### 31.1 Credit risk (Continued)

Group	Current	Past due less than 1 month	Past due over 1 to 2 months	Past due over 2 to 3 months	Past due over 3 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>						
Trade receivables						
– Third parties	2,432	652	13	8	14	3,119
– Related company	49	–	–	–	–	49
Retention sums	4,040	–	–	–	–	4,040
<b>2019</b>						
Trade receivables						
– Third parties	1,258	1,160	1	–	32	2,451
Retention sums	3,909	–	–	–	–	3,909

Trade receivables and retention sums for the construction and engineering segment are subject to immaterial credit loss.

For advances made to subsidiaries and joint ventures, management has taken into account information that it has available internally about the past, current and expected operating performance and cash flow position. Management monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from subsidiaries and joint ventures, by considering their financial performance and any default in external debt. For those where the credit risk has not increased significantly since initial recognition, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. There is no change in the estimation techniques made in assessing loss allowance during the financial year.

Credit risk also arises from cash and bank balances with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "AA-" are accepted and hence, subjected to immaterial credit loss.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### 31.2 Liquidity risk

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of receipts and payments. The Group manages liquidity risks by keeping committed lines of credit available.

The following table details the Group and the Company's remaining contractual maturity for its financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay. The table includes both interest and principal cash flows.

	Within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<b>Group</b>				
<b><u>Financial liabilities</u></b>				
Trade and other payables <sup>(1)</sup>	6,350	–	–	6,350
Lease liabilities	255	496	1,795	2,546
Bank term loans	1,771	20,466	4,341	26,578
<b>As at 31 December 2020</b>	<b>8,376</b>	<b>20,962</b>	<b>6,136</b>	<b>35,474</b>
<b><u>Financial liabilities</u></b>				
Trade and other payables <sup>(1)</sup>	7,609	–	–	7,609
Lease liabilities	370	477	1,955	2,802
Bank term loans	4,507	2,686	8,123	15,316
<b>As at 31 December 2019</b>	<b>12,486</b>	<b>3,163</b>	<b>10,078</b>	<b>25,727</b>
<b>Company</b>				
<b><u>Financial liabilities</u></b>				
Trade and other payables	24,030	–	–	24,030
Lease liabilities	76	95	–	171
<b>As at 31 December 2020</b>	<b>24,106</b>	<b>95</b>	<b>–</b>	<b>24,201</b>
Financial guarantee contract	11,353	–	–	11,353
<b><u>Financial liabilities</u></b>				
Trade and other payables	24,772	–	–	24,772
Lease liabilities	81	136	35	252
<b>As at 31 December 2019</b>	<b>24,853</b>	<b>136</b>	<b>35</b>	<b>25,024</b>
Financial guarantee contract	13,402	–	–	13,402

Note:

<sup>(1)</sup> Excludes goods and services tax payable and penalty and interest payable

The disclosed amounts for the financial guarantee contract represent the banking facility utilised by a subsidiary which could be called upon in the event of default.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### 31.3 Foreign currency risk

The Group has foreign currency exposures arising from monetary assets and liabilities that are denominated in a currency other than the respective functional currencies of Group entities, primarily the United States dollar and Australian dollar.

The Group does not have a formal hedging policy against foreign exchange fluctuations. The Group continuously monitors the exchange rates on a daily basis so as to realise the currencies at the most favourable exchange rate.

The Group's and the Company's exposure from foreign currency denominated monetary assets and monetary liabilities as at the end of the reporting period was as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Monetary assets</b>				
United States dollar	4,656	4,774	4,656	2,057
Australian dollar	1	3,208	9,162	–
<b>Monetary liabilities</b>				
United States dollar	1,469	384	–	–

#### Foreign currency sensitivity analysis

The Group is mainly exposed to United States dollar (USD) and Australian dollar (AUD) denominated monetary assets and liabilities.

The following table details the Group's sensitivity to 2% (2019: 2%) change in USD and AUD against Singapore dollar. The sensitivity analysis assumes an instantaneous change in the foreign currency exchange rates from the end of the reporting period, with all variables held constant. The results of the model are also constrained by the fact that only monetary items, including external loans and loans to foreign operations, which are denominated in USD and AUD are included in the analysis.

	← Increase/(Decrease) →			
	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>USD</b>				
Strengthens against SGD	64	88	93	41
Weakens against SGD	(64)	(88)	(93)	(41)
<b>AUD</b>				
Strengthens against SGD	–*	64	183	–
Weakens against SGD	–*	(64)	(183)	–

\* Amount less than \$1,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

### 31.4 Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to bank term loans as shown in Note 15 to the financial statements. The Company is not exposed to interest rate risk as it does not have any bank borrowings at the end of the reporting period.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

#### *Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 100 basis points change in the interest rates from the end of the reporting period, with all variables held constant.

The table below demonstrates the sensitivity to a reasonably possible change in interest rate with all other variables held constant, of the Group's profit before tax (through the impact on interest expense on floating rate bank term loans for investment property) and the Group's equity (through the impact on capitalisation of interest expense on floating rate bank term loans for development property and the interest expense on floating rate bank term loans for investment property).

	<b>Increase/ decrease in basis points</b>	<b>Group Effect on (loss)/ profit before tax \$'000</b>	<b>Effect on equity \$'000</b>
<b>31 December 2020</b>			
Bank term loans	+100	(248)	(206)
Bank term loans	-100	248	206
<b>31 December 2019</b>			
Bank term loans	+100	(82)	(68)
Bank term loans	-100	82	68

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 32. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group and the Company have complied with all externally-imposed capital requirements which comprise loan covenants imposed by banks in respect of bank term loans granted to certain subsidiaries for the financial years ended 31 December 2020 and 2019. The Group's overall strategy remains unchanged from 2019.

## 33. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The management of the Group has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The carrying amounts of the Group's bank term loans approximate its fair value as they are mostly at floating interest rates.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

### *Fair value hierarchy*

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 34. CAPITAL COMMITMENTS

At each reporting date, commitments in respect of capital expenditure are as follows:

	Group	
	2020 \$'000	2019 \$'000
Group's share of joint ventures' capital commitments	671	1,120
Capital expenditure contracted but not provided for commitments for the development project by joint venture	10,700	7,766

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 35. IMPACT OF COVID-19 PANDEMIC

The Building and Construction Authority (“BCA”) has projected that the total construction demand in 2021 to range between \$23 billion and \$28 billion<sup>(1)</sup>, an improvement from the \$21.3 billion. As reported in BCA’s press release dated 18 January 2021, the public sector is expected to drive the construction demand in 2021, to between \$15 billion and \$18 billion with an anticipated stronger demand for public housing and infrastructure projects. Some of the upcoming major public sector projects scheduled to be awarded this year include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2. The Group expects the costs of construction and other operating costs to continue on an uptrend amidst the challenging operating environment in the construction industry in the next 12 months. The pace of resumption of the construction activity has been progressing well but is still expected to continue to be limited by manpower deployment challenges and higher cost and time resources needed to comply with COVID-safe management measures. Amidst the evolving COVID-19 situation in the region, the supply chain for materials may also be disrupted. Moving forward, the Group will continue to focus on improving productivity and efficiency to enhance its competitiveness. The Group remains fully committed to the smooth execution and delivery of its existing projects.

Since, the global COVID-19 pandemic remains fluid at the date of the financial statements, it is not practicable to estimate the full financial impact of the pandemic on the Group’s business, results of operations and cash flows for the year ending 31 December 2021 as the situation continues to evolve with significant level of uncertainty.

(1) <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2021/01/18/public-sector-construction-demand-to-support-the-sector's-recovery>

## 36. EVENT SUBSEQUENT TO THE REPORTING DATE

### Fair value of investment property

The Group recorded its investment property using the fair value model. As at 31 December 2020, the market value of the investment property in Australia was \$21,374,000, as disclosed in Note 5 to the financial statements using the capitalisation approach. Following the emanation of the new strain of COVID-19, there may be an impact on the property sector. As of the date of the report, management had carried out a discussion with its independent valuer and is of the view that the fair value has not fluctuated significantly from the fair value determined for 31 December 2020.

# STATISTICS OF SHAREHOLDINGS

AS AT 25 MARCH 2021

Issued and Fully Paid-Up Capital	:	S\$64,642,088.65
No. of Shares Issued	:	430,583,096
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per Ordinary Share
No. of Treasury Shares and Subsidiary Holdings	:	Nil

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF		NO. OF SHARES	
	SHAREHOLDERS	%		%
1 – 99	13	1.17	604	0.00
100 – 1,000	57	5.14	36,521	0.01
1,001 – 10,000	442	39.89	2,776,126	0.64
10,001 – 1,000,000	578	52.17	45,723,043	10.62
1,000,001 AND ABOVE	18	1.63	382,046,802	88.73
<b>TOTAL</b>	<b>1,108</b>	<b>100.00</b>	<b>430,583,096</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ANG BOON CHEOW EDWARD	278,160,811	64.60
2	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	31,847,044	7.40
3	DBS NOMINEES (PRIVATE) LIMITED	28,580,780	6.64
4	WONG SIEW HUI	8,093,556	1.88
5	ANG SIEW TIONG	7,691,098	1.79
6	UOB KAY HIAN PRIVATE LIMITED	5,390,100	1.25
7	PHILLIP SECURITIES PTE LTD	4,276,550	0.99
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,006,500	0.70
9	TAN KIM SENG	2,500,000	0.58
10	RAFFLES NOMINEES (PTE.) LIMITED	1,790,100	0.42
11	WEE HIAN KOK	1,722,200	0.40
12	TEO HOCK HENG	1,572,200	0.37
13	YEO YEOK SOO	1,539,463	0.36
14	TAN MARK TERENCE	1,322,000	0.31
15	KWAK PING SIONG	1,215,700	0.28
16	TEO HAN ENG	1,200,000	0.28
17	SOME YEW PEW	1,117,600	0.26
18	CITIBANK NOMINEES SINGAPORE PTE LTD	1,021,100	0.24
19	HSBC (SINGAPORE) NOMINEES PTE LTD	928,990	0.22
20	PHUA CHYE TOON	926,800	0.22
	<b>TOTAL</b>	<b>383,902,592</b>	<b>89.19</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 25 MARCH 2021

## SUBSTANTIAL SHAREHOLDERS

(AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 25 MARCH 2021)

Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
ANG BOON CHEOW EDWARD <sup>(1)</sup>	278,160,811	64.60	–	–
ANG BOON CHONG <sup>(1)(2)</sup>	–	–	31,847,044	7.40

**Notes:**

(1) Mr Ang Boon Cheow Edward and Mr Ang Boon Chong are brothers.

(2) Ang Boon Chong is deemed interested in 31,847,044 shares which are owned Mr by Ang Boon Chong and registered in the name of BNP Paribas Nominees Singapore Pte. Ltd..

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 28.0% of the issued ordinary shares in the capital of the Company are held in the hands of the public as at 25 March 2021. Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has therefore been complied with.



# STATISTICS OF WARRANTHOLDINGS

AS AT 25 MARCH 2021

## DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	WARRANT HOLDERS	%	NO. OF	
			WARRANTS	%
1 – 99	1	0.75	50	0.00
100 – 1,000	5	3.79	4,300	0.00
1,001 – 10,000	40	30.30	237,950	0.23
10,001 – 1,000,000	84	63.64	8,426,175	7.98
1,000,001 AND ABOVE	2	1.52	96,974,319	91.79
<b>TOTAL</b>	<b>132</b>	<b>100.00</b>	<b>105,642,794</b>	<b>100.00</b>

## TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF	
		WARRANTS	%
1	ANG BOON CHEOW EDWARD	92,720,270	87.77
2	DBS NOMINEES (PRIVATE) LIMITED	4,254,049	4.03
3	ANG SIEW TIONG	1,000,000	0.95
4	TAN MARK TERENCE	500,000	0.47
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	445,000	0.42
6	NG SENG HONG	417,200	0.39
7	KWAK PING SIONG	405,200	0.38
8	RAFFLES NOMINEES (PTE.) LIMITED	392,500	0.37
9	TEO HOCK HENG	363,000	0.34
10	HSBC (SINGAPORE) NOMINEES PTE LTD	351,300	0.33
11	PHUA CHYE TOON	325,600	0.31
12	FOK CHEE CHEONG @ FOK CHEE CHIONG	280,000	0.27
13	TEO TECK LIAM	250,000	0.24
14	AGNES POON YU MING MRS AGNES TAN-POON YU MING	200,500	0.19
15	TAN WEE KOK	200,000	0.19
16	TAN JUI YAK	178,000	0.17
17	TAN LAY TECK JEFFREY	161,000	0.15
18	WANG KAI	135,450	0.13
19	LIM YOKE PENG	112,500	0.11
20	WOON HEE CHOY	104,000	0.10
	<b>TOTAL</b>	<b>102,795,569</b>	<b>97.31</b>

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Ocean Sky International Limited (the “Company”) will be held by way of electronic means on Wednesday, 28 April 2021, at 10:30 a.m., to transact the following businesses:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors’ Statement and the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect Ms Tan Min-Li as Director who is retiring pursuant to Article 89 of the Company’s Constitution. *[See Explanatory Note (i)]* **(Resolution 2)**
3. To re-elect Mr Chia Boon Kuah as Director who is retiring pursuant to Article 89 of the Company’s Constitution. *[See Explanatory Note (ii)]* **(Resolution 3)**
4. To re-elect Mr Toh David Ka Hock as Director who is retiring pursuant to Article 88 of the Company’s Constitution. *[See Explanatory Note (iii)]* **(Resolution 4)**
5. To re-elect Mr Tan Teng Wee as Director who is retiring pursuant to Article 88 of the Company’s Constitution. *[See Explanatory Note (iv)]* **(Resolution 5)**
6. To approve the payment of additional directors’ fee of S\$1,250 for the financial year ended 31 December 2020. *[See Explanatory Note (v)]* **(Resolution 6)**
7. To approve the payment of directors’ fee of S\$165,000 for the financial year ending 31 December 2021, payable quarterly in arrears (FY2020: S\$161,250, including additional directors’ fees of S\$1,250 referred to in item 6 above). **(Resolution 7)**
8. To re-appoint Messrs BDO LLP as independent auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**
9. To transact any other business which may properly be transacted at an annual general meeting.

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without amendments, as Ordinary Resolutions:–

# NOTICE OF ANNUAL GENERAL MEETING

## 10. Authority to issue shares and convertible securities

(Resolution 9)

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Act"), the Constitution and Rule 806 of the Catalist Rules of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the capital of the Company (the "Shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements, or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

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

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue:
  - (i) additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and
  - (ii) Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in (b)(i) above,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;

# NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such manner of calculation and adjustments 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, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) 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 the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, 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), all applicable legal requirements under the Companies Act, and otherwise, the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.”

*[See Explanatory Note (vi)]*

# NOTICE OF ANNUAL GENERAL MEETING

## 11. Proposed Renewal of Share Purchase Mandate

(Resolution 10)

“That:

(a) for the purposes of the Catalist Rules and Companies Act, Chapter 50 of Singapore (the “**Act**”), the exercise by the Directors of the Company of all the powers of the Company to use Funds (as defined hereinafter) to purchase or otherwise acquire the ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as defined hereinafter), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined hereinafter), whether by way of:

- (i) on-market purchases (each an “**On-Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
- (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit based on the requirements of Section 76C of the Act,

and in accordance with all other laws and regulations of Singapore and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next annual general meeting of the Company is held or required by the law to be held;
- (ii) the date on which the share purchases are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Purchase Mandate is revoked or varied;

# NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

“**Funds**” means internal sources of funds of the Company. Illustrations of the financial impact of the use of Funds are set out in the Appendix 1;

“**Maximum Limit**” means that number of Shares representing ten per cent. (10%) of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period (as defined hereinafter), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

“**Relevant Period**” means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or is required by law to be held or the date on which the share purchases are carried out to the full extent of the Share Purchase Mandate or the date the said mandate is revoked or varied by the Company in a general meeting, whichever is the earlier, after the date of this Resolution; and

“**Maximum Price**”, in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Purchase: 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

“**Average Closing Price**” means the average of the closing market prices of a share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the On-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) market days period;

# NOTICE OF ANNUAL GENERAL MEETING

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.”

*[See Explanatory Note (vii)]*

By Order of the Board

Chia Yau Leong  
Company Secretary

Singapore, 12 April 2021

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) **Ordinary Resolution 2** – Ms Tan Min-Li will, upon re-election as a Director of the Company, remain as the Chairman of Remuneration Committee and a member of the Audit Committee and the Nominating Committee. Ms Tan Min-Li is considered by the Board of Directors of the Company to be independent pursuant to Rule 704(7) of the Catalyst Rules. There are no relationships (including family relationships) between Ms Tan Min-Li and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect her independence. Detailed information on Ms Tan Min-Li can be found under the “Board of Directors”, “Corporate Governance” and “Disclosure of Information on Directors Seeking Re-election” sections in the Company’s Annual Report.
- (ii) **Ordinary Resolution 3** – Mr Chia Boon Kuah will, upon re-election as a Director of the Company, remain as Non-Independent Non-Executive Director and a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company. Mr Chia Boon Kuah is considered by the Board of Directors of the Company to be not independent pursuant to Rule 704(7) of the Catalyst Rules. Detailed information on Mr Chia Boon Kuah can be found under the “Board of Directors”, “Corporate Governance” and “Disclosure of Information on Directors Seeking Re-election” sections in the Company’s Annual Report.
- (iii) **Ordinary Resolution 4** – Mr Toh David Ka Hock will, upon re-election as a Director of the Company, remain as Lead Independent Director and Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating Committee. Mr Toh David Ka Hock is considered by the Board of Directors of the Company to be independent pursuant to Rule 704(7) of the Catalyst Rules. There are no relationships (including family relationships) between Mr Toh David Ka Hock and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. Detailed information on Mr Toh David Ka Hock can be found under the “Board of Directors”, “Corporate Governance” and “Disclosure of Information on Directors Seeking Re-election” sections in the Company’s Annual Report.
- (iv) **Ordinary Resolution 5** – Mr Tan Teng Wee will, upon re-election as a Director of the Company, remain as the Chairman of Nominating Committee and a member of the Audit Committee and the Remuneration Committee. Mr Tan Teng Wee is considered by the Board of Directors of the Company to be independent pursuant to Rule 704(7) of the Catalyst Rules. There are no relationships (including family relationships) between Mr Tan Teng Wee and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. Detailed information on Mr Tan Teng Wee can be found under the “Board of Directors”, “Corporate Governance” and “Disclosure of Information on Directors Seeking Re-election” sections in the Company’s Annual Report.
- (v) **Ordinary Resolution 6** – At the Annual General Meeting of the Company held on 26 June 2020, shareholders approved an amount of S\$160,000 as directors’ fees for the financial year ended 31 December 2020, to be paid quarterly in arrears. The additional directors’ fees of S\$1,250 proposed to be approved at this AGM arose due to the appointment of Mr Tan Teng Wee as an additional director to the Nominating Committee of the Company during the financial year ended 31 December 2020. The appointment of Mr Tan Teng Wee as Independent and Non-Executive Director of the Company took effect from 1 October 2020.
- (vi) **Ordinary Resolution 9**, if passed, will empower the Directors from the date of this AGM until the date of the next Annual General Meeting 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 allot and issue shares, make or grant Instruments convertible into shares and to issue share pursuant to such Instruments. The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per cent. (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company, of which the total number of shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company.
- (vii) **Ordinary Resolution 10**, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company’s issued shares from time to time subject to and in accordance with the guidelines set out in the Appendix 1 accompanying this Notice. The authority will expire at 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, unless previously revoked or waived at a general meeting.

## Notes:

- (1) The AGM 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 Trust and Debenture Holders) Order 2020. This Notice will be sent to members by electronic means via publication on the Company’s corporate website at <https://www.oceanskyintl.com> and is also made available on SGXNET. A printed copy of this Notice of AGM will not be despatched to members of the Company.
- (2) Due to the current Covid-19 restriction order in Singapore, members will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying Proxy Form for the AGM may be accessed at the Company’s website at <https://www.oceanskyintl.com> or at the SGX website at <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution 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.



# NOTICE OF ANNUAL GENERAL MEETING

- (3) Members who wish to observe and/or listen to the AGM proceedings through a live audio-visual webcast must pre-register at the Company's pre-registration website at <https://conveneagm.com/sg/oceanskyintl> by 10:30 p.m. on 23 April 2021 ("**Registration Deadline**") to enable the verification of members' status.

Following the verification, authenticated members will receive a confirmation via email which contains the instructions to access the live audio-visual webcast of the AGM proceedings and link to access the live webcast of the AGM proceedings by 26 April 2021. Members who do not receive a confirmation email by 26 April 2021, but have registered by the Registration Deadline, should contact the Company at the email address: [2021agm@oceanskyintl.com](mailto:2021agm@oceanskyintl.com) for assistance.

- (4) Persons who hold shares of the Company through relevant intermediaries (as defined in section 181 of the Companies Act, Chapter 50), including SRS investors, and who wish to participate in the AGM should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective SRS operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM of the Company.
- (5) The Chairman of the Meeting, as proxy, need not be a member of the Company.
- (6) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
- (a) If submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
- (b) If submitted electronically, be submitted via email to the Company's Share Registrar at [Agm.TeamE@boardroomlimited.com](mailto:Agm.TeamE@boardroomlimited.com).

In either case, at least forty-eight (48) hours before the time for holding the AGM (or any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

- (7) For Shareholders through Relevant Intermediaries: Persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50), including CPF and SRS investors, and who wish to participate in the AGM by (a) witnessing the AGM proceedings via "live" webcast; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the "live" webcast of the AGM.
- (8) CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the time appointed for the holding of the AGM.
- (9) Please refer to the Company's announcement dated 12 April 2021 accompanying this Notice of AGM for the important information pertaining to the "live" webcast of the AGM.

## Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via live audio-visual webcast, or (c) submitting any question prior to the AGM, a member of the Company consents to the collection, use and disclosure of member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) Processing and administration by the Company (or its agents or service providers) or Proxy Forms appointing the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) Processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM via live audio-visual webcast and providing any technical assistance where necessary;
- (iii) Addressing relevant and substantial questions from members received before and/or during the AGM and if necessary, following up with the relevant members in relation to such questions; and
- (iv) Enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities. Photographic, sound, and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of the member of the Company (such as his/her name and his/her presence at the AGM) may be recorded by the Company for such purpose.

# APPENDIX 1

## OCEAN SKY INTERNATIONAL LIMITED

(Registration No. 198803225E)

(Incorporated in the Republic of Singapore)

### SUMMARY SHEET FOR SHARE PURCHASE MANDATE

The Sponsor and the SGX-ST assume no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix. If you are in doubt as to the action that you should take, you should consult your stockbroker or other professional adviser immediately.

#### (A) Shares Purchased In The Previous Twelve Months

The Company has not made any share purchases pursuant to the share purchase mandate renewed at the annual general meeting on 26 June 2020 in the last 9 months immediately preceding 25 March 2021 (the "**Latest Practicable Date**").

#### (B) Proposed Renewal Of The Share Purchase Mandate

The Ordinary Resolution No. 10 if passed at the annual general meeting to be held on 28 April 2021 ("**2021 AGM**"), will renew the share purchase mandate (the "**Share Purchase Mandate**") approved by the shareholders of the Company from the date of the 2021 AGM and expiring on the earliest of the date the next annual general meeting of the Company is held or is required by law to be held, the date on which the share purchases are carried out to the full extent of the Share Purchase Mandate or the date the said mandate is revoked or varied by the Company in a general meeting (the "**Relevant Period**").

#### (C) Rationale For The Share Purchase Mandate

The Share Purchase Mandate will provide the Company with the flexibility to undertake share purchases of up to the ten per cent. (10%) of the total number of issued and paid-up share capital of the Company ("**Shares**") (excluding treasury shares and subsidiary holdings) during the period when the Share Purchase Mandate is in force.

In addition to the growth and expansion of the Group's business, a share purchase at the appropriate price level may also increase shareholders' value in the Company as it is one of the ways in which the return on equity of the Group may be enhanced.

Share purchases may also provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the earnings per share and/or net tangible assets value per share.

The existing Shares purchased by the Company under the Share Purchase Mandate, if held as treasury shares, may be utilise for the issuance of shares pursuant to an employees' share scheme or as (part) consideration for the acquisition of shares in or assets of another company.

# APPENDIX 1

Short term speculation may at times cause the market price of the Shares to be depressed below the true value of the Group. In a depressed share price situation, the Directors further believe that share purchases by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation which in turn protect shareholders' investments and bolster shareholder confidence.

The Directors will only effect a share purchase as and when the circumstances permit, after taking into account, amongst other things, the Company's financial condition, the prevailing market conditions and whether such share purchases represent the most cost-effective and efficient approach in enhancing share value. The Directors do not propose to carry out share purchases to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group.

The Directors will ensure that the share purchases will not have any effect on the listing of the Company's securities including the Shares listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Rule 723 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the SGX-ST requires at least ten per cent. (10%) of any class of a company's listed securities to be held by the public at all times. The Directors shall safeguard the interests of public shareholders before undertaking any share purchases. Before exercising the Share Purchase Mandate, the Directors shall at all times take due cognisance of (a) the then shareholding spread of the Company in respect of the number of Shares held by substantial shareholders and by non-substantial shareholders and (b) the volume of trading on the SGX-ST in respect of the Shares immediately before the exercise of any share purchase.

As at the Latest Practicable Date, 120,575,241 Shares (28.0%) of a total of 430,583,096 Shares issued by the Company are held by 1,106 public shareholders. For illustrative purposes only, assuming that the Company purchases the maximum number of ten per cent. (10%) of the issued Shares, being 43,058,309 Shares as at the Latest Practicable Date, and assuming that such Shares are held in public hands, the resultant number of Shares held by the public after the purchase of such Shares would be reduced to 77,516,932 Shares, representing approximately 20.0% of the remaining issued Shares of the Company. As such, the Company is of the view that there is sufficient number of Shares in issue held by public shareholders which would permit the Company to undertake share purchases of up to ten per cent. (10%) of its total number of 430,583,096 issued Shares (excluding treasury shares and subsidiary holdings) without affecting the listing status of the Shares on the SGX-ST. The Company will ensure that the share purchases will not cause market illiquidity or affect orderly trade.

## (D) Financial Impact Of The Proposed Shares Purchases

1. The purchased Shares shall be cancelled immediately on purchase or acquisition unless held in treasury in accordance with Section 76H of the Companies Act, Chapter 50 (the "Act"). Section 76H of the Act allows purchased Shares to be:
  - (i) held by the Company; or
  - (ii) dealt with, at any time, in accordance with Section 76K of the Act, as treasury shares.

# APPENDIX 1

Section 76K of the Act allows the Company to:

- (i) sell the treasury shares (or any of them) for cash;
- (ii) transfer the treasury shares (or any of them) for the purposes of, or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares (or any of them); or
- (v) sell, transfer or otherwise use the treasury shares (or any of them) for such other purposes as may be prescribed by the Minister for Finance.

The aggregate number of Shares held as treasury shares shall not at any time exceed ten per cent. (10%) of the total number of Shares (excluding treasury shares and subsidiary holdings) at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months.

Any share purchase will:

- (i) reduce the amount of the Company's share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares.

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares will be treated as having no voting rights.

2. The financial effects on the Company and the Group arising from the purchases of the Shares pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased and the consideration paid at the relevant time.
3. For illustrative purposes only, based on the existing issued and paid-up share capital of the Company of S\$55,166,911 comprising 430,583,096 Shares in issue as at the Latest Practicable Date, the purchase by the Company of up to a maximum of ten per cent. (10%) of its total number of issued Shares (excluding treasury shares and subsidiary holdings) under the Share Purchase Mandate will result in the purchase of 43,058,309 Shares.

# APPENDIX 1

4. For illustrative purposes only, the financial effects of share purchases by the Company pursuant to the Share Purchase Mandate based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2020 are set out below based on the following assumptions:
- in full exercise of the Share Purchase Mandate, 43,058,309 Shares were purchased as at the Latest Practicable Date;
  - the maximum price for the On-Market Purchases (as defined in paragraph F(2)) is S\$0.054, which is 105% of the Average Closing Price (as defined in paragraph F(2));
  - the maximum price for the Off-Market Purchases (as defined in paragraph F(2)) is S\$0.062, which is 120% of the Average Closing Price (as defined in paragraph F(2)); and
  - the maximum amount of funds required for the share purchases in the aggregate is approximately S\$2.33 million and S\$2.67 million for On-Market Purchases and Off-Market Purchases respectively.

## On-Market Purchases and held as Treasury Shares or cancelled

	<b>Company before share purchases (S\$'000)</b>	<b>Company after share purchases (S\$'000)</b>	<b>Group before share purchases (S\$'000)</b>	<b>Group after share purchases (S\$'000)</b>
<b>As at 31 December 2020</b>				
Shareholders' funds	32,848	30,523	40,758	38,433
Net tangible assets	32,848	30,523	40,758	38,433
Current assets	18,937	16,612	30,894	28,569
Current liabilities	24,095	24,095	13,811	13,811
Net current (liabilities)/assets	(5,158)	(7,483)	17,083	14,758
Total borrowings	149	149	25,276	25,276
Cash, bank balances and fixed deposits	9,088	6,763	20,575	18,250
Number of shares <sup>1</sup> ('000)	430,583	430,583	430,583	430,583
(Treasury shares) ('000)	–	(43,058)	–	(43,058)
Weighted average number of shares ('000)	430,583	387,525	430,583	387,525
<b>Financial Ratios</b>				
Net tangible assets per share (SGD cents)	7.63	7.88	9.47	9.92
Basic earnings/(loss) per share (SGD cents)	0.06	0.07	(0.99)	(1.10)
Gearing ratio <sup>2</sup> (net) (times)	NM <sup>3</sup>	NM <sup>3</sup>	0.12	0.18
Current ratio (times)	0.79	0.69	2.24	2.07

### Notes:

- Number of shares is the number of issued Shares (excluding treasury shares) as at the Latest Practicable Date.
- Gearing ratio is equal to net borrowings divided by shareholders' funds. Net borrowings is total borrowings less cash, bank balances and fixed deposits.
- Not meaningful

# APPENDIX 1

## Off-Market Purchases and held as Treasury Shares or cancelled

	Company before share purchases (S\$'000)	Company after share purchases (S\$'000)	Group before share purchases (S\$'000)	Group after share purchases (S\$'000)
<b>As at 31 December 2020</b>				
Shareholders' funds	32,848	30,178	40,758	38,088
Net tangible assets	32,848	30,178	40,758	38,088
Current assets	18,937	16,267	30,894	28,224
Current liabilities	24,095	24,095	13,811	13,811
Net current (liabilities)/assets	(5,158)	(7,828)	17,083	14,413
Total borrowings	149	149	25,276	25,276
Cash, bank balances and fixed deposits	9,088	6,418	20,575	17,905
Number of shares <sup>1</sup> ('000)	430,583	430,583	430,583	430,583
(Treasury shares) ('000)	–	(43,058)	–	(43,058)
Weighted average number of shares ( '000)	430,583	387,525	430,583	387,525
<b>Financial Ratios</b>				
Net tangible assets per share (SGD cents)	7.63	7.79	9.47	9.83
Basic earnings/(loss) per share (SGD cents)	0.06	0.07	(0.99)	(1.10)
Gearing ratio <sup>2</sup> (net) (times)	NM <sup>3</sup>	NM <sup>3</sup>	0.12	0.19
Current ratio (times)	0.79	0.68	2.24	2.04

### Notes:

- (1) Number of shares is the number of issued Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Gearing ratio is equal to net borrowings divided by shareholders' funds. Net borrowings is total borrowings less cash, bank balances and fixed deposits.
- (3) Not meaningful

5. **Shareholders should note that the financial effects set out above are based on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2020 and are for illustration only. The results of the Group and the Company for the financial year ended 31 December 2020 may not be representative of future performance.**
6. The Company intends to use its internal sources of funds to finance its purchases of the Shares. The Company does not intend to obtain or incur any borrowings to finance its purchases of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the working capital requirements of the Group would be materially affected. Pursuant to the Act, any payment made by the Company in consideration of the purchase or acquisition of Shares by the Company may be made out of the Company's capital or profits, so long as the Company is solvent. It is an offence for a Director or an officer of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent.

# APPENDIX 1

7. The Company will take into account both financial and non-financial factors, among other things, the market conditions at such time, the Company's financial condition, the performance of the Shares and whether such share purchases would represent the most efficient and cost-effective approach to enhance the share value. Share purchases will only be made if the Board believes that such purchases are likely to benefit the Company and increase economic value for shareholders.

## (E) Consequences of Shares Purchases Under The Singapore Code on Take-overs and Mergers

1. In accordance with The Singapore Code on Take-overs and Mergers (the "**Take-over Code**"), a person will be required to make a general offer for a public company if:
  - (a) he acquires 30 per cent. (30%) or more of the voting rights of the company; or
  - (b) he already holds between 30 per cent. (30%) and 50 per cent. (50%) of the voting rights of the company, and he increases his voting rights in the company by more than one per cent. (1%) in any six-month period.
2. As at the Latest Practicable Date, the substantial shareholders' and Directors' interests are as follows:

	← Direct Interest →		← Deemed Interest →		← Total Interest →	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<u>Director</u>						
Ang Boon Cheow Edward <sup>(1)</sup>	278,160,811	64.60	–	–	278,160,811	64.60
<u>Substantial Shareholder</u> (other than Directors)						
Ang Boon Chong <sup>(1), (2)</sup>	–	–	31,847,044	7.40	31,847,044	7.40

### Notes:

(1) Mr Ang Boon Cheow Edward and Mr Ang Boon Chong are brothers.

(2) Mr Ang Boon Chong is deemed interested in 31,847,044 Shares of which 31,847,044 Shares are owned by Mr Ang Boon Chong and registered in the name of BNP Paribas Nominees Singapore Pte. Ltd..

In the event the Company undertakes share purchases within the Relevant Period of up to ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as permitted by the Share Purchase Mandate, the shareholdings and voting rights of Mr Ang Boon Cheow Edward and Mr Ang Boon Chong will remain above 50%. Accordingly, Mr Ang Boon Cheow Edward and Mr Ang Boon Chong are not required to make a general offer pursuant to the Take-over Code.

# APPENDIX 1

## (F) Miscellaneous

1. The maximum number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than ten per cent. (10%) of the issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2021 AGM at which the proposed renewal of the Share Purchase Mandate is approved (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company and subsidiary holdings from time to time). As at the Latest Practicable Date, the Company does not have any treasury shares or subsidiary holdings.
2. Any share purchases undertaken by the Company shall be at a price of up to but not exceeding:
  - (a) in the case of an on-market purchases ("**On-Market Purchase**"), 105% of the Average Closing Price (as defined hereinafter); and
  - (b) in the case of an off-market purchases ("**Off-Market Purchase**"), 120% of the Average Closing Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the On-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.



# APPENDIX 1

3. In making Share purchases, the Company will comply with the requirements of the Catalist Rules, in particular, Rule 871 with respect to notification to the SGX-ST of any share purchases. Rule 871 is reproduced below:
  - “(1) An issuer must announce any share purchase as follows:
    - (a) In the case of an On-Market acquisition, by 9.00 am on the market day following the day on which it purchased shares,
    - (b) In the case of an Off-Market acquisition under an equal access scheme, by 9.00 am on the second market day after the close of acceptances of the offer.
  - (2) The announcement must be in the form of Appendix 8D.”
4. Share purchases will be made in accordance with the “Terms of the Share Buyback Mandate” as set out in the Company’s Circular to Shareholders dated 9 April 2009. All information required under the Act relating to the Share Purchase Mandate is contained in the said Terms.
5. The Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times. However, as a listed company would be considered an “insider” in relation to any proposed purchase or acquisition of its shares, the Company will undertake not to purchase or acquire shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any shares during the period commencing one month immediately preceding the announcement of the Company’s half-yearly and full-year results.
6. Within thirty (30) days of the passing of the shareholders’ resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with Accounting & Corporate Regulatory Authority of Singapore (“ACRA”).

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include, *inter alia*, details of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company’s issued ordinary share capital before and after the purchase or acquisition of Shares and the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased out of profits or capital of the Company and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

# APPENDIX 1

## (G) Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or, reproduced in this Appendix in its proper form and context.

## (H) Directors' Recommendation

The Directors of the Company are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors of the Company recommend that shareholders vote in favour of Ordinary Resolution No. 10.

## (I) Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional tax advisers.

## (J) Documents For Inspection

Copies of the following documents may be inspected at the registered office of the Company at 29 Tuas South Street 1, Singapore 638036 during normal business hours from the date of this Appendix up to and including the date of the 2021 AGM. Shareholders may also request for electronic copies of the following documents for inspection from the date hereof up to and including the date of the 2021 AGM by way of email to the Company at [cir@rhtgoc.com](mailto:cir@rhtgoc.com):

- (a) the Constitution of the Company; and
- (b) the Company's annual report for the financial year ended 31 December 2020.

# OCEAN SKY INTERNATIONAL LIMITED

(Co. Reg. No. 198803225E)

(Incorporated in the Republic of Singapore)

## IMPORTANT:

1. Due to the current COVID-19 restriction order in Singapore, members will not be able to attend the Annual General Meeting ("AGM") in person. Members (whether individuals or corporates) must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the AGM if such members wish to exercise their voting rights at the AGM.
2. Please read the notes to this Proxy Form.

## ANNUAL GENERAL MEETING PROXY FORM

I/We, \_\_\_\_\_ (Name),

(NRIC/Passport/Co. Reg. No.) \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of OCEAN SKY INTERNATIONAL LIMITED, (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy, to attend and vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held by electronic means on Wednesday, 28 April 2021 at 10:30 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote for or against, or to abstain from voting on the resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given in respect of a resolution, the appointment of the Chairman of the Meeting as my/our proxy for that resolution will be treated as invalid.

No.	Resolutions relating to:	For	Against	Abstain
1.	Adoption of Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' Statement and the Independent Auditor's Report thereon			
2.	Re-election of Ms Tan Min-Li as Director			
3.	Re-election of Mr Chia Boon Kuah as Director			
4.	Re-election of Mr Toh David Ka Hock as Director			
5.	Re-election of Mr Tan Teng Wee as Director			
6.	Approval of additional directors' fees of S\$1,250 for financial year ended 31 December 2020			
7.	Approval of Directors' fees of S\$165,000 for the financial year ending 31 December 2021, payable quarterly in arrears			
8.	Re-appointment of BDO LLP as auditors and authority to fix their remuneration			
9.	Authority to allot and issue shares and convertible securities			
10.	Proposed Renewal of Share Purchase Mandate			

NOTE: If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy, who is the Chairman of the Meeting, not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

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



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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

#### Notes:

1. This Proxy Form must be read in conjunction with the company announcement on 12 April 2021. This Proxy Form may be accessed at the Company's website at <https://www.oceanskyintl.com> and will also be made available on SGXNET. A printed copy of this Proxy Form will not be despatched to members.
2. 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 Futures 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, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
3. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member of the Company who is a Relevant Intermediary is entitled to appoint the Chairman of Meeting as proxy to attend and vote in his/her stead, but the Chairman must be appointed to exercise the rights attached to a different share or shares held by such member.

**"Relevant Intermediary"** means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution 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.
  6. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the time appointed for the holding of the AGM.
  7. The Chairman of the Meeting, as proxy, need not be a member of the Company.
  8. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
    - (a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
    - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at [Agm.TeamE@boardroomlimited.com](mailto:Agm.TeamE@boardroomlimited.com)in either case, at least forty-eight (48) hours before the time for holding the AGM. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
  9. Where an instrument appointing Chairman of the Meeting as proxy is signed on behalf of the appointer by an attorney, the letter or the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
  10. The instrument appointing Chairman of the Meeting as proxy must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. The dispensation of the use of common seal pursuant to the Companies Act, Chapter 50 of Singapore is applicable at this AGM.

#### GENERAL:

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 appointer are not ascertainable from the instructions of the appointer 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 Chairman of the Meeting as proxy lodged if the members, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

#### PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2021.

# Notes

# Notes



## **Ocean Sky International Limited**

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