



**FRONT AND CENTRE  
SOCIAL IMPACT  
AR 2018**



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## **Sponsor statement**

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

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

*The details of the contact person is Mr. Mah How Soon (Registered Professional, RHT Capital Pte. Ltd.) at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, Tel: 63816757.*

# JOINT MESSAGE FROM CHAIRMAN AND CEO

## NEW STRATEGIC DIRECTION AND CORPORATE INITIATIVES

In our previous annual report (“AR2017”), we shared that 2017 was a watershed year for the Company. With the completion of the acquisitions of WBH Investments Pte. Ltd. and Chiu Teng 8 Pte. Ltd. (the “Acquisitions”), the Company’s plan to revive its fortunes by way of a reverse takeover exercise (“RTO”) came to fruition. Following the completion of the RTO, the Company’s shares were requoted for trading on 29 December 2017.

The RTO has transformed the Company into a property development and investment business backed by new and reputable substantial shareholder stakeholders and in AR2017, we mentioned that it is the intention of the Board of Directors (“Board”) and management to grow the Company into a force for change in principally emerging markets through the provision of affordable and quality housing and support services to the masses.

If 2017 was a watershed year for the Company, then 2018 was a year of remarkable breakthrough for us.

We have since announced that the Company, National Housing Organization Joint Stock Company (“NHO”) and Emerging Markets Affordable Housing Fund Pte Ltd (“EMAHF”) had on 18 March 2019 entered into a Covenant Partnership Agreement (“CPA”) which expresses the Company’s, NHO’s and EMAHF’s (collectively, the “Parties”) mutual understanding regarding the proposed initial acquisition and co-development of four projects in Ho Chi Minh City, Binh Duong, Ha Long and Hai Phong, Vietnam (“Initial Development Plan”). The CPA follows on from a memorandum of understanding which was signed between the Company and NHO on 1 October 2018.

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

EMAHF is a Singapore-incorporated fund which is managed by Providence Capital Management Pte Ltd (“PCM”). PCM is a registered fund management company regulated by the Monetary Authority of Singapore. EMAHF’s consortium of investors include a tier-1 real estate developer and investor, family offices and high-net worth individuals. With a committed capital of US\$30 million, EMAHF will be independently managed by PCM but will be exclusively tethered to the Company for the purposes of the Initial Development Plan.

We also announced that in addition to the CPA, the Company, NHO and EMAHF have on 18 March 2019 signed various definitive investment agreements relating to one of the four projects (namely, the “Binh Duong Project”) detailed in the Initial Development Plan. The Binh Duong Project represents a mixed-use development in an established township north of Ho Chi Minh City comprising 1,200 affordable apartment units and 120 shop houses.

If the acquisition of the land parcels, which are subject to the Initial Development Plan, is successful and all requisite permits and licenses are secured, the Initial Development Plan is likely to yield approximately 4,000 affordable homes and 500 commercial units in purpose-built mixed-developments across Vietnam (“OTNHO Mixed Developments”). It is currently anticipated that the OTNHO Mixed Developments will have an estimated aggregate gross development value in excess of US\$300 million and the Parties intend for the OTNHO Mixed Developments to showcase and deploy the Company’s integrated social impact solution, comprising quality affordable homes and a suite of accessible and customised community development and family support services (“CSCs”).

Our social impact partnership team has worked tirelessly through 2018 and the Company is excited about establishing our CSCs. To this end, we hope to deploy a number of pilot community development and family service platforms in 2019 with like-minded/hearted stakeholder partners and domain specialists from within our social impact eco-system.

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

As a real estate developer, the Company continues to second such management and technical personnel to Vietnam to assist NHO and provide such general strategic oversight as may be required from time to time and has successfully assisted NHO with the financing and securing of finance for the OTNHO Mixed Developments. The Company and NHO have also agreed to co-brand the OTNHO Mixed Developments for the mutual benefit of both parties.

## **ACKNOWLEDGMENTS AND IN APPRECIATION**

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

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

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

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

On behalf of the Board, we would like to express our heartfelt appreciation to our loyal shareholders, stakeholders, advisors, service-providers and fellow directors for your support of the Group through the years.

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

### **Daniel Cuthbert Ee Hock Huat**

Independent Non-Executive Chairman

### **Daniel Long Chee Tim**

Chief Executive Officer and Executive Director

20 March 2019

# OPERATIONAL AND FINANCIAL REVIEW

## REVIEW OF COMPREHENSIVE INCOME OF THE GROUP FOR THE PERIOD ENDED 31 DECEMBER 2018

The Group's revenue for FY2018 decreased by \$8.20 million or 69.7% from \$11.78 million in FY2017 as compared to \$3.57 million in FY2018. The decrease is primarily due to fewer units of our development properties was sold in FY2018 as compared to FY2017. In FY2018, there was 1 unit with a total 2,713 square feet being sold, as compared to 6 units with a total of 14,166 square feet having been sold in FY2017. The Group's revenue for rental of its investment properties in FY2018 increased by \$1.10 million due to the inclusion of this business segment in FY2018.

The Group's cost of sales for FY2018 decreased by \$6.78 million or 81.2%, from \$8.35 million in FY2017 to \$1.57 million in FY2018. Similarly, the decrease corresponded to the reduction in sales in FY2018 as compared to FY2017.

The Group's gross profit for FY2018 decreased by \$1.42 million or 41.5% from \$3.43 million in FY2017 to \$2.01 million in FY2018. The decrease is primarily due to fewer units of our development properties sold in FY2018 as compared to FY2017.

The Group's other income for FY2018 increased by \$162,000 to \$172,000 from \$10,000 in FY2017. Other income of \$10,000 for FY2017 relates to interest income. Other income for FY2018 amounting to \$172,000 comprises:

- Rental support income from the Company's controlling shareholder pursuant to the rental support agreement for 3 years from the date of the reverse takeover in December 2017 amounting to \$118,000.
- Forfeiture of rental deposit amounting to \$29,000.
- Discounts received from various professional parties amounting to \$25,000.

Selling and distribution expenses for FY2018 decreased by \$351,000 or 77.1%, from \$455,000 in FY2017 to \$104,000 in FY2018. The decrease was due to a

reduction in sales commission of \$132,000 and legal fees of \$22,000 due to fewer units of our development properties having being sold in FY2018 as compared to FY2017 and sales office expenses of \$147,000 in FY2017. We had no sales office in FY2018.

Administrative expenses for FY2018 increased by \$1.86 million, from \$128,000 in FY2017 to \$1.99 million in FY2018. The increase was due to the following:

- Staff costs and related expenses increased by \$720,000
- Depreciation increased by \$605,000
- Compliance related costs increased by \$311,000
- Property taxes increased by \$91,000
- Legal and professional fees increased by \$84,000
- Transport and travelling costs increased by \$45,000

The finance expenses in FY2018 amounting to \$519,000 relates to bank interest on borrowings obtained by the Group during FY2018. There were no finance expenses in FY2017.

For FY2017, the Group recognised a one-time non-operating gain of S\$856,000 arising from the acquisition of WBH and a one-time acquisition cost arising from RTO of S\$6.16 million.

In FY2018, the Group had a loss before income tax of \$432,000, as compared to a loss before income tax of \$2.44 million in FY2017. The loss before tax for FY2017 arises primarily from the one-time non-operating expense of \$6.16 million arising from the acquisition cost for the reverse acquisition.

Income tax expense decreased by \$347,000, for FY2018 from \$430,000 in FY2017 to \$83,000 in FY2018 due to lower operating profit in FY2018.

As a result of the above, net loss after tax decreased by \$2.36 million from a loss after tax of \$2.87 million in FY2017 to a loss after tax of \$515,000 in FY2018.

## REVIEW OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2018

As at 31 December 2018, our total current assets consisted mainly of cash and cash equivalent, trade and other receivables, and development properties.

Trade and other receivables increased by \$136,000 from \$370,000 as at 31 December 2017 to \$506,000 as at 31 December 2018. This was due to the increase in trade receivables amounting to \$12,000, increase in other receivables amounting to \$107,000, increase in deposits, prepayments and GST input tax amounting to \$17,000.

Development properties held for sale decreased by \$1.57 million from \$5.33 million as at 31 December 2017 to \$3.76 million as at 31 December 2018 due to the sale of development properties during FY2018.

Non-current assets refer to investment properties of \$11.56 million as at 31 December 2018 which had reduced by \$603,000 from \$12.17 million as at 31 December 2017 due to depreciation.

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

Trade and other payables decreased to \$848,000 as at 31 December 2018 from \$17.95 million as at 31 December 2017. The decrease of \$17.10 million was primarily due to the payment of deferred payment to vendors of CT8 amounting to \$15.18 million in relation to the reverse acquisition and acquisition of WBH, other payables to professional parties of \$1.35 million and accruals of \$571,000.

Borrowings increased by \$2.73 million from \$600,000 as at 31 December 2017 to \$3.33 million as at 31 December 2018. This was due to repayment of bank borrowing of WBH amounting to \$600,000 during the financial year. The bank borrowing of CT8 amounting to \$3.33 million was classified as current portion as it will be fully repaid in financial year ended 31 December 2019.

Provision for tax decreased by \$390,000 from \$509,000 in FY2017 to \$119,000 in FY2018 due to payment of tax.

Non-current liabilities comprising borrowings from bank amounted to \$8.52 million as at 31 December 2018. The decrease in borrowing of \$5.45 million from \$13.97 million as at 31 December 2017 was due to repayment of the bank borrowing amounting to \$2.12 million during the financial year as one unit of the pledged development properties was sold and reclassification of \$3.33 million to current portion.

Total shareholders' equity as at 31 December 2018 amounted to \$10.05 million and comprised mainly share capital of \$7.95 million, reverse acquisition reserve with a debit balance of \$10.60 million and retained profit of \$12.70 million.

Share capital remained unchanged at \$7.95 million for both 31 December 2018 and 31 December 2017.

The reverse acquisition reserve remained unchanged with a debit balance of \$10.60 million for both 31 December 2018 and 31 December 2017.

Retained profits declined by \$515,000 from \$13.21 million as at 31 December 2017 to \$12.70 million as at 31 December 2018 due to the losses from comprehensive income.

## REVIEW OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2018

For FY2018, the Group's net cash outflow from operating activities amounted to \$269,000 arising mainly from cash used for working capital of \$488,000, payment of income tax of \$473,000 and adjusted operating profit of \$692,000.

For FY2018, the Group's cash outflow from investing activities amounted to \$15.19 million relating mainly to the repayment of deferred cash consideration to the vendors of CT8 and WBH amounted to \$15.18 million in relation to the reverse acquisition of CT8 and acquisition of WBH.

For FY2018, the Group's cash outflow from financing activities amounted to \$3.24 million due to the repayment of bank borrowings amounting to \$2.73 million, and payment of bank interest of \$519,000.

For FY2018, the Group had a net cash outflow of \$18.70 million.

# BOARD OF DIRECTORS

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## **DANIEL CUTHBERT EE HOCK HUAT**

*Independent Non-Executive Chairman*

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**Daniel Ee** was appointed as the Independent Non-Executive Chairman of the Company on 15 December 2017. Since 2015, Mr. Ee has been an independent director of Keppel Infrastructure Fund Management Pte Ltd, the trustee manager of Keppel Infrastructure Trust. He is also an independent director of Ascendas Funds Management (S) Limited, the Manager of Ascendas Real Estate Investment Trust. He is also on the board of the Singapore Mediation Centre. Since 1999, Mr. Ee has been on the boards of various companies as an independent director. He had served in various capacities in the public sector before moving to investment banking in 1985 where he held senior management positions. He was the Managing Director then Chief Executive of Standard Chartered Merchant Bank from 1994 to 1999. He and his wife, together with a priest from the Philippines, form the international leadership team for Worldwide Marriage Encounter, a non-profit Catholic Movement that conducts marriage enrichment programs in more than 90 countries. Mr. Ee graduated with a Bachelor of Science (First Class Honours) from Bath University in the United Kingdom in 1975 and has a Master of Science (Industrial Engineering) from National University of Singapore. He was awarded the Public Service Medal in 2003.

## **DANIEL LONG CHEE TIM**

*Chief Executive Officer and Executive Director*

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

**ALOYSIUS WEE MENG SENG***Independent Director*

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

**ALAN CHEONG MUN CHEONG***Independent Director*

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

# KEY MANAGEMENT

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## **Wee Liang Hiam**

*Chief Financial Officer*

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Wee Liang Hiam is our Chief Financial Officer. He joined our Group on 11 February 2016 and is responsible for the financial matters of our Group. Mr. Wee has more than 28 years of accounting and finance experience, having been involved at both operational and strategic levels. He has wide experience in corporate governance having served on the boards of other Singapore listed companies as independent director. Mr. Wee has extensive management experience in various industries and business environments, having held top finance and operations positions in various public listed companies in Singapore. He has been involved in successful mergers and acquisitions from evaluation to the integration of the merged entities, leading companies to successful listings and reverse takeover on both the Main Board and Catalist board of the Singapore Exchange. Mr. Wee holds a Bachelor of Business Administration (Honours), a Diploma in Education from National University of Singapore, a Master of Business Administration (Accountancy) from Nanyang Technological University, a Post Graduate Diploma in Personnel Management from Singapore Institute of Management and an Advance Certificate in Training and Assessment from Singapore Workforce Development Agency. He is a fellow of the Institute of Singapore Chartered Accountants, an ASEAN Certified Public Accountant, a member of Singapore Institute of Management and also a member of the Singapore Institute of Directors.

## **Daniel Lim Yongjian**

*Business Development Director*

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Daniel Lim joined us on 1 April 2018 as our Business Development Director. Prior to joining the Group, he was an Associate Director with Providence Capital Management Ltd where he was involved in investment analysis and portfolio management for 6 years. Daniel has been actively involved in the deal origination and due diligence processes in our Group.

## **Evangeline Goh Kang Hsien**

*Assistant Director, Partnerships*

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

## **Amanda Lim Huimin**

*Project Manager*

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Amanda Lim was appointed as project manager in the Company on 1 January 2018. She previously heads Chiu Teng Enterprises Pte Ltd ("CTE") property management divisions and has been with CTE for almost 10 years. She has been involved in the sale and marketing of CTE's various developments and has been instrumental in directing teams of real estate agents for the purposes of marketing development property and leasing investment property.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

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

Aloysius Wee Meng Seng *(Independent Director)*

Alan Cheong Mun Cheong *(Independent Director)*

## AUDIT COMMITTEE

Daniel Cuthbert Ee Hock Huat *(Chairman)*

Aloysius Wee Meng Seng

Alan Cheong Mun Cheong

## NOMINATING COMMITTEE

Aloysius Wee Meng Seng *(Chairman)*

Daniel Cuthbert Ee Hock Huat

Alan Cheong Mun Cheong

## REMUNERATION COMMITTEE

Alan Cheong Mun Cheong *(Chairman)*

Daniel Cuthbert Ee Hock Huat

Aloysius Wee Meng Seng

## REGISTERED OFFICE

65 Chulia Street  
#49-06 OCBC Centre  
Singapore 049513  
Tel: 6220 6885

## SHARE REGISTRAR

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

## INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation  
Public Accountants and Chartered Accountants  
100 Beach Road  
#30-00 Shaw Tower  
Singapore 189702  
Director-in-charge: Meriana Ang Mei Ling  
(since financial year ended 31 December 2016)

## COMPANY SECRETARY

Lim Heng Chong Benny  
Chin Su Xian

# SUSTAINABILITY REPORT

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

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

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

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

## BOARD STATEMENT

We are pleased to present our second annual sustainability report.

At Olive Tree Estates, we are proud of our vision and believe wholeheartedly in our purpose of developing quality residential housing that is affordable and meets the basic needs of communities. As a listed company, we view the SGX sustainability reporting mandate as an excellent opportunity to share this vision with you.

In our last report, we discussed the importance of embedding sustainability throughout our business strategy. In this report, we will present our vision to you, which clearly shows our deep commitment to sustainability. This year, we have spent time assessing the environmental, social and governance (ESG) factors that will be material as we go forward and mature in our journey.

The Board has been involved in the process of determining these factors and will keep oversight of their governance and management in future.

## ABOUT THIS REPORT

This is our second annual Sustainability Report, covering our sustainability strategy for the Financial Year ended 31 December 2018 ("FY2018").

This report has been prepared in line with the SGX-ST Listing Rule 711a and 711b. The structure and content of the report is drafted in reference to the internationally recognised Global Reporting Initiative ("GRI") Standards and the Sustainable Development Goals ("SDG") framework.

The report identifies the material Economic, Social and Governance ("ESG") factors for the organisation. However, given that we have just started our business and have not operationalised any projects on ground during FY2018, the report does not cover policies, practices and performance for the identified material topics.

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

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

## CORPORATE PROFILE

Olive Tree Estates is a boutique property developer specialising in the provision of quality affordable housing. We are headquartered in Singapore and listed on the Catalyst Board of the Singapore Exchange ("SGX").

Our goal is to develop affordable housing and integrated facilities which create a social impact on the residents and neighbouring communities. Our initial area of focus are markets with a high need for affordable housing in the region, including Vietnam, Indonesia and Cambodia.

In FY 2018, we were focused on identifying land parcels and like-minded partners to collaborate and initiate our journey with. During the period, we also derived proceeds from the sale and rental income of our investments in industrial and commercial properties in Singapore, namely, Tagore 8 and One Commonwealth respectively.

We are a team of 6 permanent full-time employees (3 women and 3 men), based in our Singapore office.

## OUR SUSTAINABILITY STRATEGY

Our vision is to be a positive force for change in emerging markets by catalysing the growth and development of sustainable and healthy communities for the masses. We seek to fulfil our vision by providing social equity in the form of affordable and quality infrastructure for housing, education and healthcare as well as social capital in the form of public education, counselling, and allied health, amongst other social services.

# SUSTAINABILITY REPORT

We strongly believe that by providing both the hardware and the ‘heartware’, we would be able to create empowered, resilient and vibrant communities and thereby the desired social impact on a sustainable basis.

Based on internal discussions and future business strategy, we have outlined the material factors defining our sustainability strategy. We are also inspired by the SDGs and seek to align our activities and ambitions with SDG targets. The SDGs provide additional indicators that we can use to define and measure our impacts and outputs and track our progress over time. Below, we have mapped our future activities with the material topics and the SDGs impacted.

Material factor	Why is it material	Proposed policies and practices	Potential measures of performance	Impacted SDGs
<b>Environmental</b>				
Sustainable materials	Using sustainable materials in our buildings will reduce our environmental footprint and lower dependency on virgin raw materials	Leverage existing technological innovation in building and construction industry to increase the use of sustainable materials in our developments	– Recycled input materials used	
Biodiversity and land use	Incorporating biodiversity risks and considerations will reduce potential impact on environmental habitats and secure our license to operate	Factor biodiversity impact prior to land acquisition and during and after construction phases	– Assessment of operational sites for biodiversity value	

Material factor	Why is it material	Proposed policies and practices	Potential measures of performance	Impacted SDGs
<b>Social</b>				
Training and development	Training will enhance our own workforce and provide access to local talent for recruitment	Our employees are encouraged and supported to attend training programs that upgrade their skills and promote career development. This year, our staff attended various programs and seminars. Going forward, we plan to track the training needs and hours of our staff.	<ul style="list-style-type: none"> <li>– Average hours of training</li> <li>– Programs for upgrading employee skills</li> </ul>	 
Occupational health and safety	Health and safety issues are a concern in the property industry and any lapses can have significant reputation damage as well as financial liability	Implement health and safety policies. Monitor construction activities and contractors for health and safety issues	<ul style="list-style-type: none"> <li>– Types of injury and rates of injury</li> </ul>	

# SUSTAINABILITY REPORT

Material factor	Why is it material	Proposed policies and practices	Potential measures of performance	Impacted SDGs
Impact on local communities	Creating positive impact and shared value is the core objective of our business	Establish localised and customised community development platforms within or in close and strategic proximity to every prospective Olive Tree Estates residential real estate development. These will include easily accessible amenities and infrastructure such as education, healthcare and other relevant and supporting or complementary services.	<ul style="list-style-type: none"> <li>– Number of for-profit affordable units/year and not-for-profit subsidized units/year</li> <li>– Number of patients who received healthcare and allied-healthcare services</li> <li>– Number of children who received education and/or special assistance</li> <li>– Number of people who attended public education programs</li> <li>– Number of individuals who received counselling and other forms of social services support</li> </ul>	   
Indirect economic impacts	Striving local communities help boost the economy, giving further impetus to our business	Enable and encourage access for neighbouring communities to participate and utilise the community development platforms	<ul style="list-style-type: none"> <li>– Significant indirect economic impact</li> <li>– Infrastructure investments supported</li> </ul>	

Material factor	Why is it material	Proposed policies and practices	Potential measures of performance	Impacted SDGs
<b>Governance</b>				
Responsible procurement	Our impacts and risks lie not only in our operations but also in our value chain and we can influence these by working with the right suppliers.	Implement responsible procurement policies in selection of construction vendors, material suppliers and project partners and monitor their ongoing performance. Gradually increase local sourced material to help local suppliers	<ul style="list-style-type: none"> <li>– Number of new suppliers screened for environmental factors</li> <li>– Number of new suppliers screened for social factors</li> <li>– Spending on local suppliers</li> </ul>	 
Product quality, health and safety	With the potential of natural disasters, it is imperative that our infrastructure is resilient and safe.	Employ creative and functional architectural design for our buildings keeping in mind quality, resilience and health related factors	<ul style="list-style-type: none"> <li>– Incidents of non-compliance</li> <li>– More usable and functional space per unit,</li> <li>– Greater availability and more effective use of community space</li> <li>– Better aesthetics</li> </ul>	 
Economic performance	Our objective is to distribute the economic performance fairly across our shareholders and the greater we do as a business, the more we can contribute.	Continue enhancing value for our communities and employees, while bringing returns for our investors	<ul style="list-style-type: none"> <li>– Economic value generated and distributed</li> </ul>	 
Anti-corruption	Corruption is a risk perceived in our business and across the geographies where we plan to operate. Any lapses can result in significant reputational damage and financial liabilities.	Enforce our rigid anti-corruption policies and maintain a whistle-blowing channel. Increase training on anti-corruption and bribery policies to employees going forward	<ul style="list-style-type: none"> <li>– Incidents of corruption</li> <li>– Communication and training on anti-corruption</li> <li>– Educating our eco-system of partners and stakeholders as to our position on corruption</li> </ul>	

# SUSTAINABILITY REPORT

## PARTNERSHIPS FOR SUCCESS



Partnerships are a fundamental element of our strategy. For the successful achievement of our goals, it is vital that we collaborate only with like-minded, heart-focused partners who share in our vision. This way, we can be assured that our Olive Tree Estates residential developments will be used for the purposes they have been built for. We have recruited a director to oversee our work in this regard and she is also tasked to nurture and grow our eco-system of social impact stakeholders and service providers.

Some of our partners will include:

- Domain specialists
  - Leading builders who can bring in innovative, proven and environmentally-friendly techniques to ensure we are able to offer quality and functional developments
  - Education: Teachers and other early-childhood specialists who are able to care for the children in the community
  - Healthcare providers: General practitioners and allied healthcare specialists

- Heart-ware providers (e.g. NGOs, NPOs, social services and impact enterprises) who can grow social capital in our community building activities and further afield
- Philanthropists and enterprises with corporate social responsibility budgets looking to support strong and noble causes
- Social Impact investors: Patient capital that is able to accept nominal returns for over-sized returns in community impact
- Financial investors: Financiers seeking market-oriented returns who see the potential in co-funding innovative affordable housing developments

Our first steps see us expanding into Vietnam with 4 projects in the northern and southern parts of the country. We are planning to do this in partnership with a reputable and established local affordable and social housing provider. As we grow our business over the years and gain experience, we would be able to provide more details in future sustainability reports.

**GRI CONTENT INDEX**

<b>Disclosure Number</b>	<b>Disclosure Title</b>	<b>Page No.</b>
<b>General disclosures</b>		
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102-5	Ownership and legal form	11
102-6	Markets served	11
102-7	Scale of the organization	11
102-8	Information on employees and other workers	11
102-9	Supply chain	Omission
102-10	Significant changes to the organization and its supply chain	No significant changes
102-11	Precautionary Principle or approach	Omission
102-12	External initiatives/charters	Omission
102-13	Membership of associations	Omission
102-14	Statement from senior decision-maker	11
102-16	Values, principles, standards, and norms of behaviour	11
102-18	Governance structure	Omission
102-40	List of stakeholder groups	Omission
102-41	Collective bargaining agreements	No employees covered
102-42	Identifying and selecting stakeholders	Omission
102-43	Approach to stakeholder engagement	Omission
102-44	Key topics and concerns raised	Omission
102-45	Entities included in the consolidated financial statements	71
102-46	Defining report content and topic boundaries	10
102-47	List of material topics	12-15
102-48	Restatements of information	No restatements
102-49	Changes in reporting	No changes in reporting
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# SUSTAINABILITY REPORT

Disclosure Number	Disclosure Title	Page No.
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Specific disclosures		
<b>GRI Standard 2016: Materials</b>		
103-1/2/3	Management Approach	12
301-2	Recycled input materials used	Omission
<b>GRI Standard 2016: Biodiversity</b>		
103-1/2/3	Management Approach	12
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Omission
<b>GRI Standard 2016: Training and education</b>		
103-1/2/3	Management Approach	13
404-1	Average hours of training per year per employee	Omission
404-2	Programs for upgrading employee skills and transition assistance programs	Omission
<b>GRI Standard 2018: Occupational health and safety</b>		
103-1/2/3	Management Approach	13
403-9	Work related injuries	Omission
<b>GRI Standard 2016: Local communities</b>		
103-1/2/3	Management Approach	14
413-1	Operations with local community engagement, impact assessments, and development programs	Omission
<b>GRI Standard 2016: Indirect economic impacts</b>		
103-1/2/3	Management Approach	14
203-1	Infrastructure investments and services supported	Omission
203-2	Significant indirect economic impacts	Omission
<b>GRI Standard 2016: Supplier environmental assessment</b>		
103-1/2/3	Management Approach	15
308-1	New suppliers that were screened using environmental criteria	Omission

<b>Specific disclosures</b>		
<b>GRI Standard 2016: Supplier social assessment</b>		
103-1/2/3	Management Approach	15
414-1	New suppliers that were screened using social criteria	Omission
<b>GRI Standard 2016: Procurement practices</b>		
103-1/2/3	Management Approach	15
204-1	Proportion of spending on local suppliers	Omission
<b>GRI Standard 2016: Customer health and safety</b>		
103-1/2/3	Management Approach	15
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Omission
<b>GRI Standard 2016: Economic Performance</b>		
103-1/2/3	Management Approach	15
201-1	Direct economic value generated and distributed	Omission
<b>GRI Standard 2016: Anti-corruption</b>		
103-1/2/3	Management Approach	15
205-2	Communication and training about anti-corruption policies and procedures	Omission
205-3	Confirmed incidents of corruption and actions taken	Omission

# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Olive Tree Estates Limited (the “**Company**”) (together with its subsidiaries, the “**Group**”) is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the Company’s shareholders (“**Shareholders**”). The Board works with the Management in achieving this objective and the Management is accountable to the Board. This report describes the Group’s corporate governance practices and structures that were or would be put in place (during the financial year ended 31 December 2018 and following thereafter) with specific reference to the principles and guidelines of the Code of Corporate Governance issued by the Monetary Authority of Singapore on 2 May 2012 (the “**2012 Code**”), and where applicable, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Catalist Rules**”).

## BOARD MATTERS

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

The Board is responsible for the overall performance of the Group. It sets the Company’s values and standards and ensures that the necessary financial and human resources are in place for the Company to achieve its objectives by:

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

# CORPORATE GOVERNANCE REPORT

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

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

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

The number of meetings of the Board and Board committees held in the financial year ended 31 December 2018 and the attendance of each Board member at these meetings are disclosed as follows:

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

**Note:**

C = Chairman, M = Member.

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

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

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board had, for the financial year ended 31 December 2018, four Directors, one of whom was an Executive Director, and three were Independent Non-Executive Directors. The Executive Director was Mr. Daniel Long Chee Tim. The Independent Non-Executive Directors were Mr. Daniel Cuthbert Ee Hock Huat, Mr. Alan Cheong Mun Cheong and Mr. Aloysius Wee Meng Seng. The Chairman of the Board, Mr. Daniel Cuthbert Ee Hock Huat, is an Independent Non-Executive Director.

As Mr. Aloysius Wee Meng Seng has served on the Board since 28 August 2009, he has served on the Board beyond nine years from the date of his appointment. The members of the NC, comprising the Independent Non-Executive Chairman, Mr. Daniel Cuthbert Ee Hock Huat and the Independent Non-Executive Director, Mr. Alan Cheong Mun Cheong, (Mr. Aloysius Wee had excused himself) had done a review on the independence of Mr. Aloysius Wee Meng Seng. The NC had considered, among others, Mr. Wee's participation in and contribution to the Board's discussions, his relationship with Management and major shareholders and also took into account of the need for his expertise on the Board. The NC (excluding, Mr. Wee) also considered that Mr. Wee had conducted himself in an independent manner with Management and the Controlling Shareholder. Although Mr. Wee has been on the Board since 28 August 2009, the Company has undergone a transformation by way of corporate restructuring in December 2017, with a complete change of business and Management as well as a reconstituted Board. However his historical knowledge of the Company pre-structuring is an advantage to the existing Board and Management. The NC also noted that Mr. Wee had attended all Board meetings for FY2018 and had participated in the discussions on matters at the Board meetings, and had also provided his legal expertise on matters discussed. The NC had also considered the requirements in Guideline 2.3 of the 2012 Code, and noted that Mr. Wee is not a shareholder of the Company. Neither he nor any of his immediate family members had been in the employment of the Group or receive any payment for any services, other than Director's fees paid to Mr. Wee. In view of the forgoing, the NC (excluding Mr. Wee) is of the view that Mr. Aloysius Wee Meng Seng remains independent.

None of the Independent Non-Executive Directors or their immediate family members hold any shares in the Company or any of its subsidiaries, and they had also not received any payment for any services other than their Directors' fee. The NC and the Board considers each of the Independent Non-Executive Directors to be independent based on the considerations of the requirements in Guideline 2.3 of the 2012 Code and the declarations made by each of the Independent Non-Executive Directors.

The Directors bring with them a wealth of expertise and experience in areas such as accounting, finance, investment banking, law, business and management, industry knowledge and strategic planning. The profiles of the Directors on the Board are set out in the "Board of Directors" section of this Annual Report. The Board is of the view that its present composition is appropriate to facilitate effective decision making, taking into account the size, nature and scope of the Group's operations. As three quarters of the Board are independent, the Board has a substantial independent element to ensure that objective judgment is exercised on corporate and governance affairs.

The Independent Non-Executive Directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Non-Executive Directors provide confirmations annually of their independence to the Board. They also meet regularly, when required, without the presence of Management.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

## PRINCIPLE 4: BOARD MEMBERSHIP

The members of the NC are as follows:

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

The NC is responsible for the following matters:

- (i) the review of Board succession plans for Directors, in particular, the Chairman and CEO;
- (ii) the development of a process for evaluation of the performance of the Board, its Board committees and Directors;
- (iii) the review of training and professional development programs for the Board;
- (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable); and
- (v) determining the independence of Directors.

# CORPORATE GOVERNANCE REPORT

When appointing new Directors, the NC will, in consultation with the Board, evaluate and determine the selection criteria with due consideration given to the mix of skills, knowledge and experience of the existing Board. The NC will evaluate potential candidates by undertaking background checks, assessing individual competency, management skills, relevant experience and qualifications.

The NC notes the requirement under the 2012 Code for companies to fix the maximum number of listed company board representations that their Directors may hold and to disclose this in their annual report. The NC has decided that Directors should hold no more than six listed company board representations. Details of directorships and other principal commitments of the Directors have been disclosed from pages 6 to 7 of this Annual Report. As time requirements are subjective, the NC recognises that its assessment of each Director's ability to discharge his duties adequately should not be confined to the sole criterion of the number of his board representations. Thus, it will also take into account contributions by Directors during Board and Board Committee meetings and their attendance at such meetings, in addition to each of their principal commitments.

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

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

The NC has recommended to the Board that Mr. Alan Cheong Mun Cheong (retiring pursuant to Article 97 of the Constitution) and Mr. Aloysius Wee Meng Seng (retiring pursuant to Article 97 of the Constitution) be nominated for re-appointment at the forthcoming AGM and the Board has accepted the NC's recommendation.

## **PRINCIPLE 5: BOARD PERFORMANCE**

The fiduciary responsibilities of the Board include the following:

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

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

# CORPORATE GOVERNANCE REPORT

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

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

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

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

## **PRINCIPLE 6: ACCESS TO INFORMATION**

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

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

All Directors have separate and independent access to Management and the Company Secretary. The Company Secretary attends all Board and Board committee meetings and assists in ensuring compliance with the requirements of the Companies Act, Chapter 50 (the "**Companies Act**") and those of the Listing Manual. The appointment and the renewal of the Company Secretary is a matter for the Board as a whole.

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

# CORPORATE GOVERNANCE REPORT

## REMUNERATION MATTERS

### PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The members of the RC are as follows:

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

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

The RC had reviewed the Company's obligations arising in the event of termination of the Executive Director's and key management personnel's contracts of service, and is of the view that the termination clauses in the contracts of service are fair and reasonable.

### PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The remuneration for the Executive Director, who is also the CEO of the Company comprises a fixed and a variable component. The fixed component includes a base salary and benefits, while the variable component is in the form of a performance-based bonus to be approved by the Board. The Company does not have contractual provisions to allow the reclamation of incentive components of remuneration as there are no prescribed incentives tied to the performance of the Group. In determining the remuneration packages of the CEO, the Company also takes into account the performance of the Group and that of the CEO. No performance bonus is payable to the CEO in respect of the financial year ended 31 December 2018 in view of the fact that the Group had just commenced its new business directions and have yet to bear fruit.

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

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

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

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 9: DISCLOSURE ON REMUNERATION

### 1. Directors' Remuneration

The remuneration of the Directors of the Group (to the nearest thousand dollars) for the financial year ended 31 December 2018 is as follows:

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

### 2. Key Executives' Remuneration

The remuneration bands of the top five key management personnel of the Group (who are not Directors or the CEO) for the financial year ended 31 December 2018 is as follows:

	Salary	Bonus	Benefits in kind	Share options	Share- based incentives	Other long-term incentives
	%	%	%	%	%	%
<b>Below S\$250,000</b>						
Mr. Wee Liang Hiam – Chief Financial Officer (appointed on 11 February 2016)	100	–	–	–	–	–
Mr. Wong Lien Feng – Chief Operating Officer (appointed on 1 January 2018 and resigned on 31 October 2018)	100	–	–	–	–	–
Mr. Daniel Lim Yongjian – Business Development Director (appointed on 2 April 2018)	100	–	–	–	–	–
Ms. Nancy Ng Nyok Choo – Project Manager (appointed on 1 January 2018 and resigned on 31 July 2018)	100	–	–	–	–	–
Ms. Amanda Lim Huimin – Project Manager (appointed on 1 January 2018)	100	–	–	–	–	–

# CORPORATE GOVERNANCE REPORT

The aggregate total remuneration paid and payable to the top five key management personnel (who are not Directors or the CEO) for the financial year ended 31 December 2018 was S\$444,000.

There are no termination, retirement and post-employment benefits that may be granted to the CEO, the Directors and the top five key management personnel (who are not Directors or the CEO). There are no share option schemes in place for the financial year ended 31 December 2018.

For the year ended 31 December 2018, no employee is an immediate family member of a Director or the CEO.

## ACCOUNTABILITY AND AUDIT

### PRINCIPLE 10: ACCOUNTABILITY

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

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

### PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

# CORPORATE GOVERNANCE REPORT

In line with the 2012 Code, the AC, with the concurrence of the Board, has also adopted a management assurance confirmation statement ("**Management Assurance Statement**") confirming that the financial records of the Company have been properly maintained, that the Company's financial statements give a true and fair view of the Group's operations and finances, and that an adequate and effective risk management system and internal control system has been put in place. The Management Assurance Statement will be signed by the CEO and the Chief Financial Officer and tabled at each the end of each financial year. For the financial year ended 31 December 2018, the Board has obtained a duly signed Management Assurance Statement.

## PRINCIPLE 12: AUDIT COMMITTEE

The members of the AC are as follows:

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

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

The AC meets periodically to perform the following functions:

- (i) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (ii) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- (iii) reviewing the scope and results of the external audit, and the independence and objectivity of the independent auditor;
- (iv) making recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the independent auditor, and approving the remuneration and terms of engagement of the independent auditor;
- (v) meeting with the independent auditor and internal auditors, in each case without the presence of the management, at least annually;

# CORPORATE GOVERNANCE REPORT

- (vi) reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- (vii) reviewing the audit plans and reports of the Company's internal auditors and independent auditor;
- (viii) reviewing the financial statements and independent auditor's report before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (ix) reviewing the internal control and procedures, and ensuring co-ordination between the auditors and the management, reviewing the assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which auditors may wish to discuss (in the absence of the management where necessary);
- (x) reviewing and investigating any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Company's operating results or financial position;
- (xi) reviewing and approving interested person transactions, if any, falling within the scope of Chapter 9 of the SGX-ST Catalist Rules;
- (xii) reviewing any potential conflicts of interest and ensuring that procedures for resolving such conflicts are sufficient and strictly adhered to by the Company;
- (xiii) reviewing the adequacy of the Company's business risk management process;
- (xiv) undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (xv) generally undertaking such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

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

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

# CORPORATE GOVERNANCE REPORT

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

The Group's independent auditor, Nexia TS Public Accounting Corporation, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. The aggregate amount of fees paid and payable to the independent auditor for the financial year ended 31 December 2018 was S\$78,000. No non-audit services were provided by the independent auditor for the same period. The AC reviewed the independence of the independent auditor through the review of the materiality of the non-audit services (if any) and also the confirmation that there were no former partner or director of the Company's independent audit firm being a member of the AC or the Board. Any changes to accounting standards and issues which have a direct impact on financial statements will be highlighted to the AC from time to time by the independent auditor.

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

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

## **PRINCIPLE 13: INTERNAL AUDIT**

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

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

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

# CORPORATE GOVERNANCE REPORT

## PRINCIPLES 14 TO 16: SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS

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

- (i) results and annual reports announced or issued within the mandatory period;
- (ii) material information disclosed in a timely manner via SGXNET and the news release;
- (iii) AGMs; and
- (iv) the Company's website, [www.olivetreeestates.com](http://www.olivetreeestates.com).

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

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management. Such minutes are available to Shareholders upon their written request.

The Company does not have a fixed dividend policy. The form and frequency and/or amount of dividends will depend on the Company's cash, earnings, gearing, financial performance and position, project capital expenditure, future investments plans, funding requirements and any other factors that the Directors consider relevant. For the financial year ended 31 December 2018, the Directors have not recommended the declaration and payment of dividends to Shareholders in the light of the losses suffered by the Group in financial year ended 31 December 2018 and the preceding years, and due to the future investment plans of the Group.

The Chief Financial Officer is responsible for the investor relations function of the Company. Feedback from shareholders gathered from general meetings and/or the Company's website are gathered and reported to the Board. The Board will, through the Chief Financial Officer, communicate their response to the Shareholders through SGXNET announcement and/or the Company's website.

# CORPORATE GOVERNANCE REPORT

## DEALINGS IN SECURITIES

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

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

## MATERIAL CONTRACTS

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

## INTERESTED PERSON TRANSACTIONS

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

## NON-SPONSOR FEES

No non-sponsor fees were paid to the Company's sponsor, RHT Capital Pte. Ltd., for the financial year ended 31 December 2018.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

In the opinion of the directors,

- (i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 42 to 47 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

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

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

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

<b>Company</b>	<b>Holdings registered in name of director or nominee</b>		<b>Holdings in which director is deemed to have an interest</b>	
	<b>At 31.12.2018</b>	<b>At 1.1.2018</b>	<b>At 31.12.2018</b>	<b>At 1.1.2018</b>
(No. of ordinary shares)				
Long Chee Tim, Daniel	2,500,000	2,500,000	–	–

The directors' interests in the ordinary shares of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## SHARE OPTIONS

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

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

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

## AUDIT COMMITTEE

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

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

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

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

- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;
- the statement of financial position of the Company as at 31 December 2018 and the consolidated financial statements of the Group for the financial year ended 31 December 2018 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- interested person transactions as defined under Chapter 9 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual to ensure that they are on normal commercial terms and not prejudicial to the interest of the Company or its shareholders;
- the independence and objectivity of the independent auditor; and
- make recommendation to the Board of Directors on the appointment, re-appointment and removal of independent auditor, and approve the remunerations and terms of engagement of the independent auditor.

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## INDEPENDENT AUDITOR

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

On behalf of the directors

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**Long Chee Tim, Daniel**

Director

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**Daniel Cuthbert Ee Hock Huat**

Director

20 March 2019

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### **Opinion**

We have audited the financial statements of Olive Tree Estates Limited (the "Company") and its subsidiary corporations (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 95.

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 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

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

### **Key Audit Matters** (Continued)

#### **Revenue recognition – Sale of completed development properties**

*Refer to Note 3.3(a) and Note 5 to the financial statements.*

#### **Area of Focus**

For the financial year ended 31 December 2018, the Group recognised revenue from sale of completed development properties amounted to S\$2.47 million, represented 69% of the Group's total revenue.

Revenue from sale of completed development properties located in Singapore is recognised at the point in time, when the customer obtains control over the property, i.e. when the ownership of the property is transferred to the customer, net of sales return, rebates and discounts in accordance with SFRS(I) 15 – *Revenue from Contracts with Customers*.

We focused on this area because of the magnitude of revenue contribution to the Group as well as inherent risk of misstatement arising from inappropriate revenue recognition as there is presumed fraud risk with regards to revenue recognition.

#### **How our audit addressed the area of focus**

In relation to revenue recognition for sale of completed development properties, we have obtained an understanding of management's assessment of revenue recognition policy in accordance with SFRS(I) 15 through discussion with management and examination of contract documentation (including correspondences with customers). We discussed with management on the processes involved in the sales cycle and performed walkthrough to consolidate our understanding. We also performed substantive procedures to assess the appropriateness of revenue recognised during financial year.

#### **Valuation of development properties**

*Refer to Note 3.8 and Note 15 to the financial statements*

#### **Area of focus**

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

The general macroeconomic condition in Singapore might exert downward pressure on transaction volume and prices of the industrial properties, which potentially may result in the future trends in the market departing from known trends. There is therefore a risk that the Group's estimates of NRV may exceed future selling prices, which may result in the development properties having to be written-down.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

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

### **Key Audit Matters** (Continued)

#### **Valuation of development properties** (Continued)

*Refer to Note 3.8 and Note 15 to the financial statements*

#### **How our audit addressed the area of focus**

We have reviewed management's estimated selling prices by comparing the estimated selling prices to recently transacted selling prices to assess the development properties are stated at lower of cost and NRV.

#### **Other Information**

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

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

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

#### **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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OLIVE TREE ESTATES LIMITED

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

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

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

**Nexia TS Public Accounting Corporation**  
**Public Accountants and Chartered Accountants**

**Singapore**  
**20 March 2019**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 S\$'000	2017 S\$'000
Revenue	5	3,573	11,777
Cost of sales		(1,567)	(8,347)
Gross profit		2,006	3,430
Other income	6	172	10
Selling and distribution expenses		(104)	(455)
Administrative expenses		(1,987)	(128)
Finance expenses	9	(519)	–
Other losses, net	10	–	(5,299)
<b>Loss before income tax</b>		<b>(432)</b>	<b>(2,442)</b>
Income tax expense	11	(83)	(430)
<b>Total comprehensive losses representing net loss attributable to equity holders of the Company</b>		<b>(515)</b>	<b>(2,872)</b>
<b>Loss per share attributable to equity holders of the Company</b>			
– Basic and diluted (S\$)	12	(0.01)	(0.08)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2018

	Note	Group	
		31 December	1 January
		2018	2017
		S\$'000	S\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	13	7,021	25,720
Trade and other receivables	14	506	370
Development properties	15	3,761	5,328
		<u>11,288</u>	<u>31,418</u>
<b>Non-current Assets</b>			
Investment properties	17	11,563	12,166
Plant and equipment	18	6	–
		<u>11,569</u>	<u>12,166</u>
<b>Total Assets</b>		<u>22,857</u>	<u>43,584</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	19	848	17,945
Borrowings	20	3,325	600
Provisions	21	–	–
Current income tax liabilities		119	509
		<u>4,292</u>	<u>19,054</u>
<b>Non-current Liabilities</b>			
Borrowings	20	8,520	13,970
<b>Total Liabilities</b>		<u>12,812</u>	<u>33,024</u>
<b>NET ASSETS</b>		<u>10,045</u>	<u>10,560</u>
<b>EQUITY</b>			
Share capital	22	7,946	7,946
Reverse acquisition reserve	23	(10,597)	(10,597)
Retained profits		12,696	13,211
<b>TOTAL EQUITY</b>		<u>10,045</u>	<u>10,560</u>

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

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2018

	Note	Company		
		31 December		1 January
		2018	2017	2017
		S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances	13	776	10,589	1
Trade and other receivables	14	114	4,514	–
		<u>890</u>	<u>15,103</u>	<u>1</u>
<b>Non-current Assets</b>				
Trade and other receivables	14	264	–	–
Investments in subsidiary corporations	16	20,219	20,219	–
Plant and equipment	18	6	–	–
		<u>20,489</u>	<u>20,219</u>	<u>–</u>
<b>Total Assets</b>		<u><b>21,379</b></u>	<u><b>35,322</b></u>	<u><b>1</b></u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	19	14,206	27,708	4,531
<b>Total Liabilities</b>		<u><b>14,206</b></u>	<u><b>27,708</b></u>	<u><b>4,531</b></u>
<b>NET ASSETS/(LIABILITIES)</b>		<u><b>7,173</b></u>	<u><b>7,614</b></u>	<u><b>(4,530)</b></u>
<b>EQUITY</b>				
Share capital	22	56,342	56,342	44,372
Treasury shares	22	(23)	(23)	(23)
Accumulated losses		(49,146)	(48,705)	(48,879)
<b>TOTAL EQUITY</b>		<u><b>7,173</b></u>	<u><b>7,614</b></u>	<u><b>(4,530)</b></u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital S\$'000	Reverse acquisition reserve S\$'000	Retained profits*	Total equity S\$'000
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>31 December 2018</b>				
<b>Beginning of financial year</b>	7,946	(10,597)	13,211	10,560
Total comprehensive loss for the financial year	–	–	(515)	(515)
<b>End of financial year</b>	<b>7,946</b>	<b>(10,597)</b>	<b>12,696</b>	<b>10,045</b>
<b>31 December 2017</b>				
<b>Beginning of financial year</b>	1,000	–	16,083	17,083
Total comprehensive loss for the financial year	–	–	(2,872)	(2,872)
Issuance of shares pursuant to the reverse acquisition (Note 22 and Note 23)	4,479	(10,597)	–	(6,118)
Issuance of shares for the acquisition of subsidiary corporation (Note 22)	2,467	–	–	2,467
<b>End of financial year</b>	<b>7,946</b>	<b>(10,597)</b>	<b>13,211</b>	<b>10,560</b>

\* Retained profits of the Group are fully distributable.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 S\$'000	2017 S\$'000
<b>Cash flows from operating activities</b>			
Net loss		(515)	(2,872)
Adjustments for:			
– Depreciation of investment properties	7	603	–
– Depreciation of plant and equipment	7	2	–
– Income tax expense	11	83	430
– Interest expense	9	519	–
– Interest income	6	–	(10)
– Acquisition cost arising from reverse acquisition	10	–	6,155
– Gain from bargain purchase	10	–	(856)
		<b>692</b>	2,847
Changes in working capital, net of effect from acquisition of subsidiary corporations:			
– Trade and other receivables		(136)	4,105
– Development properties		1,567	8,349
– Provisions		–	249
– Trade and other payables		(1,919)	(1,228)
Cash generated from operations		204	14,322
Interest received		–	10
Income tax paid		(473)	(2,545)
<b>Net cash (used in)/provided by operating activities</b>		<b>(269)</b>	11,787
<b>Cash flows from investing activities</b>			
Payment of deferred cash consideration to vendors		(15,178)	–
Purchase of plant and equipment	19	(8)	–
Net cash received from acquisition of subsidiary corporation	29(b)	–	200
Net cash received from reverse acquisition	29(a)	–	43
<b>Net cash (used in)/provided by investing activities</b>		<b>(15,186)</b>	243
<b>Cash flows from financing activities</b>			
Drawdown of restricted cash		–	113
Proceeds from bank borrowings		–	14,570
Repayment of bank borrowings		(2,725)	(4,024)
Interest paid		(519)	–
<b>Net cash (used in)/provided by financing activities</b>		<b>(3,244)</b>	10,659
<b>Net (decrease)/increase in cash and bank balances</b>		<b>(18,699)</b>	22,689
Beginning of financial year		25,720	3,031
<b>End of financial year</b>	13	<b>7,021</b>	25,720

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## Reconciliation of liabilities arising from financing activities

	As at 1 January 2018 S\$'000	Principal and interest repayments S\$'000	Non-cash changes Interest expense S\$'000	As at 31 December 2018 S\$'000
Bank borrowings	<u>14,570</u>	<u>(3,244)</u>	<u>519</u>	<u>11,845</u>
	As at 1 January 2017 S\$'000	Net of principal and repayment S\$'000	Non-cash changes Acquisition S\$'000	As at 31 December 2017 S\$'000
Bank borrowings	<u>–</u>	<u>10,546</u>	<u>4,024</u>	<u>14,570</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

## 1 GENERAL INFORMATION

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

The registered office is at 65 Chulia Street, #49-06 OCBC Centre, Singapore 049513.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 16.

## 2 REVERSE ACQUISITION

The Company completed its acquisition of the entire share capital of Chiu Teng 8 Pte Ltd ("CT8") on 22 December 2017 via the issuance of 34,117,570 new ordinary shares at S\$0.20 in the Company and the deferred payment consideration of S\$10,597,000 to the shareholders of CT8. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of CT8 became the controlling shareholder of the Company on completion of the transaction. Accordingly, CT8 (being the legal subsidiary) in the transaction is regarded as the accounting acquirer and the Company (being the legal parent) as the accounting acquiree.

The consolidated financial statements for the financial year ended 31 December 2017 represent a continuation of the financial position, performance and cash flows of CT8. Accordingly, the consolidated financial statements for the financial year ended 31 December 2017 are prepared on the following basis:

- (a) the assets and liabilities of CT8 are recognised and measured in the consolidated statement of financial position at its pre-acquisition carrying amount;
- (b) the assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position of the Group at their acquisition date fair value;
- (c) the retained profits and other equity balances recognised in the consolidated financial statements are the retained profits and other equity balances of CT8 immediately before the reverse acquisition;
- (d) the amount recognised as issued equity interest in the consolidated financial statements of the Group is determined by adding the issued equity of CT8 immediately before the reverse acquisition and the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) reflect the equity structure of the Company (legal parent), including the equity instruments issued by the Company to effect the reverse acquisition;

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 REVERSE ACQUISITION (CONTINUED)

- (e) the consolidated statement of comprehensive income for the financial year ended 31 December 2017 reflects the full financial year results of CT8 together with the post-acquisition results of the Company; and
- (f) the comparative figures presented in the consolidated statement of financial position of the Group as at 1 January 2017 are the financial position of CT8.

The consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the financial year ended 31 December 2017 refers to the Group which includes the results of CT8 from 1 January 2017 to 31 December 2017 and the post-acquisition results of the Company from the date of completion of the reverse acquisition to 31 December 2017 and the results of WBH Investments Pte Ltd ("WBH") from the date of completion of the acquisition to 31 December 2017 (Note 29(b)).

The consolidated statement of financial position of the Group as at 31 December 2017 refers to the statement of financial position of CT8, the Company and WBH as at 31 December 2017. The consolidated statement of financial position of the Group as at 1 January 2017 refers to the statement of financial position of CT8.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of preparation

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

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the financial year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 – *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening statement of financial position has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

There are no material adjustments to the Group's statement of financial position, statement of comprehensive income and statement of cash flows arising from the transition from SFRS to SFRS(I).

#### SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018. Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 Adoption of SFRS(I) (Continued)

#### Classification of financial assets and financial liabilities

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 3.11. The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

Trade and other receivables, refundable deposits and cash and cash equivalents that were classified as loans and receivables under FRS 39 are now classified at amortised cost. No adjustment in the allowance for impairment was recognised in opening retained earnings of the Group and of the Company at 1 January 2018 respectively on transition to SFRS(I) 9.

### 3.3 Revenue recognition

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

#### (a) *Sale of development properties*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Revenue recognition (Continued)

#### (a) *Sale of development properties (continued)*

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

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

#### (b) *Rental income*

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

#### (c) *Interest income*

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

### 3.4 Group accounting – subsidiary corporations

#### (a) *Consolidation*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Group accounting – subsidiary corporations (Continued)

#### (a) Consolidation (continued)

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

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

#### (b) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Group accounting – subsidiary corporations (Continued)

#### (b) Acquisitions (continued)

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

#### (c) Disposals

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

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

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

### 3.5 Plant and equipment

#### (a) Measurement

##### (i) Plant and equipment

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

##### (ii) Components of costs

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Plant and equipment (Continued)

#### (b) Depreciation

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

	<u>Useful lives</u>
Computers	3 years

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

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

#### (c) Subsequent expenditure

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

#### (d) Disposal

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

### 3.6 Borrowing costs

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Investment properties

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

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

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

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

### 3.8 Development properties

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

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction costs, related overhead expenditure, and financing charges and other net costs incurred during the period of development. A write-down is made for development properties when it is anticipated that the net realisable value has fallen below cost. Revenue recognition on development properties is described in Note 3.3(a) to the financial statements. The costs of development properties are recognised in profit or loss on disposal are determined with reference to specific costs incurred on the property sold on an allocation of any non-specific costs based on relative size of property sold.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.9 Investments in subsidiary corporations

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

### 3.10 Impairment of non-financial assets

*Investments in subsidiary corporations*

*Investment properties*

*Plant and equipment*

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(a) *Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 14) and "cash and cash equivalents" (Note 13) on the statement of financial position.

(b) *Recognition and derecognition*

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Financial assets (Continued)

#### (e) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

#### *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

The accounting for financial assets from 1 January 2018 are as follows:

#### (a) Classification and measurement

The Group classifies its financial assets as amortised costs.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Financial assets (Continued)

#### (a) *Classification and measurement (continued)*

##### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

##### At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

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

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

#### (b) *Impairment*

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

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

#### (c) *Recognition and derecognition*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.12 Offsetting of financial instruments

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

### 3.13 Financial guarantees

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

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

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

### 3.14 Borrowings

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

### 3.15 Trade and other payables

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.16 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 3.17 Operating leases

*When the Group is the lessor:*

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

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

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

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

### 3.18 Income taxes

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.18 Income taxes (Continued)

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

### 3.19 Provisions

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.20 Employee compensation

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

#### *Defined contribution plans*

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

### 3.21 Currency translation

#### *(a) Functional and presentation currency*

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

#### *(b) Transaction and balances*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.21 Currency translation (Continued)

#### (c) Translation of Group entities financial statements

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

### 3.22 Segment reporting

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

### 3.23 Cash and cash equivalents

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.24 Share capital and treasury shares

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

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

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

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

### 3.25 Dividends to Company's shareholders

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

## 4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

### *Estimation of net realisable value for development properties*

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

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

Management has assessed that no write down in the carrying amount of the development properties is required to be made in the financial statements for the financial years ended 31 December 2018 and 2017.

The carrying amount of the development properties is disclosed in Note 15 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 5 REVENUE

	Group	
	2018 S\$'000	2017 S\$'000
Rental income	1,102	–
Sale of completed development properties	2,471	11,777
	<b>3,573</b>	<b>11,777</b>

## 6 OTHER INCOME

	Group	
	2018 S\$'000	2017 S\$'000
Rental support income from controlling shareholder	118	–
Discounts received from suppliers	25	–
Forfeiture of rental deposit	29	–
Interest income on bank balances	–	10
	<b>172</b>	<b>10</b>

## 7 EXPENSES BY NATURE

	Group	
	2018 S\$'000	2017 S\$'000
Cost of development properties sold	1,567	8,347
Depreciation of investment properties (Note 17)	603	–
Depreciation of plant and equipment (Note 18)	2	–
Directors' fee	145	–
Director's remuneration	192	–
Employee compensation (Note 8)	529	–
Legal and professional fees	84	–
Maintenance and sinking fund	53	51
Property tax	115	24
Selling and marketing	104	256
Sponsorship fee	66	–
Rental expense for sales office on operating lease	–	147
Others	198	105
Total cost of sales, selling and distribution and administrative expenses	<b>3,658</b>	<b>8,930</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 8 EMPLOYEE COMPENSATION

	Group	
	2018 S\$'000	2017 S\$'000
Salaries	463	–
Employer's contribution to defined contribution plans including Central Provident Fund	53	–
Other short-term benefits	13	–
	<b>529</b>	<b>–</b>

## 9 FINANCE EXPENSES

	Group	
	2018 S\$'000	2017 S\$'000
Interest expense on bank borrowings	519	–

## 10 OTHER LOSSES, NET

	Group	
	2018 S\$'000	2017 S\$'000
Acquisition cost arising from reverse acquisition (Note 29(a))	–	(6,155)
Gain from bargain purchase (Note 29(b))	–	856
	<b>–</b>	<b>(5,299)</b>

## 11 INCOME TAXES

	Group	
	2018 S\$'000	2017 S\$'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year – Current income tax	58	430
– Under provision of current income tax in prior financial years	25	–
	<b>83</b>	<b>430</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 11 INCOME TAXES (CONTINUED)

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

	Group	
	2018 S\$'000	2017 S\$'000
Loss before income tax	<b>(432)</b>	(2,442)
Tax calculated at tax rate of 17% (2017: 17%)	<b>(73)</b>	(415)
Effects of:		
– expenses not deductible for tax purposes	<b>194</b>	1,046
– income not subject to tax	<b>(29)</b>	(146)
– corporate income tax rebate	<b>(26)</b>	(10)
– statutory tax exemption	<b>(10)</b>	(25)
– under provision of tax in prior financial years	<b>25</b>	–
– others	<b>2</b>	(20)
	<b>83</b>	430

## 12 LOSS PER SHARE

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

The basic and diluted loss per share for the financial years ended 31 December 2018 and 2017 are the same as there were no potential dilutive ordinary shares in existence for the financial years ended 31 December 2018 and 2017.

The following table reflects the loss and share data used in the computation of basic and diluted loss per share for the financial years ended 31 December 2018 and 2017:

	Group	
	2018	2017
Loss for the financial year attributable to owners of the Company (S\$'000)	<b>(515)</b>	(2,872)
Weighted average number of ordinary shares outstanding for basic and diluted loss per share computation ('000)	<b>68,848</b>	34,974
Basic and diluted loss per share (S\$ per share)	<b>(0.01)</b>	(0.08)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 13 CASH AND CASH EQUIVALENTS

	<b>Group</b>		
	<b>31 December</b>		<b>1 January</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Bank balances	<b>7,021</b>	25,720	3,026
Bank balances – project account	–	–	5
Restricted cash (Note 19)	–	–	113
	<b>7,021</b>	25,720	3,144

  

	<b>Company</b>		
	<b>31 December</b>		<b>1 January</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Bank balances	<b>776</b>	10,589	1

As at 1 January 2017, the Group holds a bank account which is reserved for the purpose of funding maintenance expenses of the properties at 421 Tagore Industrial Avenue. The bank balance was classified as restricted cash as the Group did not have access to the funds (Note 19). The restricted cash was drawdown for maintenance in the financial year ended 31 December 2017.

## 14 TRADE AND OTHER RECEIVABLES

	<b>Group</b>		
	<b>31 December</b>		<b>1 January</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Current</b>			
Trade receivables – Non-related parties	<b>108</b>	96	–
Unbilled receivables – Non-related parties	–	–	4,114
Other receivables:			
– Non-related parties	<b>19</b>	10	–
– Controlling shareholder	<b>107</b>	–	–
	<b>126</b>	10	–
Deposits	<b>265</b>	264	–
Prepayments	<b>7</b>	–	–
	<b>506</b>	370	4,114

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 14 TRADE AND OTHER RECEIVABLES (CONTINUED)

	<b>Company</b>		
	<b>31 December</b>	<b>1 January</b>	
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Other receivables:			
– Non-related parties	4	–	–
– Controlling shareholder	107	–	–
– Subsidiary corporations	–	4,514	–
	<b>111</b>	4,514	–
Prepayments	<b>3</b>	–	–
	<b>114</b>	4,514	–
<b>Non-current</b>			
Other receivables – subsidiary corporation	<b>264</b>	–	–

### Current

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

### Non-current

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

Fair value of non-current receivables:

	<b>Company</b>		
	<b>31 December</b>	<b>1 January</b>	
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Other receivables – subsidiary corporation	252	–	–

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

	<b>Company</b>		
	<b>31 December</b>	<b>1 January</b>	
	<b>2018</b>	<b>2017</b>	<b>2017</b>
Other receivables – subsidiary corporation	5.00%	–	–

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15 DEVELOPMENT PROPERTIES

	Group		1 January 2017 S\$'000
	31 December 2018 S\$'000	2017 S\$'000	
	Properties held for sale	<u>3,761</u>	

At 31 December 2018, the development properties held by the Group are as follows:

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

The development properties are pledged as security for the Group's bank borrowings (Note 20) of S\$3,325,000 as at 31 December 2018 (31 December 2017: S\$5,450,000).

## 16 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company		1 January 2017 S\$'000
	31 December 2018 S\$'000	2017 S\$'000	
	<b>Equity investments, at cost</b>		
Beginning of financial year	20,219	43,289	43,289
Additions	–	20,219	–
Disposal	–	(43,289)	–
End of financial year	<u>20,219</u>	<u>20,219</u>	<u>43,289</u>
<b>Less: Impairment losses</b>			
Beginning of financial year	–	43,289	43,289
Disposal	–	(43,289)	–
End of financial year	<u>–</u>	<u>–</u>	<u>43,289</u>
	<u>20,219</u>	<u>20,219</u>	<u>–</u>

In connection with the Reverse Acquisition, the Company had disposed of all its People Republic of China ("PRC") subsidiary corporations which had been fully impaired for a consideration of less than S\$1 during the financial year ended 31 December 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 16 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

On 22 December 2017, the Company acquired 100% equity interests of CT8 and WBH, for purchase consideration of S\$17,421,000 and S\$7,048,000 respectively as described in Note 29. The purchase consideration for the acquisition of WBH was offset with shareholder loan of S\$4,250,000 as described in Note 29(b). Upon completion of the acquisition, CT8 and WBH became the wholly owned subsidiary corporations of the Company.

The Company has the following subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017:

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		
			31 December 2018 %	2017 %	1 January 2017 %
<i>Held by the Company</i>					
Chiu Teng 8 Pte Ltd <sup>(a)</sup>	Property development	Singapore	100	100	–
WBH Investments Pte Ltd <sup>(a)</sup>	Investment properties holdings and rental	Singapore	100	100	–
Tree Top Realty Sdn Bhd <sup>(b)</sup>	Property development	Malaysia	100	100	–
Tangjia Electric Technology (Shenzhen) Co., Ltd <sup>(e)</sup>	Investment holdings	PRC	–	–	100
Changjiang Huafei (Hunan) Co., Ltd <sup>(e)</sup>	Trading and manufacturing of nitrogenous fertilizer, ammonia and methanol	PRC	–	–	100
<i>Held by Tangjia Electric Technology (Shenzhen) Co., Ltd</i>					
Miluo Jincheng Shiye Co., Ltd <sup>(c) (e)</sup>	Trading and manufacturing of nitrogenous fertilizer, ammonia and methanol	PRC	–	–	100
<i>Held by Changjiang Huafei (Hunan) Co., Ltd</i>					
Hunan Changjiang Huafei Hanshou Co., Ltd <sup>(c) (d) (e)</sup>	Trading and manufacturing of nitrogenous fertilizer, ammonia and methanol	PRC	–	–	100

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 16 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

- (a) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International.  
 (b) Audited by Nexia SSY, Malaysia, a member firm of Nexia International.  
 (c) The government had notified the plants to halt their operations of factories located in urban areas of the cities due to redevelopment plans.  
 (d) Cessation of operations due to weak demand of traditional fertilizer.  
 (e) The Company has disposed off its investments in its PRC subsidiary corporations in conjunction with reverse acquisition exercise.

## 17 INVESTMENT PROPERTIES

	Group		1 January 2017 S\$'000
	31 December 2018 S\$'000	2017 S\$'000	
<i>Cost</i>			
Beginning of financial year	12,166	–	–
Acquisition of subsidiary corporation (Note 29(b))	–	12,166	–
End of financial year	12,166	12,166	–
<i>Accumulated depreciation</i>			
Beginning of financial year	–	–	–
Depreciation charge (Note 7)	603	–	–
End of financial year	603	–	–
<b>Net book value</b>			
<b>End of financial year</b>	<b>11,563</b>	12,166	–
<b>Fair value</b>			
<b>End of financial year</b>	<b>12,166</b>	12,166	–

The investment properties are pledged as security for the Group's bank borrowings (Note 20) of S\$8,520,000 as at 31 December 2018 (31 December 2017: S\$9,120,000).

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 17 INVESTMENT PROPERTIES (CONTINUED)

The following amounts are recognised in profit or loss:

	Group	
	2018 S\$'000	2017 S\$'000
Rental income (Note 5)	1,102	–
Direct operating expenses arising from rental generating investment properties	<u>133</u>	<u>–</u>

### Fair value hierarchy

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
<b>31 December 2018</b>			
– Factory units in Singapore	<u>–</u>	<u>12,166</u>	<u>–</u>
<b>31 December 2017</b>			
– Factory units in Singapore	<u>–</u>	<u>12,166</u>	<u>–</u>
<b>1 January 2017</b>			
– Factory units in Singapore	<u>–</u>	<u>–</u>	<u>–</u>

### Valuation techniques used to derive Level 2 fair values

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

### Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year based on the properties' highest and best use. As at 31 December 2018 and 2017, the fair values of the investment properties have been determined by Dennis Wee Realty Pte Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 18 PLANT AND EQUIPMENT

	<b>Computers</b>
	<b>S\$'000</b>
<b><u>Group and Company</u></b>	
<b>2018</b>	
<i>Cost</i>	
Beginning of financial year	–
Additions	<b>8</b>
End of financial year	<b>8</b>
<i>Accumulated depreciation</i>	
Beginning of financial year	–
Depreciation charge (Note 7)	<b>2</b>
End of financial year	<b>2</b>
<b>Net book value</b>	
<b>End of financial year</b>	<b>6</b>

## 19 TRADE AND OTHER PAYABLES

	<b>Group</b>		
	<b>31 December</b>		<b>1 January</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Trade payables			
– Non-related parties	–	–	56
– Related parties	–	–	21
– Retention payables – Related parties	–	–	72
	–	–	149
Accrued operating expenses	<b>160</b>	1,074	235
Other payables			
– Non-related parties	<b>688</b>	16,859	560
– Director	–	12	–
	<b>688</b>	16,871	560
Reserve fund for maintenance expenses (Note 13)	–	–	113
	<b>848</b>	17,945	1,057

Included in the other payables to non-related parties as at 31 December 2017 were the deferred cash consideration for the acquisition of CT8 and WBH amounted to S\$10,597,000 and S\$4,581,000 respectively, which have been settled during the financial year ended 31 December 2018.

Other payable to director as at 31 December 2017 was non-trade, unsecured, interest-free and payable on demand. The amount was fully settled during the financial year ended 31 December 2018.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 19 TRADE AND OTHER PAYABLES (CONTINUED)

	Company		1 January 2017 S\$'000
	31 December		
	2018 S\$'000	2017 S\$'000	
Other payables			
– Non-related parties	110	16,427	2,566
– Director	–	12	447
– Subsidiary corporations	14,000	10,546	–
	14,110	26,985	3,013
Accrued operating expenses	96	723	1,518
	14,206	27,708	4,531

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

## 20 BORROWINGS

	Group		1 January 2017 S\$'000
	31 December		
	2018 S\$'000	2017 S\$'000	
<i>Bank borrowings</i>			
– Current	3,325	600	–
– Non-current	8,520	13,970	–
Total borrowings	11,845	14,570	–

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

	Group		1 January 2017 S\$'000
	31 December		
	2018 S\$'000	2017 S\$'000	
Less than one year	11,845	14,570	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 20 BORROWINGS (CONTINUED)

### (a) Securities granted

Secured bank borrowings amounting to \$11,845,000 as at 31 December 2018 (31 December 2017: S\$14,570,000) were secured by the following:

- (i) Corporate guarantee from the Company;
- (ii) A first legal mortgage to be executed over the development properties (Note 15) and investment properties (Note 17);
- (iii) Legal assignment of rental proceeds/charge over rental account of all current and future rental income from the investment property; and
- (iv) A legal assignment of all rights, titles and interests resulting from the sale and purchase agreement(s).

### (b) Fair value of non-current borrowings

	<b>Group</b>		<b>1 January 2017</b>
	<b>31 December 2018</b>	<b>2017</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Bank borrowings	<u>8,861</u>	<u>14,529</u>	<u>–</u>

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

	<b>Group</b>		<b>1 January 2017</b>
	<b>31 December 2018</b>	<b>2017</b>	
	<b>4.00%</b>	<b>4.00%</b>	<b>–</b>
Bank borrowings	<u>4.00%</u>	<u>4.00%</u>	<u>–</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 21 PROVISIONS

	<b>Group</b>		
	<b>31 December</b>		<b>1 January</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Renovation rebates	–	–	249

Renovation rebates were granted to purchasers of the development properties at 421 Tagore Industrial Avenue upon the signing of the option to purchase ("OTP"). The provisions were based on the amount stated in the OTP and recognised at the reporting date for expected amounts of rebates payable to purchasers based on management's past experience and likelihood of the fulfillment of the conditions. Movements in the provision of renovation rebates were as follows:

	<b>Group</b>		
	<b>31 December</b>		<b>1 January</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Beginning of financial year	–	249	88
Provisions made	–	258	249
Provisions utilised	–	(507)	(88)
End of financial year	–	–	249

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22 SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Issued share capital S\$'000	Treasury shares S\$'000
<b>Group</b>				
<b>31 December 2018</b>				
Beginning and end of financial year	<b>68,848</b>	<b>(3)</b>	<b>7,946</b>	<b>-</b>
<b>31 December 2017</b>				
Beginning of financial year	360,000	(100)	1,000	-
Issuance of shares to professional adviser <sup>(a)</sup>	136,000	-	-	-
Issuance of repayment shares <sup>(b)</sup>	400,000	-	-	-
Share consolidation <sup>(c)</sup>	(873,604)	97	-	-
Share issued pursuant to the reverse acquisition <sup>(e)</sup>	34,118	-	4,479	-
Issuance of share for the acquisition of subsidiary corporation <sup>(f)</sup>	12,334	-	2,467	-
End of financial year	<b>68,848</b>	<b>(3)</b>	<b>7,946</b>	<b>-</b>
<b>Company</b>				
<b>31 December 2018</b>				
Beginning and end of financial year	<b>68,848</b>	<b>(3)</b>	<b>56,342</b>	<b>(23)</b>
<b>31 December 2017</b>				
Beginning of financial year	360,000	(100)	44,372	(23)
Issuance of shares to professional adviser <sup>(a)</sup>	136,000	-	680	-
Issuance of repayment shares <sup>(b)</sup>	400,000	-	2,000	-
Shares consolidation <sup>(c)</sup>	(873,604)	97	-	-
Shares issued pursuant to the reverse acquisition <sup>(d)</sup>	34,118	-	6,823	-
Issuance of shares for the acquisition of subsidiary corporation <sup>(f)</sup>	12,334	-	2,467	-
End of financial year	<b>68,848</b>	<b>(3)</b>	<b>56,342</b>	<b>(23)</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22 SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

The amount of the Group's share capital differs from that of the Company as a result of reverse acquisition accounting as described in Note 2. The amount recognised as issued equity instruments in the consolidated financial statements as at 1 January 2017 represents the issued equity of CT8 immediately before the reverse acquisition and the costs of reverse acquisition.

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

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

- (a) On 15 December 2017, the Company obtained approval from the shareholder during the Extraordinary General Meeting ("EGM") to allot and issue the professional advisers' shares and repayment of shares. The issuance and allotment of 136,000,000 professional advisers' shares was for payment of part of the financial advisers' and the legal advisers' fees of S\$680,000 for services rendered in connection with the reverse acquisition.
- (b) This represents 400,000,000 repayment shares issued and allotted as repayment of S\$500,000 and S\$1.5 million which the Company owed to the Director, Long Chee Tim, Daniel, and the controlling shareholder, Ng Chee Beng. The Company had obtained approval from the shareholders during the EGM for allotment and issuance of repayment shares.
- (c) On 22 December 2017, the shares of the Company were consolidated on the basis of one consolidated share for every forty ordinary shares held by the shareholders ("Share Consolidation"). The number of consolidation shares to which shareholders are entitled arising from the Share Consolidation were rounded down to the nearest whole Consolidated Share, and any fractions of consolidation arising from the Share Consolidation were disregarded.
- (d) This represents the purchase consideration for the Company's acquisition of CT8 which was satisfied by the allotment and issuance of 34,117,571 ordinary shares at S\$0.20 per share in the capital of the Company on 22 December 2017.
- (e) This represents the fair value of the consideration transferred in relation to the reverse acquisition. As CT8 is a private entity, the quoted market price of the Company's shares provides a more reliable basis for measuring the consideration transferred than the estimated fair value of the share in the CT8. The consideration transferred is determined using the fair value of the issued equity of the Company before acquisition, being 22,396,480 shares at \$0.20 per share, which represents the fair value of the Company being the quoted and traded price of the shares at on the date of completion of the reverse acquisition.
- (f) This represents the purchase price consideration for the acquisition of WBH which was satisfied by the allotment and issuance of 12,333,661 ordinary shares at S\$0.20 per share on 22 December 2017 (Note 29(b)).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22 SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

### Treasury shares

The Company acquired 2,500 (pre-consolidation: 100,000) of its shares in the open market in financial year 2010. The total amount paid to acquire the shares was S\$23,000 and this was presented as a component within shareholders' equity.

## 23 REVERSE ACQUISITION RESERVE

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

This reserve is non-distributable.

## 24 CONTINGENT LIABILITIES

The Company has provided corporate guarantees to banks for borrowings of certain subsidiary corporations, amounting to S\$11,845,000 as at 31 December 2018 (31 December 2017: S\$14,570,000).

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

## 25 OPERATING LEASE COMMITMENT

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

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

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Not later than one year	<b>1,128</b>	1,013
Between one and five years	<b>1,889</b>	640
	<b>3,017</b>	1,653

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26 FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. As at 31 December 2018, the Group does not hold or issue derivative instrument for trading purposes.

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

#### (a) Market risk

##### *(i) Currency risk*

The Group and the Company do not have significant exposure to currency risk as it operates only in Singapore. Revenue and expenses are predominantly denominated in Singapore Dollar.

##### *(ii) Cash flow and fair value interest rate risks*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (continued)*

#### (b) Credit risk

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

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

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

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

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

As at 31 December 2018, the loan or receivables are not past due and are not subject to any material credit losses.

As at 31 December 2018 and 2017, the trade receivables are corporate companies and comprise of 1 debtor and 2 debtors that individually represent 41% and 23% – 29% of trade receivables in the respective financial year ended.

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

	<b>Company</b>		
	<b>31 December</b>		<b>1 January</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Corporate guarantees provided to banks on subsidiary corporation's loans (Note 24)	<b>11,845</b>	14,570	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial risk factors (continued)*

(b) Credit risk (continued)

*Previous accounting policy for impairment of trade receivables*

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Breach of contract, such as default or past due event.

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group. There are no impairment loss provided for the trade receivables as at 31 December 2017 and 1 January 2017.

(c) Liquidity risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (continued)*

#### (c) Liquidity risk (continued)

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

	<b>Less than 1 year S\$'000</b>	<b>Between 1 to 5 years S\$'000</b>	<b>Total S\$'000</b>
<b>Group</b>			
<b>At 31 December 2018</b>			
Trade and other payables	848	–	848
Borrowings	3,325	9,137	12,462
	<b>4,173</b>	<b>9,137</b>	<b>13,310</b>
<b>At 31 December 2017</b>			
Trade and other payables	17,945	–	17,945
Borrowings	600	15,148	15,748
	18,545	15,148	33,693
<b>At 1 January 2017</b>			
Trade and other payables	944	–	944
			<b>Less than 1 year S\$'000</b>
<b>Company</b>			
<b>At 31 December 2018</b>			
Trade and other payables			14,206
Financial guarantee contract			11,845
			<b>26,051</b>
<b>At 31 December 2017</b>			
Trade and other payables			27,708
Financial guarantee contract			14,570
			<b>42,278</b>
<b>At 1 January 2017</b>			
Trade and other payables			4,531

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial risk factors (continued)*

### (d) Capital risk

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

Management monitors capital based on a gearing ratio. The Group's strategy is to maintain a gearing ratio not higher than 1. In compliance with the bank covenants, the subsidiary corporations need to maintain debt service coverage ratio of 1.50 times at all times for the financial year ended 31 December 2018 (31 December 2017: 1.25 times).

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

	Group			Company		
	31 December 2018	2017	1 January 2017	31 December 2018	2017	1 January 2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
						<b>Restated</b>
Net debt	<b>5,791</b>	7,304	707	<b>13,430</b>	17,119	4,530
Total equity	<b>10,045</b>	10,560	17,083	<b>7,173</b>	7,614	(4,530)
Total capital	<b>15,836</b>	17,864	17,790	<b>20,603</b>	24,733	–
Gearing ratio (times)	<b>0.37</b>	0.41	0.04	<b>0.65</b>	0.69	Not meaningful

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2018 and 2017 and 1 January 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial risk factors (continued)*

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position, except for the following:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost	7,520	–	–	1,151	–	–
Loans and receivables	–	26,090	7,145	–	15,103	1
Financial liabilities at amortised cost	<b>12,693</b>	32,515	944	<b>14,206</b>	27,708	4,531

## 27 RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	Company	
	2018	2017
	S\$'000	S\$'000
Consultancy fee paid/payable to a key management personnel	–	180

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 27 RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Key management personnel compensation

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

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Wages and salaries:				
– Director of the Company	180	–	180	–
– Other key management	427	–	427	–
Employer's contribution to defined contribution plans, including Central Provident Fund:				
– Director of the Company	12	–	12	–
– Other key management	45	–	45	–
Consultancy fee paid/ payable to a key management personnel	–	–	–	180
Directors' fees	145	–	145	180
	<b>809</b>	–	<b>809</b>	360

## 28 SEGMENT INFORMATION

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

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

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

- (a) Investment: Investment holding
- (b) Property development: Development and sale of light industrial buildings
- (c) Property rental: Property management

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 28 SEGMENT INFORMATION (CONTINUED)

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**28 SEGMENT INFORMATION (CONTINUED)**

Group	Singapore			Malaysia	Total
	Property development	Property rental	Investment	Property development	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2017</b>					
Revenue from external parties	11,777	–	–	–	11,777
Cost of sales from external parties	(8,347)	–	–	–	(8,347)
Gross profit	3,430	–	–	–	3,430
Other income	10	–	–	–	10
Other gains/(losses), net	–	856	(6,155)	–	(5,299)
Selling and distribution expenses	(455)	–	–	–	(455)
Administrative expenses	(128)	–	–	–	(128)
Profit/(Loss) before income tax	2,857	856	(6,155)	–	(2,442)
Income tax expense	(430)	–	–	–	(430)
Net profit/(loss) for the financial year	2,427	856	(6,155)	–	(2,872)
Segment assets	20,268	12,463	10,589	264	43,584
Segment liabilities	(6,207)	(9,655)	(17,162)	–	(33,024)

## (a) Revenue from major products and services

Revenue from external customers is derived mainly from the sale of development properties and rental income. The breakdown of the Group's revenue is disclosed in Note 5.

## (b) Geographical information

The Group's three business segments operate mainly in Singapore. The Company is headquartered. The operations in this area are principally the development and sale of property and property rental.

	Group	
	2018	2017
	S\$'000	S\$'000
<u>Non-current assets</u>		
Singapore – Investment properties	11,563	12,166
– Plant and equipment	6	–
	<b>11,569</b>	<b>12,166</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 29 BUSINESS COMBINATION

### (a) Reverse acquisition

As disclosed in Note 2, on 22 December 2017, the Company completed its acquisition of the entire share capital of CT8 via the issuance of 34,117,571 new ordinary shares at \$0.20 in the Company and the deferred payment consideration of S\$10,597,000 to the shareholders of CT8. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of the CT8 became the controlling shareholders of the Company upon completion of the transaction. The CT8 is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the Company using the accounting principles in SFRS(I) 2 – *Share-based Payment*, as the Company's operations did not constitute a business under SFRS(I) 3 – *Business Combination* at the time of completion of the reverse acquisition.

In the consolidated financial statements, the acquisition cost arising from the reverse acquisition was determined using the fair value of the issued equity of the Company before the acquisition, being 22,396,480 shares at S\$0.20 per share, which represents the market value of the Company based on the quoted and traded price of the shares as at 29 December 2017 (date of completion of the reverse acquisition).

The identifiable assets of the Company were as follows:

	<b>2017</b>
	<b>S\$'000</b>
Cash and cash equivalents	43
Other receivables	265
Total assets	308
Other payables, representing total liabilities	(1,983)
<b>Total identifiable net liabilities</b>	<b>(1,675)</b>
Fair value of consideration transferred	(4,480)
<b>Acquisition cost arising from reverse acquisition (Note 10)</b>	<b>(6,155)</b>

The difference between the purchase consideration and identifiable net liabilities of the Company, amounting to S\$6,155,000 has been recognised in the consolidated statement of comprehensive income as acquisition costs arising from the reverse acquisition incurred by the CT8 in accordance with SFRS(I) 2 (Note 10).

The deferred cash consideration of S\$10,597,000 was recognised as a distribution from the consolidated group to CT8's shareholders in view that the consolidated financial statements are a continuation of CT8's financial statements (Note 23).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 29 BUSINESS COMBINATION (CONTINUED)

### (b) Acquisition of subsidiary corporation

On 22 December 2017, the Group completed the 100% acquisition of the equity interest in WBH Investments Pte Ltd ("WBH"). The principal activities of WBH are that of investment holding and rental of properties. As a result of the acquisition, the Group is expected to expand its business activities to investment holding and rental of investment properties.

Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

#### (i) Purchase consideration

	<b>2017</b> <b>S\$'000</b>
Cash payable	4,581
Issue of new ordinary shares as consideration for acquisition (Note 22)	2,467
<b>Total purchase consideration</b>	<b>7,048</b>
Less: cash payable in lieu of assignment of shareholder loan	(4,250)
	<b>2,798</b>

#### (ii) Effect on cash flows of the Group

	<b>2017</b> <b>S\$'000</b>
Cash payable (as above)	4,581
Less: cash and cash equivalents in subsidiary corporation acquired	(200)
Less: other payables – deferred consideration	(4,581)
<b>Cash inflow on acquisition</b>	<b>(200)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 29 BUSINESS COMBINATION (CONTINUED)

(b) Acquisition of subsidiary corporation (continued)

(iii) Identifiable assets acquired and liabilities assumed

	<b>2017</b>
	<b>S\$'000</b>
Cash and cash equivalents	200
Investment properties (Note 17)	12,166
Trade and other receivables	96
Total assets	<u>12,462</u>
Trade and other payables	454
Borrowings	8,275
Current income tax liabilities	79
Total liabilities	<u>8,808</u>
<b>Total identifiable net assets</b>	<b>3,654</b>
Less: Bargain purchase (Note 10)	<u>(856)</u>
Consideration transferred for the business	<u>2,798</u>

## 30 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

(a) SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Group's activities as a lessor do not have any significant impact on the financial statements. However, some additional disclosures may be required from next year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 30 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- (b) SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- (i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- (ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- (iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- (iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- (v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 January 2019.

## 31 AUTHORISATION OF FINANCIAL STATEMENT

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Olive Tree Estates Limited on 20 March 2019.

# STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	822	58.17	4,775	0.01
100 – 1,000	361	25.55	161,195	0.23
1,001 – 10,000	176	12.46	510,720	0.74
10,001 – 1,000,000	42	2.97	4,889,013	7.10
1,000,001 AND ABOVE	12	0.85	63,282,008	91.92
<b>TOTAL</b>	<b>1,413</b>	<b>100.00</b>	<b>68,847,711</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHIU TENG ENTERPRISES PTE LTD	34,911,777	50.71
2	FONG KIM CHIT	3,750,000	5.45
3	KOH TONG HO	3,750,000	5.45
4	WANG & LEE INVESTMENTS PTE LTD	3,700,098	5.37
5	LEE TEE ENG	2,613,118	3.80
6	ONG & ONG ENTERPRISE PTE. LTD.	2,613,118	3.80
7	SERENA LEE CHOOI LI	2,613,118	3.80
8	LONG CHEE TIM DANIEL	2,500,000	3.63
9	RHT CAPITAL PTE. LTD.	2,000,000	2.90
10	TAN HONG BOON	1,803,700	2.62
11	JINCHEN INVESTMENT HOLDINGS PTE. LTD.	1,772,000	2.57
12	PHILLIP SECURITIES PTE LTD	1,255,079	1.82
13	EQUINOX INVESTMENT GROUP LTD	972,000	1.41
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	697,115	1.01
15	RAMESH S/O PRITAMDAS CHANDIRAMANI	689,400	1.00
16	CHINA HUI XIN INVESTMENT MANAGEMENT LTD	416,666	0.61
17	HO CHEE KIN	400,000	0.58
18	CITIBANK NOMINEES SINGAPORE PTE LTD	352,986	0.51
19	XU NAIQUN	259,200	0.38
20	RHB SECURITIES SINGAPORE PTE. LTD.	140,794	0.20
	<b>TOTAL</b>	<b>67,210,169</b>	<b>97.62</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

## SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2019

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

## TREASURY SHARES

	No. of Shares	%
Treasury Share	2,500	N.M.

N.M.: Not Meaningful

## RULE 723 OF SGX-ST

Based on the above information and to the best knowledge of the Directors and Substantial Shareholders of the Company, 29.39% of the issued shares of the Company are held by the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at 114 Lavender Street, #18-00 CT Hub 2, Singapore 338729 on Wednesday, 24 April 2019 at 10.00 a.m., for the following purposes:

## AS ORDINARY BUSINESS

To consider and, if deemed fit, to pass the following Resolutions, as Ordinary Resolutions with or without modifications

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditor's Report thereon. **(Resolution 1)**
2. To re-elect Mr Alan Cheong Mun Cheong being a Director who retires pursuant to Article 97 of the Company's Constitution. **(Resolution 2)**  
**[See Explanatory Note 1]**
3. To re-elect Mr Aloysius Wee Meng Seng being a Director who retires pursuant to Article 97 of the Company's Constitution. **(Resolution 3)**  
**[See Explanatory Note 2]**
4. To approve the payment of Directors' Fees of S\$145,000 for the financial year ending 31 December 2019, such Directors' Fees to be payable on a quarterly basis in arrears.  
[2018: S\$145,000] **(Resolution 4)**
5. To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditor of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. **(Resolution 5)**

## AS SPECIAL BUSINESS

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

### 6. SHARE ISSUE MANDATE

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

- I. (a) issue and allot shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

# NOTICE OF ANNUAL GENERAL MEETING

- (b) make or grant offers, agreements or options (collectively, "**Instruments**") that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

- II. (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:–

- (a) 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) does not exceed 100% of the total number of issued share capital of the Company (excluding treasury shares and subsidiary holdings)(as calculated in accordance with sub-paragraph (b) below), 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 Instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings)(as calculated in accordance with sub-paragraph (b) below);

- (b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be calculated based on the issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:–

- (i) new shares arising from the conversion or exercise of any convertible securities;
- (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and
- (iii) any subsequent bonus issue, consolidated or subdivision of shares;

- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company for the time being in force; and

# NOTICE OF ANNUAL GENERAL MEETING

- (d) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest.

[See Explanatory Note 3]

(Resolution 6)

7. To transact any other business that may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

LIM HENG CHONG BENNY  
CHIN SU XIAN  
Joint Company Secretaries

Singapore, 3 April 2019

## Explanatory Notes:

- (1) **Resolution 2** – Mr Alan Cheong Mun Cheong will, upon re-election, remain as Independent Director of the Company, Chairman of the Remuneration Committee and a member of each of the Audit Committee and Nominating Committee, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Alan Cheong Mun Cheong and the other Directors, the Company or its 10% shareholders. Detailed information on Mr Alan Cheong Mun Cheong can be found under the “Board of Directors” and “Corporate Governance Report” sections in the Company’s Annual Report 2018.
- (2) **Resolution 3** – Mr Aloysius Wee Meng Seng will, upon re-election, remain as Independent Director of the Company, Chairman of the Nominating Committee and a member of each of the Audit Committee and Remuneration Committee, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Aloysius Wee Meng Seng and the other Directors, the Company or its 10% shareholders. Detailed information on Mr Aloysius Wee Meng Seng can be found under the “Board of Directors” and “Corporate Governance Report” sections in the Company’s Annual Report 2018.
- (3) **Resolution 6** – Resolution 6, if passed, will empower the Directors, effective until (i) the conclusion of the next Annual General Meeting of the Company; (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding 100% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this Resolution is passed, after adjusting for:-

- (a) new shares arising from the conversion or exercise of any convertible securities;
- (b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 6, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares.

# NOTICE OF ANNUAL GENERAL MEETING

**Notes:**

- i. A proxy need not be a member of the Company.
- ii. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.
- iii. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- iv. A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
- v. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- vi. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.
- vii. The instrument appointing a proxy must be deposited at the office of our Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

**Personal data privacy:**

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

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT**

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Director who is seeking re-appointment at the forthcoming Annual General Meeting of the Company, as set out in Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

	Aloysius Wee Meng Seng Independent Director
<b>Date of Appointment</b>	28 August 2009
<b>Date of last re-appointment</b>	7 July 2017
<b>Age</b>	50
<b>Country of Principal Residence</b>	Singapore
<b>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</b>	Based on the recommendation of the Nominating Committee, the Board of Directors (save for Mr Aloysius Wee Meng Seng) proposes to the Company's shareholders to approve the re-election of Mr Aloysius Wee Meng Seng as Independent Director of the Company.
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Non-Executive
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Independent Director, Chairman of Nominating Committee and Member of the Audit Committee and the Remuneration Committee.
<b>Professional qualifications</b>	Advocate and Solicitor of the Supreme Court of Singapore
<b>Working experience and occupation(s) during the past 10 years</b>	Managing Partner (2016 to current) Aquinas Law Alliance LLP Managing Partner (2011 to 2016) Dacheng Wong Alliance LLP Managing Principal (2009 to 2011) Dacheng Central Chambers LLP
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	Nil
<b>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</b>	Nil

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT**

<b>Conflict of interests (including any competing business)</b>	Nil
<b>Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer</b>	Yes
<b>Other Principal Commitments* Including Directorships#</b>	
* "Principal Commitments" has the same meaning as defined in the Code	
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	
<b>Past (for the last 5 years)</b>	Managing Partner (2001 to 2016) Dacheng Wong Alliance LLP
<b>Present</b>	Managing Partner (2016 to current) Aquinas Law Alliance LLP
<b>INFORMATION REQUIRED PURSUANT TO CATALIST RULE 704(6)</b>	
<b>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</b>	No
<b>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</b>	No
<b>(c) Whether there is any unsatisfied judgment against him?</b>	No
<b>(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?</b>	No

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT**

<b>(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?</b>	No
<b>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</b>	No
<b>(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?</b>	No
<b>(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?</b>	No
<b>(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?</b>	No
<b>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</b> <b>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</b>	No

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT**

<b>(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</b>	No
<b>(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</b>	No
<b>(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?</b>	No
<b>(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?</b>	No

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT**

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Director who is seeking re-appointment at the forthcoming Annual General Meeting of the Company, as set out in Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

	Alan Cheong Mun Cheong Independent Director
<b>Date of Appointment</b>	3 February 2016
<b>Date of last re-appointment</b>	7 July 2017
<b>Age</b>	54
<b>Country of Principal Residence</b>	Singapore
<b>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</b>	Based on the recommendation of the Nominating Committee, the Board of Directors (save for Mr Alan Cheong Mun Cheong) proposes to the Company's shareholders to approve the re-election of Mr Alan Cheong Mun Cheong as Independent Director of the Company.
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Non-Executive
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Independent Director, Chairman of Remuneration Committee and Member of the Audit Committee and the Nominating Committee.
<b>Professional qualifications</b>	Graduate Statistician (Royal Statistical Society), BSc (Mathematics), BSc (Estate Management 2nd Class Upper)
<b>Working experience and occupation(s) during the past 10 years</b>	May 2011 to Current Savills (Singapore) Pte Ltd Executive Director
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	Nil
<b>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</b>	Nil
<b>Conflict of interests (including any competing business)</b>	Nil

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT**

<b>Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer</b>	Yes
<b>Other Principal Commitments* Including Directorships#</b>	
* "Principal Commitments" has the same meaning as defined in the Code	
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	
<b>Past (for the last 5 years)</b>	Nil
<b>Present</b>	Savills (Singapore) Pte Ltd
<b>INFORMATION REQUIRED PURSUANT TO CATALIST RULE 704(6)</b>	
<b>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</b>	No
<b>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</b>	No
<b>(c) Whether there is any unsatisfied judgment against him?</b>	No
<b>(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?</b>	No

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT**

<b>(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?</b>	No
<b>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</b>	No
<b>(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?</b>	No
<b>(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?</b>	No
<b>(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?</b>	No
<b>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</b> <b>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</b>	No

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT**

<b>(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</b>	No
<b>(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</b>	No
<b>(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?</b>	No
<b>(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?</b>	No

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# OLIVE TREE ESTATES LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200713878D)

## IMPORTANT

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

## PROXY FORM

### ANNUAL GENERAL MEETING

I/We, \_\_\_\_\_ (full name in capital letters)

NRIC No./Passport No./Company Registration No. \_\_\_\_\_

of \_\_\_\_\_  
(full address) being a member/members of Olive Tree Estates Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Annual General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10.00 am on Wednesday, 24 April 2019 at 114 Lavender Street #18-00 CT Hub 2 Singapore 338729 and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the Annual General Meeting and at any adjournment thereof.)

	<b>ORDINARY BUSINESS (Ordinary Resolutions)</b>	<b>For</b>	<b>Against</b>
Resolution 1	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Independent Auditor's Report thereon		
Resolution 2	To re-elect Mr Alan Cheong Mun Cheong, a Director retiring pursuant to Article 97 of the Company's Constitution		
Resolution 3	To re-elect Mr Aloysius Wee Meng Seng, a director retiring pursuant to Article 97 of the Company's Constitution		
Resolution 4	To approve payment of Directors' Fees for financial year ending 31 December 2019		
Resolution 5	To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditor and to authorise the Directors to fix their remuneration		
	<b>SPECIAL BUSINESS (Ordinary Resolution)</b>		
Resolution 6	To approve and adopt the Share Issue Mandate		

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

<b>Total Number of Shares Held in:</b>	
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of members(s) or Common Seal

## **IMPORTANT: PLEASE READ THE NOTES**

### **Notes to the Proxy Form**

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) a member entitled to attend and vote at the Annual General Meeting (the “**Meeting**”) is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediaries is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.
7. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the office of our Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Meeting.
8. Please indicate with an “X” in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of the Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
11. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

### **Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 3 April 2019.





**OLIVE TREE ESTATES LIMITED**

114 Lavender Street, CT Hub 2  
#06-01 Singapore 338729