

SIAS received this reply from OKH:

**On the Group's strategy**

Notwithstanding the current state of the industrial real estate market in Singapore, the Group continues to look for attractive industrial land for development opportunities. Given its success in Addition & Alteration ("A&A") works and rental income from its Kim Yam Road, Herencia property, the Group continues to look out for opportunities to undertake A&A to similar buildings to generate a recurrent income stream. The Group is pursuing overseas businesses in the region and has signed a Strategic Cooperation Agreement with Ping An Industrial and Logistics Co., Ltd to develop and manage warehouses in various cities in China. The Group is currently exploring various cities for the potential collaboration with Ping An Industrial and Logistics Co., Ltd.

The Company and Ping An Industrial and Logistic wish to establish a close, long-term and harmonious strategic partnership to leverage on their respective resource advantages and business characteristics whereby the Company and its associated company, namely Pan Asia Logistics Investments Holdings Pte. Ltd. will offer their expertise in the design, development, build-to-suit, leasing, asset management expertise and client network and Ping An Industrial and Logistic will offer its real estate resources and asset management expertise, as well as provide the integrated financial services including but not limited to insurance, finance leasing, cargo vehicle insurance and supply chain financing for the Partnership.

**Funding for new projects**

New ventures will be funded through various ways, including new bank loans, capital markets and/or our MTN programme which was already established in 2015.

We also have the continuous support of our controlling shareholders whom had provided us with unsecured funding when necessary, while other lenders were unwilling. This had also greatly helped in lowering the Group's overall cost of capital by reducing their overall interest rate to 4.8% which is lower than bank's prime rate of ~5.3%.

**Mr Lock's appointment as independent director for CES**

CES industrial properties are for its own use in its construction business which is not the same as the Company, which is a developer for industrial properties, as such Mr Lock will not be put into a position of conflict. Mr Lock has informed the Board of his appointment to the CES Board and the Board does not have any objection to the appointment. Although the Board of Directors do not expect any conflict of interests to arise from Mr Lock's appointment as ID of CES, if a potential conflict should arise, Mr Lock would take the necessary steps to avoid or address such conflicts.