

ANNUAL REPORT 2016



LUM CHANG HOLDINGS LIMITED

OUR VISION

To be a quality property developer and leading builder in Singapore and the region.

OUR MISSION

We are committed towards global sustainability, safety, quality excellence and value creation for all our stakeholders. We establish partnerships with strategic players and deliver projects exceeding clients' satisfaction. We are a progressive organisation that fosters a people-excellence culture based on merit and equal opportunity.

OUR CORE VALUES

We are a progressive company built upon seven decades of traditional values and cooperative team work which shape our business framework. Our core values represented by the acronym, **IMPRESS**, are:

INTEGRITY

Uncompromising honesty, fairness and accountability in everything we do

MARK

Making our mark, staying ahead of the curve and establishing new benchmarks

PASSION

Doing whatever it takes to deliver what we promise

RESOURCEFULNESS

Pioneering creative solutions for business and operational transformation

EXCEPTIONAL VALUE

Leveraging modern, cost-effective techniques to deliver quality, durability and value multiplication

SAFETY

Committing to a Zero Accident policy, upholding respect for life

SERVICE EXCELLENCE

Exceeding expectations, building trust to keep our clients returning

CONTENTS

Highlights	3
Corporate Profile	4
Corporate Structure	5
Board of Directors	6
Present and Past Directorships	8
Senior Management	10
Corporate Data	12
Chairman's Statement	13
Construction	16
Property	20
Corporate Social Responsibility Review	24
Network of Operations	30
Group Financial Highlights	31
Five-Year Financial Summary	32
Corporate Governance	33
Directors' Statement	44
Independent Auditor's Report	49
Consolidated Income Statement	50
Consolidated Statement of Comprehensive Income	51
Balance Sheet - Group	52
Balance Sheet - Company	53
Consolidated Statement of Changes in Equity	54
Consolidated Statement of Cash Flows	55
Notes to the Financial Statements	57
Statistics of Shareholdings	138
Notice of Annual General Meeting and Books Closure	139
Proxy Form for Annual General Meeting	Form

HIGHLIGHTS



DNV-GL Technology Centre and DSO National Laboratories



Twin Palms Kemensah

2015

JULY

- Completed the construction of 15 Westiara bungalows at Twin Palms Sungai Long

SEPTEMBER

- Completed Phase 2 of Ascendas Land's DNV-GL Technology Centre and DSO National Laboratories at Science Park Drive

OCTOBER

- Obtained Temporary Occupation Permit for Bukit Panjang Station (C912), Downtown Line Stage 2
- Obtained Temporary Occupation Permit for Ripple Bay
- Completed the construction of 15 Sierra semi-detached homes at Twin Palms Sungai Long

DECEMBER

- Completed the construction of 13 Westiara bungalows at Twin Palms Sungai Long
- Completed the construction of 45 Calypso bungalows at Twin Palms Kemensah

2016

JANUARY

- Completed the construction of 22 Sierra semi-detached homes at Twin Palms Sungai Long

MARCH

- Obtained Temporary Occupation Permit for Twin Fountains
- Completed the construction of Mapletree Logistics Hub at Toh Guan Road East

MAY

- Signed joint venture agreement with Tien Wah Press Holdings Berhad to purchase land and develop a mixed-use commercial project in Selangor Darul Ehsan, Malaysia
- Lum Chang Malaysia conferred the Award of Excellence in Construction Quality from Construction Industry Development Board (CIDB) Malaysia for Twin Palms Sungai Long Phase 3

JULY

- Awarded a \$60.8m contract to construct a new high-specification industrial building, and carry out asset enhancement works for three existing buildings at Kallang
- Won the Gold Award in the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health & Safety Awards 2016



Twin Fountains



New High-Specification Industrial Building at Kallang

SEPTEMBER

- Conferred the GoldPlus Award at the Building and Construction Authority's (BCA) Building Information Modelling (BIM) Awards 2016 for Mapletree Logistics Hub at Toh Guan Road East

CORPORATE PROFILE



From its modest beginnings as a sole proprietorship in the 1940s, Lum Chang has grown to become a leading construction firm listed on the Singapore Exchange, backed by a portfolio of projects valued at over \$9.0 billion.

With firm foundations built upon more than seven decades in construction, the Group has also taken the leap to diversify its talents in property investment and development. Today, the twin pillars of Lum Chang are construction and property. The success of the Group is recognised through its impressive diversity of award-winning residential and commercial developments in Singapore and Malaysia.

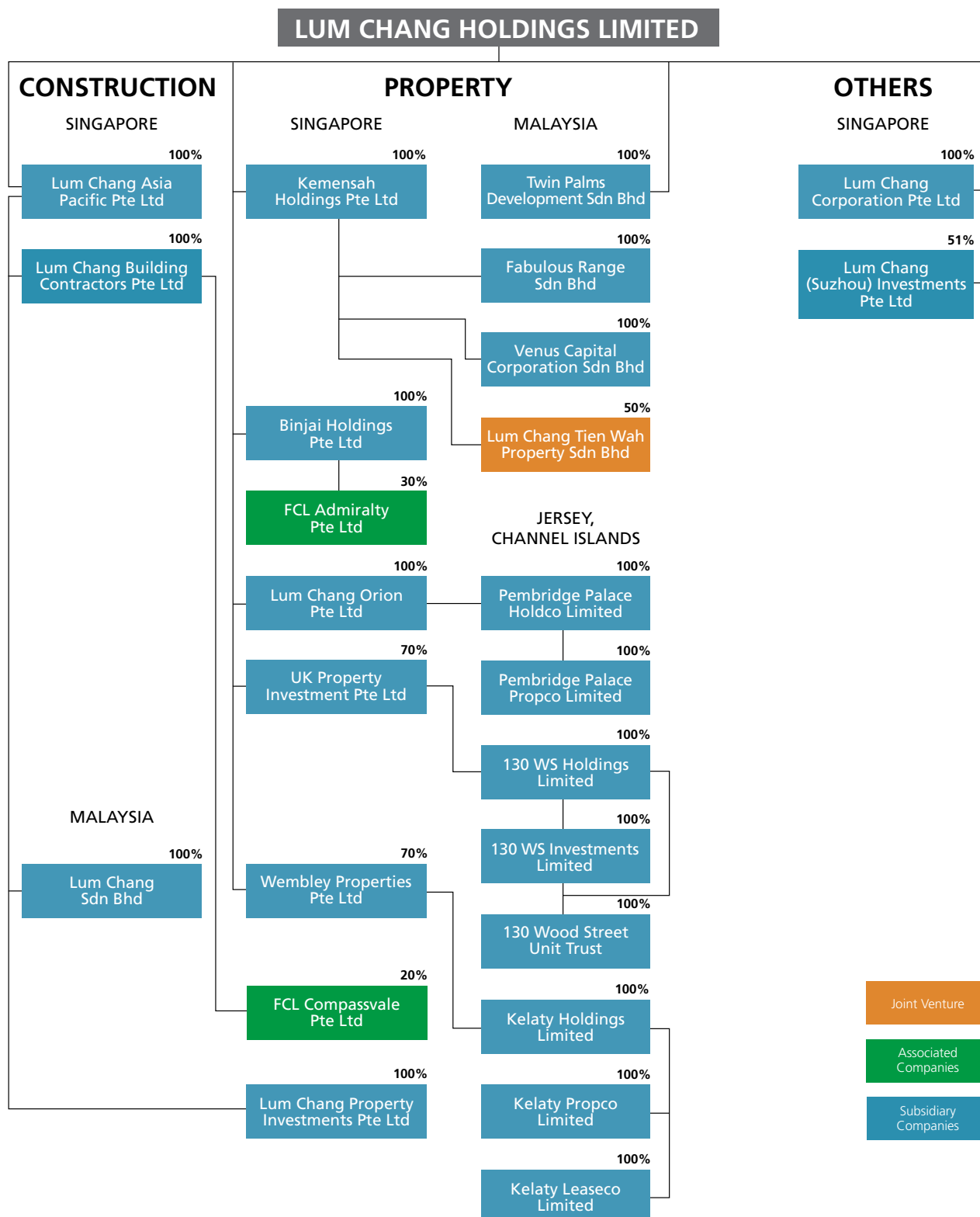
Recognising that sustainability should be an inherent part of its business, the Group strives to integrate

its uncompromising commitment to quality, health and safety, and the environment into its business operations. It works closely with key stakeholders to implement initiatives that will minimise the environmental impact that may be associated with its business activities. It has also incorporated innovative green solutions into its business practices and development projects.

Guided by sound management strategies and good corporate governance, the Company has been rewarded with steadfast and sustained growth and a solid reputation for quality and reliability. With a proven track record, a keen eye for investment opportunities and its strategic network of business alliances, Lum Chang remains committed to delivering its best to shareholders, clients and associates, employees and the community as a whole.

CORPORATE STRUCTURE

as at 14 September 2016



* For the complete list of subsidiary companies, associated companies and joint venture, please refer to Note 40 of the Notes to the Financial Statements.

BOARD OF DIRECTORS



From left to right: Mr Peter Sim Swee Yam, Mr Andrew Chua Thiam Chwee, Mr Raymond Lum Kwan Sung, Mr Tony Fong, Mr David Lum Kok Seng, Dr Willie Lee Leng Ghee and Mr Daniel Soh Chung Hian

MR RAYMOND LUM KWAN SUNG is the Executive Chairman of Lum Chang Holdings Limited (LCH), a position he has held since 1984. With more than 40 years of business experience, Mr Lum's visionary leadership has seen the Group through diversification, successful business alliances and timely corporate moves, leading to its present focus on construction and property development, both locally and overseas. In particular, Mr Lum has been instrumental in growing Lum Chang into a foremost and well-regarded construction firm in Singapore.

Mr Lum is active in community work and was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 1982.

He has served on the boards of public institutions and quasi-government organisations such as the Singapore Trade Development Board (now known as International Enterprise Singapore); Singapore Police Association for National Servicemen and Civil Defence Association for National Servicemen. He was also a board member of the Commercial & Industrial Security Corporation (CISCO). He is the Honorary Consul of the Honorary Consulate General of Ghana, Singapore, an appointment by the Government of the Republic of Ghana since 1996.

Mr Lum holds a Bachelor of Science in Civil Engineering from the University of London, United Kingdom.

MR DAVID LUM KOK SENG is the Managing Director of LCH. His dynamic entrepreneurial leadership coupled with more than 40 years of industry experience have led Lum Chang towards increasing its footprint, affirming it as a strong and trusted local construction brand known for quality and reliability.

Mr Lum has successfully led the expansion of the Group's property development activities in Singapore and Malaysia. He is also actively spearheading the Group in property investment projects in the United Kingdom.

His insightful market knowledge, strategic business contacts and relentless entrepreneurial drive have significantly contributed to the development of the Group and will continue to drive the Group to achieve greater heights.

MR TONY FONG is the Executive Director of LCH appointed in July 2012. He joined LCH in 2004 as Group Financial Controller and Company Secretary, and was promoted to Group Finance Director in September 2010.

He oversees the financial management functions of the Group and also contributes to its business development and strategic plans. In addition, he is responsible for ensuring that the Company complies with good corporate governance policies and practices.

Mr Fong was trained in a firm of Chartered Accountants in the United Kingdom and is a member of the Association of Chartered Certified Accountants and the Institute of Singapore Chartered Accountants.

MR PETER SIM SWEE YAM, BBM, PBM, is a non-executive independent Director of LCH since November 2001. He chairs the Remuneration Committee and serves on the Audit and Risk, and Nominating Committees. Mr Sim is also the Lead Independent Director of LCH.

Mr Sim is a solicitor by profession and a director of the law firm, Sim Law Practice LLC.

He also serves as an independent director of the following listed companies: Haw Par Corporation Limited, Marco Polo Marine Ltd and Mun Siong Engineering Limited. He is also a director of the Singapore Heart Foundation.

MR DANIEL SOH CHUNG HIAN is a non-executive independent Director of LCH appointed in January 2013. He chairs the Audit and Risk Committee and also serves on the Nominating Committee.

A fellow member of the Institute of Singapore Chartered Accountants, Mr Soh began his career in 1977 with Ernst & Young LLP, Singapore, and was a partner from 1990 till his retirement in December 2012. His 35 years of experience saw him auditing many publicly listed companies and working on many IPOs of listed companies.

Mr Soh also serves as an independent director of Eu Yan Sang International Ltd. And he sits on the Board of Governors of Raffles Girls' School and Agency For Integrated Care Pte Ltd.

Mr Soh graduated from the then University of Singapore with a degree in Accountancy, and possesses a Master of Business Administration from International Centre of Management in the United Kingdom.

DR WILLIE LEE LENG GHEE is a non-executive independent Director of LCH appointed in February 2006. He was appointed as the Chairman of the Nominating Committee since December 2015. He also serves on the Audit and Risk, and Remuneration Committees.

Dr Lee has a MBBS from the then University of Singapore and has been a medical practitioner for over 40 years.

MR ANDREW CHUA THIAM CHWEE is a non-executive independent Director of LCH appointed in December 2015. He serves on the Audit and Risk, and Remuneration Committees.

Mr Chua has extensive experience in banking and finance, having made his career in the course of over 34 years in three international and renowned banks in functional areas of corporate banking and general management. Before striking out on his own in 2009, Mr Chua was the Managing Director of Enterprise Banking at DBS Bank Ltd, where he had spent more than 20 years. He also serves as an independent director of GKE Corporation Limited.

Mr Chua is active in community service sitting as a member on various community-based committees and chairing several such committees.

PRESENT AND PAST DIRECTORSHIPS

as at 14 September 2016

RAYMOND LUM KWAN SUNG

Present Directorships

Lum Chang Holdings Limited *

Lum Chang Asia Pacific Pte Ltd

Lum Chang Building Contractors Pte Ltd

Lum Chang Corporation Pte Ltd

Lum Chang Orion Pte Ltd

Lum Chang Properties Ltd

Lum Chang Property Investments Pte Ltd

Lum Chang (Suzhou) Investments Pte Ltd

Binjai Holdings Pte Ltd

Boon Lay Executive Condominiums Pte Ltd

Singapore-Suzhou Township Development Pte Ltd #

UK Property Investment Pte Ltd

Lum Chang Sdn Bhd

Arandeur Holdings Pte Ltd

Lum Chang Investments Pte Ltd

SG Link Pte Ltd

Kwong Wai Shiu Hospital & Nursing Home

Past Directorships over the Preceding Three Years

Lum Chang Realty Pte Ltd

Edu Genus Pte Ltd

Glaxton Trading Pte Ltd

London Property Investment Pte Ltd

River Springs Pte Ltd

RDL Investments Pte Ltd

DAVID LUM KOK SENG

Present Directorships

Lum Chang Holdings Limited *

Lum Chang Asia Pacific Pte Ltd

Lum Chang Building Contractors Pte Ltd

Lum Chang Corporation Pte Ltd

Lum Chang Orion Pte Ltd

Lum Chang Properties Ltd

Lum Chang Property Investments Pte Ltd

Lum Chang (Suzhou) Investments Pte Ltd

Binjai Holdings Pte Ltd

Boon Lay Executive Condominiums Pte Ltd

Kemensah Holdings Pte Ltd

Wembley Properties Pte Ltd

FCL Compassvale Pte Ltd

Singapore-Suzhou Township Development Pte Ltd

Lum Chang Sdn Bhd

Lum Chang Tien Wah Property Sdn Bhd

Fabulous Range Sdn Bhd

Uptown Viewpoint Sdn Bhd

Urban Assignment Sdn Bhd

Venus Capital Corporation Sdn Bhd

Arandeur Holdings Pte Ltd

Beverian Holdings Pte Ltd

Bevrian Pte Ltd

DML London Pte Ltd

Nanyang Girls' High School Ltd

Nanyang International Education (Holdings) Limited

Kwong Wai Shiu Hospital & Nursing Home

Past Directorships over the Preceding Three Years

Lum Chang Realty Pte Ltd

Edu Genus Pte Ltd

Glaxton Trading Pte Ltd

Sungei Long Holdings Pte Ltd

LCD Global Investments Ltd ^

L.C. Hotels Pte Ltd

L.C. Logistics Pte Ltd

LCD Property Pte Ltd

LCD Property Management Pte Ltd

Hillgate Investment Pte Ltd

Draycott Garden Pte Ltd

Richful China Investments Limited

Xuzhou YinJian LumChang Real Estate Development Co., Ltd

Xuzhou RE Sales Co., Ltd

LCD Management Sdn Bhd

Corpus Five Sdn Bhd

RDL Investments Pte Ltd

TONY FONG

Present Directorships

Lum Chang Holdings Limited *

Lum Chang Asia Pacific Pte Ltd

Lum Chang Building Contractors Pte Ltd

Lum Chang Corporation Pte Ltd

Lum Chang Orion Pte Ltd

Lum Chang Properties Ltd
 Lum Chang Property Investments Pte Ltd
 Lum Chang (Suzhou) Investments Pte Ltd
 Binjai Holdings Pte Ltd
 Boon Lay Executive Condominiums Pte Ltd
 Columba Holdings Pte Ltd
 Dorado Holdings Pte Ltd
 Kemensah Holdings Pte Ltd
 Tucana Investments Pte Ltd
 UK Property Investment Pte Ltd
 Wembley Properties Pte Ltd
 FCL Admiralty Pte Ltd #
 Lum Chang Sdn Bhd
 Lum Chang Tien Wah Property Sdn Bhd
 Fabulous Range Sdn Bhd
 Nexus Sdn Bhd
 Twin Palms Development Sdn Bhd
 Uptown Viewpoint Sdn Bhd
 Urban Assignment Sdn Bhd
 Venus Capital Corporation Sdn Bhd
 Pembridge Palace Holdco Limited
 Pembridge Palace Propco Limited
 130 WS Holdings Limited
 130 WS Investments Limited
 Kelaty Holdings Limited
 Kelaty Propco Limited

Past Directorships over the Preceding Three Years

Lum Chang Realty Pte Ltd
 Edu Genus Pte Ltd
 Glaxton Trading Pte Ltd
 LED System Technology Pte Ltd
 London Property Investment Pte Ltd
 River Springs Pte Ltd
 Sungei Long Holdings Pte Ltd
 Lum Chang UK Properties Limited
 Old Court House Propco Limited
 Lum Chang Investments Pte Ltd
 SG Link Pte Ltd

PETER SIM SWEE YAM

Present Directorships

Lum Chang Holdings Limited *
 Gravitas Alliance International Pte Ltd

Haw Par Corporation Limited *
 Marco Polo Marine Ltd *
 Mun Siong Engineering Limited *
 Sim Law Practice LLC
 Singapore Heart Foundation
 SKB & Associates Pte Ltd

Past Directorships over the Preceding Three Years

Infinity Capital Partners (S) Pte Ltd
 Latitude Tree International Group Ltd
 Young Men's Christian Association of Singapore

DANIEL SOH CHUNG HIAN

Present Directorships

Lum Chang Holdings Limited *
 Eu Yan Sang International Ltd *
 JDJ Investment Pte Ltd
 Agency for Integrated Care Pte Ltd

Past Directorships over the Preceding Three Years

QAF Limited

DR WILLIE LEE LENG GHEE

Present Directorships

Lum Chang Holdings Limited *
 Clinic @ T3 Hotel LLP

ANDREW CHUA THIAM CHWEE

Present Directorships

Lum Chang Holdings Limited *
 SME Care Pte Ltd
 GKE Corporation Limited *

Past Directorships over the Preceding Three Years

Transcorp Holdings Limited

* Public-listed company

Alternate Director

^ Formerly known as L.C. Development Ltd

SENIOR MANAGEMENT

TAN WEY PIN

Mr Tan Wey Pin joined Lum Chang Building Contractors (LCBC) in 2003 and was subsequently appointed Executive Director in 2007. Mr Tan was promoted to Managing Director of LCBC in 2010 and as Head of Construction, is responsible for managing the Company's business as well as spearheading its growth.

Mr Tan holds a Bachelor of Engineering (Civil) from the University of New South Wales, Australia. He has over 20 years of construction industry experience, during which he managed a number of complex and large-scale projects in both civil and building works.



FOO YOKE HENG

Mrs Foo Yoke Heng joined LCH as the Group HR and Admin Manager in 2000 and was appointed Director, Human Resources in 2008.

With over 25 years of working experience to date, she has held numerous appointments in her career beginning with the Ministry of Education. At the former DBS Land, she was responsible for corporate human resources of the Group and its subsidiaries with operations across Singapore and the Asia-Pacific. Mrs Foo graduated with a Bachelor of Arts degree from the then University of Singapore.

ADRIAN LUM WEN HONG

Mr Adrian Lum Wen Hong joined LCH in 2006. He currently serves as Director, Property Development. He oversees the Property Division and is responsible for formulating business strategy and identifying investment opportunities, land and property development and potential joint ventures, and business acquisitions for the Group.

Prior to joining Lum Chang, Mr Lum held management positions whilst working locally and abroad.

Mr Lum holds a Master's Degree in Engineering with First Class Honours from the Imperial College of London, United Kingdom, and was awarded the Governor's MEng Prize for academic excellence.



CHONG SOON TECK

Mr Chong Soon Teck, General Manager, Commercial, joined LCBC in 1983 as Quantity Surveyor. As Head of the Commercial Unit, he is responsible for the business development, administration, purchasing and contracts departments. He is also directly involved in and oversees the tendering of projects for the Company.

With more than 30 years of experience in the construction industry, Mr Chong has had a hand in many of the Company's major construction projects.



NG KEE HONG

Mr Ng Kee Hong, General Manager of Projects, Construction, is in charge of LCBC's building projects. Mr Ng joined the Company in 2004 and has been involved in many key projects.

With more than 40 years of diversified experience in construction, Mr Ng has in-depth expertise extending from mechanical and engineering works to project management, from site experience to construction management. Prior to joining LCBC in 2004, Mr Ng was an M&E Specialist, involved in infrastructure and building projects.

RINTU CHAKRAVARTHY

Mr Rintu Chakravarthy, General Manager of Projects, Construction, is responsible for leading the Company's Civil and Infrastructure Team. Mr Chakravarthy joined the Company in 2003 as Project Manager. In 2009, he assumed the role of Project Director for the design and construction of civil and infrastructure projects.

Mr Chakravarthy has over 25 years of experience with core competencies in almost every facet of construction and holds a Bachelor of Civil Engineering from the Andhra University, India.



CORPORATE DATA

BOARD OF DIRECTORS

Raymond Lum Kwan Sung
Executive Chairman

David Lum Kok Seng
Managing Director

Tony Fong
Executive Director

Peter Sim Swee Yam
Lead Independent Director

Daniel Soh Chung Hian
Independent Director

Dr Willie Lee Leng Ghee
Independent Director

Andrew Chua Thiam Chwee
Independent Director

REGISTERED OFFICE

14 Kung Chong Road
#08-01 Lum Chang Building
Singapore 159150
Tel: 6273 8888
Fax: 6933 6688
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www.lumchang.com.sg

REGISTRARS & TRANSFER OFFICE

Tricor Barbinder
Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road
#02-00
Singapore 068898

COMPANY REGISTRATION NO.

198203949N

AUDIT AND RISK COMMITTEE

Daniel Soh Chung Hian
Chairman

Peter Sim Swee Yam
Dr Willie Lee Leng Ghee
Andrew Chua Thiam Chwee

NOMINATING COMMITTEE

Dr Willie Lee Leng Ghee
Chairman

Peter Sim Swee Yam
Daniel Soh Chung Hian
Raymond Lum Kwan Sung

REMUNERATION COMMITTEE

Peter Sim Swee Yam
Chairman

Dr Willie Lee Leng Ghee
Andrew Chua Thiam Chwee

COMPANY SECRETARY

Tony Fong

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
Public Accountants
and Chartered Accountants
Singapore
Audit Partner
Tan Bee Nah
(effective from the financial year ended
30 June 2012)

PRINCIPAL BANKERS

CIMB Bank Berhad
Citibank, N.A.
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

CHAIRMAN'S STATEMENT



REVIEW OF BUSINESS OPERATIONS

On behalf of the Board of Directors, I am pleased to present the financial report of Lum Chang for the financial year ended 30 June 2016. I am happy to share that it was another successful year for the Group.

The year under review saw volatility in global crude oil prices and a slowdown in the global economy. Economic growth was uneven across the board with modest improvement in Europe while growth in the United States was sluggish and lacked traction. In Asia, overall growth was stable albeit slower, and in Singapore it was no different. In June 2016, Britain voted to withdraw from the European Union, compounding volatility and resulting in many uncertainties that will likely dampen growth for the next few years.

Despite the uncertain economic backdrop, the Group reported a net profit attributable to shareholders of \$29.5 million during FY2016, a slight dip from previous year's profit of \$29.8 million. The successful year can be attributed to another good performance from our Construction Division, the successful completion of a number of phases from our Malaysian developments, and the Group's share of profits from the Twin Fountains residential development in Singapore. The Group's total revenue for the year came in at \$426.1 million, 36% higher than the previous year.

With the current global economic slowdown and uncertainties resulting from Brexit, the Group foresees increasingly difficult market conditions and a challenging FY2017. We will continue to closely monitor our overall cost structure, strive for optimum operating efficiency to remain competitive and profitable.

DIVIDENDS

Our commitment to the prudent management of our projects, and costs and cash flow management, have allowed us to deliver more than a decade of consecutive earnings. A steady growth of revenue coupled with a healthy cash flow have allowed the Group to consistently reward shareholders with dividend payout. Similarly this year, the Board of Directors is pleased to recommend a final dividend of 1.25 cents per share to be approved by Shareholders in the forthcoming Annual General Meeting. In addition to an interim dividend of 0.75 cents per share paid out in March 2016, the total dividend paid out for the financial year is 2.0 cents per share.

CONSTRUCTION

Still our largest revenue contributor, the Construction Division reported revenue of \$352.7 million, making up 83% of the Group's total revenue. This marked an increase of 37% over the last financial year.

One of our biggest jobs, the MRT project at Bukit Panjang (C912) was completed. Along with that, the 679-unit Ripple Bay condominium, six-storey ramp-up warehouse in Toh Guan, and Phase II of Ascendas Land's commercial development at Science Park Drive were also completed.

Construction for both the Housing & Development Board's Kampung Admiralty project in Woodlands and Frasers Centrepoint's Northpoint City, a mixed development in Yishun, is progressing according to schedule. Kampung Admiralty is expected to complete in the first half of 2017, while Northpoint City should be completed in the second half of 2018.

I am also pleased to report that we recently secured a contract for the construction of a new high-specification industrial building, and asset enhancement works for three existing buildings at Kallang. Awarded by DBS Trustee Limited, as trustee of Mapletree Industrial Trust Management Ltd, the contract is worth \$60.8 million. This brings the total outstanding order book for the Group's current construction projects to \$560 million.

PROPERTY

The Group's joint venture executive condominium, Twin Fountains, achieved Temporary Occupation Permit, as scheduled in the first half of 2016. The development has been fully sold.

Construction of Twin Palms Sungai Long and Twin Palms Kemensah, the Group's two residential projects in Malaysia, progressed steadily. However, uncertain global conditions, a slowing economy and tight lending conditions continued to put a damper on Malaysia's property market. Market sentiments are expected to remain weak for the current financial year.

Out of the total 573 units in Sungai Long, we have so far launched 376 units and of these, 95% have been sold to date. While there are plans to launch new phases in the latter part of FY2017, we will continue to monitor market conditions before deciding whether to proceed with the launches.

During the year, the Sungai Long Sierra semi-detached homes under Phase 3B also won the Construction Industry Development Board (CIDB) Malaysia's Qlassic Excellence Award. The award recognises excellence in construction and this is the second time Lum Chang Malaysia has received this award. Last year, we were recognised for the work on Twin Palms Kemensah's Chrysalis bungalows.

Over at Twin Palms Kemensah, the final phase of Calypso bungalows was completed during the year under review. A further 19 units were taken up, bringing the total number of units sold to 121 out of the total of 127 in the development. We expect the remaining six units to be taken up during FY2017.

Where investments are concerned, we are taking a conservative approach, while continuing to act strategically to ensure that our company is able to deliver future organic growth.

The Group signed an agreement with Tien Wah Properties Sdn Bhd to jointly acquire and develop land at Petaling Jaya in Selangor, Malaysia. The leasehold industrial land measures approximately 13,040 square metres and the joint venture partners intend to develop a mix-use commercial property.

The purchase of Kelaty House was completed in August 2015 at a purchase price of £25.5 million (\$55.6 million). Located within the Wembley Regeneration Area, near the iconic Wembley Stadium, the property is about 1.03 hectares and is currently fully leased.

SHARE BUY-BACK AND EMPLOYEE SHARE OPTION SCHEME

The Company purchased 6,323,300 of its own shares during the financial year ended 30 June 2016. As for the share option scheme, no further share options were granted to employees during the year under review.

To date, out of a total of 36,632,000 share options granted since 2008, only 3,490,000 share options remain outstanding.

SENIOR MANAGEMENT CHANGES

The Board members and I are pleased to welcome Mr Andrew Chua, who joined the Board as an Independent Non-Executive Director in December 2015. A veteran of the financial industry, Mr Chua has held positions in corporate banking and management. Mr Chua has extensive experience in banking and finance, which I am sure will strengthen and enrich the Board.

In January 2016, Mr Cham Kooi Joo who is in charge of our operations in Malaysia, was promoted to Managing Director. He is responsible for the overall business development and continues to oversee the Group's operations in Malaysia. The Board Members and I congratulate him and wish him great success in this new position.

CONCLUSION

On the back of an uncertain global economic recovery, the Group is focused on maintaining business stability for long-term growth.

We will continue to study opportunities for selective acquisitions, making the move only when the entry price makes business sense. We will also continue to practise careful management and prudent financial discipline while being selective with project tenders. Work on innovation in construction technology continues, as we strive towards improving productivity, so that we can remain competitive in the tendering of projects.

On behalf of the Board, I wish to thank our shareholders, clients, business associates and suppliers for their continuing trust and support. My sincere thanks also go out to the Directors, Management and Staff as well for their dedication and commitment throughout the year.



Raymond Lum Kwan Sung

Executive Chairman

14 September 2016

CONSTRUCTION



MAINTAINING BUSINESS STABILITY BY FOCUSING ON CORE COMPETENCIES

During the year under review, the Group's construction division secured a new contract and continued to work on a number of on-going projects. Several of these projects were completed, further adding to LCBC's already impressive and diverse portfolio.

The highly anticipated Land Transport Authority's (LTA) MRT Downtown Line Stage 2 C912 civil infrastructure project was one of the projects successfully completed. The line, including Bukit Panjang MRT Station commenced operations with much fanfare on 27 December 2015.

Ripple Bay, a condominium development in Pasir Ris, was also completed during the financial year, along with the second phase of Ascendas Land's Business Park Development at Science Park Drive. Construction for another residential contract, The Glades, is progressing well and

expected to be completed by the end of the year. On the industrial property front, the Group also completed the construction of a warehouse at Mapletree Logistics Hub in Toh Guan.

In July, LCBC was awarded the contract for the construction of a new high-specification industrial building, along with asset enhancement works for three existing buildings at Kallang.

Against the backdrop of an uncertain global economic outlook, and with the slowdown in private-sector construction demand and a higher demand in the public sector, the Group remains vigilant in responding to changing market conditions. We will continue to tender for projects selectively to deliver high quality, cost-competitive and effective construction solutions and products to our clients.

HIGH-SPECIFICATION INDUSTRIAL BUILDING AT BOON KENG ROAD AND KALLANG PLACE

LCBC has secured a tender for the construction of a high-specification industrial building located at the junction of Boon Keng Road and Kallang Place.

The contract valued at \$60.8 million was awarded by DBS Trustee Limited as Trustee of Mapletree Industrial Trust. The scope of work for the project includes the construction of a fourteen-storey multi-user high-specification building with two-storey carpark, and asset enhancement works for three existing buildings. The asset enhancement works are required for lift lobbies and corridors, and encompass modernisation of the lifts and lift car replacements.



Construction works, including the upgrading of the three existing buildings, commenced in August 2016 and will be carried out in seven phases. The project is slated for completion in the first half of 2018.



NORTHPOINT CITY

Construction of Northpoint City, a mixed development at Yishun Central 1 / Yishun Avenue 2, is currently progressing according to schedule.

Awarded by North Gem Development Pte Ltd and FC North Gem Trustee Pte Ltd, as trustee-manager of North Gem Trust, the \$487.0 million project includes the 920-unit North Park Residences, a three-storey podium block encompassing retail, community club, and bus interchange with two basements and mezzanine retail and carparks. Other building works include a town plaza

and a new underground linkway with shops connecting Yishun MRT Station to the new bus interchange.

The residential component, Northpark Residences, comprises twelve 10-storey apartment blocks, a clubhouse, swimming pool and communal facilities.

Northpoint City will be constructed in three phases, and completion of the development is scheduled for the second half of 2018.



KAMPUNG ADMIRALTY

Kampung Admiralty is a \$128.0 million integrated development located at Woodlands. Awarded by the Housing Development Board, the scope of the contract includes the construction of two studio apartment blocks with 104 units, a community plaza and park, retail shops, a hawker centre, two-level medical centre, and elder and childcare facilities.

The contract also includes other associated works such as the construction of a two-level basement carpark and additional contingency works. The project is expected to be completed in the first half of 2017.

THE GLADES

Awarded by Sherwood Development Pte Ltd (a joint venture between Keppel Land & China Vanke), The Glades is a \$178.6 million condominium project located at Bedok Rise. This 726-unit residential development comprises nine blocks of between 10 to 12 storeys, two basement carparks, a tennis court, swimming pool and clubhouse facilities. Construction is progressing according to schedule and the targeted completion date is in the second half of 2016.

For its sustainable design, construction and operation practices, The Glades was awarded the BCA Green Mark Gold Plus Award in May 2014.



RIPPLE BAY

This condominium development located at Jalan Loyang Besar / Pasir Ris Drive 4, was completed and the project obtained TOP in October 2015.

The \$143.7 million contract from MCL Land (Pasir Ris) Pte Ltd covers the construction of four 12-storey units, and three 13-storey apartment blocks with a basement carpark, tennis court, swimming pool and clubhouse amenities.

MAPLETREE LOGISTICS HUB

In March 2016, LCBC completed and obtained TOP for the Mapletree Logistics Hub. The \$87.0 million contract from HSBC Institutional Trust Services (Singapore) Limited as Trustee of Mapletree Logistics Trust, covers the design and construction of a six-storey ramp-up warehouse with container parking and ancillary buildings/structures and container parking lot.

In recognition of LCBC's Building Information Modelling implementation during the design, construction and facility management stages, the project was awarded the BCA BIM GoldPlus Award, Projects category in September 2016.



Image : Mapletree Investments Pte Ltd



DNV-GL TECHNOLOGY CENTRE AND DSO NATIONAL LABORATORIES

The construction of DNV-GL Technology Centre and DSO National Laboratories Phase 1 was completed in June 2013 while Phase 2 was completed in September 2015.

The \$152.2 million commercial contract was awarded by Ascendas Land (Singapore) Pte Ltd. DNV-GL Technology Centre and DSO National Laboratories located at Science Park Drive, consists of one 7-storey and two 8-storey office blocks. The development scored the BCA Green Mark Gold Award in May 2013.

MRT DOWNTOWN LINE STAGE 2 C912

Bukit Panjang Station (C912) was completed and obtained TOP in October 2015. The Downtown Line Stage 2, including Bukit Panjang Station, commenced operations on 27 December 2015.

The 16.6 km long Downtown Line Stage 2 connects the north-western part of Singapore to the city centre, and comprises one depot and 12 stations, including four interchange stations at Little India, Newton, Botanic Gardens and Bukit Panjang.

Awarded by LTA, the Bukit Panjang Station contract valued at \$504.5 million, includes the construction of an underground station with two basement levels (concourse and platform), and a 1.8km cut-and-cover tunnel stretching from C911 (Gali Batu Depot) to the C913 bored tunnel in front of The Linear condominium. The structure for future underground pedestrian walkways to adjacent developments have also been included on the concourse level.

For this project, LCBC was conferred the Accident Free Million Man hours Recognition Award during the LTA Safety Convention in September 2013. The award signifies the project achieving an impressive milestone, of more than two million accident free man-hours without reportable accidents or major incident.



Image : Land Transport Authority
Community Partnership

PROPERTY



BUILDING LUXURIOUS LIFE SPACES AND MAKING SMART SELECTIVE INVESTMENTS

The Group's property investment and development arm complements the Group's business with its collection of deluxe homes, quality condominiums and prime commercial properties in Singapore, Malaysia and the United Kingdom.

Combining nature, comfort and convenience, Lum Chang's property developments embody the best of luxury living with stunning green spaces, and offer efficient space planning to cater to diverse business requirements. Its property investments produce consistent yields with capital appreciation potential.

The current portfolio of the Group includes a local executive condominium with a unique concept, two luxury landed residential estates in Kuala Lumpur, Malaysia, and three prime commercial properties in London, United Kingdom. During the year under review, the Group also made plans to acquire industrial land in Petaling Jaya, Selangor through a joint venture with Tien Wah Press Holdings Berhad, for the proposed development of a mixed-use commercial property.

SINGAPORE

TWIN FOUNTAINS

Twin Fountains was completed and obtained TOP in March 2016. Jointly developed with Frasers Centrepoint, the 418-unit executive condominium development has been fully sold.

The development is located at the junction of Woodlands Avenue 6 / Woodlands Drive 16 and consists of eight blocks of 14-storey towers with a full spectrum of residential and recreational amenities.



UNITED KINGDOM



KELATY HOUSE

In August 2015, the Group completed the acquisition of Kelaty House, a freehold commercial property located within the Wembley Regeneration Area. Situated near the iconic Wembley Stadium, the area is rapidly transforming into a vibrant and dynamic neighbourhood.

Acquired at a consideration of £25.5 million, the property is approximately 1.03 hectares. The Group intends to redevelop the property into a mixed development comprising mainly 300 key serviced apartment/hotel and a 599-bed student hostel. Right now the property is fully leased and deriving rental income.



130 WOOD STREET

130 Wood Street is a freehold commercial property located at a prime office location to the north of Cheapside, midway between the Bank of England and St Paul's Cathedral in London.

The property comprises Grade A offices, a basement wine bar and other units let out on long leases for retail & storage. The Group

derives rental income from the property which is currently fully leased.



PEMBRIDGE PALACE

Pembridge Palace is a freehold property located at Prince's Square, London, in the City of Westminster Borough.

Conveniently located near Bayswater Tube Station and tourist attractions such as Hyde Park and Kensington Gardens, Pembridge Palace is currently leased to a sole tenant operating it as a 120-room hotel.

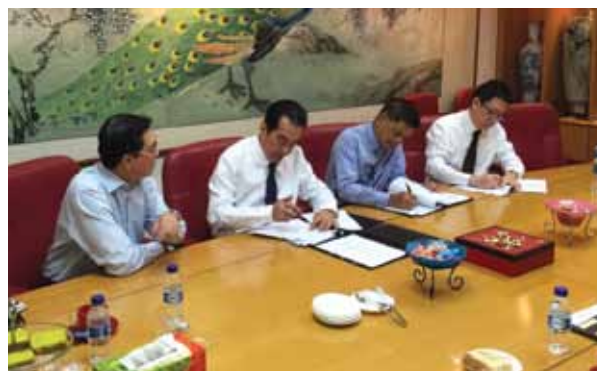
MALAYSIA

INDUSTRIAL LAND AT PETALING JAYA, SELANGOR

On 16 May 2016, the Group jointly acquired land at Petaling Jaya in Selangor, Malaysia with Tien Wah Properties Sdn Bhd for the purpose of redevelopment.

The leasehold industrial land measures approximately 13,040 square metres and the joint venture partners intend to develop a mix-use commercial property.

Vacant possession of the land is estimated to be obtained by end 2017.





TWIN PALMS KEMENSAH

Twin Palms Kemensah is a luxurious private enclave away from the busy city life. Cocooned in the lush and serene green environment of Kemensah, the development is conveniently located within close proximity to the Kuala Lumpur City Centre.

This exclusive development houses 127 bungalows, developed over three phases. The first and second phases have been fully sold. Construction for the 45 Calypso bungalows from the third and final phase of the development, was completed during the year.

During the year under review, 19 units of the bungalows were taken up bringing the total to 95% of the entire development sold.

TWIN PALMS SUNGAI LONG

Twin Palms Sungai Long is a sprawling 126-acre freehold residential development located on the hillside of Bandar Sungai Long, Kajang, beside the SILK Highway with easy access from the Sungai Besi and Besraya Highways. The development features 573 bungalows, semi-detached villas and superlink units, developed in nine phases, each named after a genus of palm. The initials of the nine phases spell out the namesake of this prestigious property.

The estate offers a full suite of indoor and outdoor amenities including a clubhouse, an infinity pool, wading and children's pool, gymnasium, sauna, jacuzzi, activity hall with badminton, table tennis and basketball courts and a multipurpose hall, in addition to the 500-meter liner park, exercise stations and children's playground.

For the year under review, the construction of 28 Westiara bungalows and 37 Sierra semi-detached homes were completed. To date, 95% of all the units launched to date have been sold.

The development was also awarded the Qlassic Excellence Award by CIDB Malaysia, in recognition of high standards in construction. This is the second consecutive year that Lum Chang Malaysia scored the award.



CORPORATE SOCIAL RESPONSIBILITY REVIEW



CORPORATE CITIZENSHIP

To fulfil our commitment of being a responsible corporate citizen, Lum Chang works with stakeholders to improve our economic, social and environmental performance. An integral part of our business, our sustainability efforts are guided by four main pillars - protecting the interests of our shareholders, being a responsible employer, giving back to the community, and adopting practices that help preserve the environment.

RESPONSIBILITY TO OUR SHAREHOLDERS

The Group strongly believes that full commitment to high standards of corporate governance is fundamental to ensuring the sustainability of the business, safeguarding shareholders' interests and maximising long-term shareholder value.

We are committed to maintaining regular, consistent and transparent communication with our shareholders by providing timely and clear information on our financials, business operations and latest business developments.

Quarterly and full-year results, and announcements are promptly released on Singapore Exchange Securities Trading Limited (SGX-ST) through SGXNET to help investors make informed investment decisions. These are also posted in a timely manner on Lum Chang's dedicated online Investors Relations (IR) page on our corporate website. Up-to-date information on Lum Chang, including project information, annual reports, daily stock quotes and historical charts are also available on the corporate website.

HUMAN RESOURCE & PEOPLE DEVELOPMENT

At the heart of Lum Chang's success are our employees. We aim to create a diverse and dynamic workforce. We provide a conducive work environment which empowers, nurtures and values our employees through initiatives like people development programmes and healthy work-life balance. Lum Chang strives towards being an employer of choice.

Lum Chang is committed to uphold the fair treatment and human rights of employees, free of discrimination and unfair labour practices. This is reflected in our human resource policies, governed by the Singapore Employment Act.

We are committed to investing in our people and supporting the long-term growth and development of all our employees. To further cement that commitment, we have taken up the BCA Pledge for a Better Built Environment Workplace.



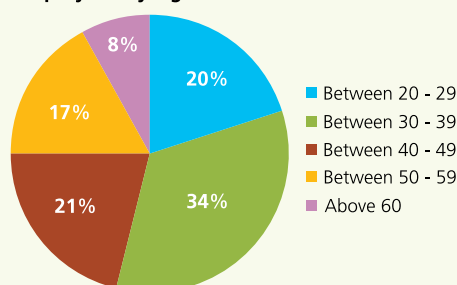
We offer competitive remuneration packages to reward individual contribution. We reward employees fairly based on individual merit, performance, contribution and experience.

Our grievance procedures and whistle-blowing policy provide avenues for employees to communicate, raise issues and concerns, without fear of reprisals. Our open-door policy encourages informal interaction and discussion amongst all our employees.

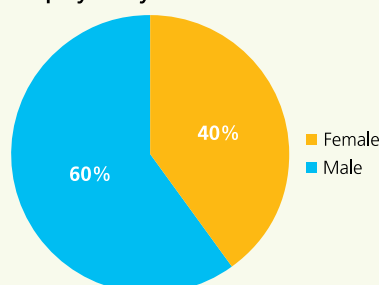
Lum Chang is committed to growing and nurturing our talent pool. We encourage continuous learning and development based on individual strengths and needs, to help our people reach their full potential.

Our employees undergo a diverse range of career building learning experiences including job-specific technical skills training, on-the-job and professional training combined with executive and leadership

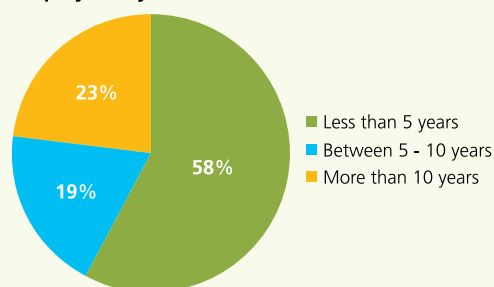
Employees by Age Band



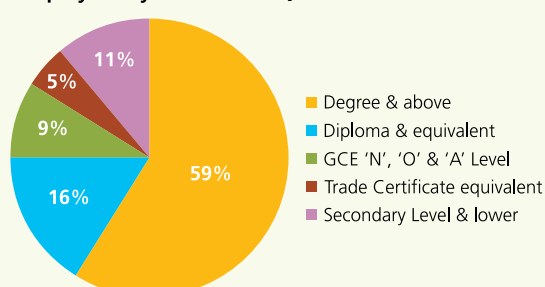
Employees by Gender



Employees by Years of Service



Employees by Educational Qualification



development, technical and professional seminars, courses, workshops, and overseas immersion programmes. Regular site visits are organised to share best work practices and provide insights on how technical challenges are overcome. Ensuring that the skills-set and technical knowledge of our employees remain current and relevant, in turn strengthens the Company's technical and leadership competencies to adapt to the ever-changing business market.

As an introduction to the organisation, new employees undergo an orientation programme which help make them feel part of the 'family'. Regular informal sessions are also organised for staff to meet and mingle with senior management. A quarterly newsletter is also published on the Company's Intranet so that staff are kept abreast of the latest company news and developments.

To promote work-life balance as well as improve camaraderie among our employees, the Recreational Committee organises a comprehensive range of social and recreational activities throughout the year. Activities include wine appreciation, bowling, Annual Dinner and Dance and cardio boxing. Some of these activities such as Family Day and day-trip excursions are also open to employees' families to foster a more close-knit organisation.



Bowling Tournament



Family Day 2016



Cardio Boxing



Site Visit to Bukit Panjang Station (C912)

HEALTH AND SAFETY

Safety is one of Lum Chang's core values and a key focus of management. A strong sense of safety is instilled in all our employees to strive for an incident-free workplace. The Group is committed to creating a safe workplace and encourages all our employees and sub-contractors, to embrace safety as both a personal and collective responsibility.

We partner like-minded sub-contractors and suppliers, who share our commitment to high standards in quality, environmental, and health and safety issues. This aligns with the Company's emphasis on maintaining safety measures and ensuring that they are strictly enforced. As a certified bizSAFE partner, Lum Chang proactively motivates our sub-contractors to partake in the bizSAFE programme to further improve workplace health and safety.

We have initiated various safety programmes and activities to raise health and safety awareness and inculcate a safety culture in our employees. In addition to regular fire drills and safety briefings and audits, our staff are trained in accordance to their job requirements and are educated on safety awareness before being placed on a job. This has contributed to Lum Chang achieving Low Accident Frequency and Low Accident Severity Rates that is below the Singapore National Construction average.

In line with international best practices, we are compliant to OHSAS 18001 certification in occupational health and safety management.

In August 2016, Lum Chang was awarded the Gold Award at the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Awards 2016, bearing testament to our responsibility of ensuring the safety and health of our employees. We will continue striving to promote safety and health while upholding good and safe practices at work.

Lum Chang Safety Culture

- Management commitment to Quality, Environment, Health and Safety
- Respect of people
- Involvement and responsibility of all in the project team
- Prevention approach
- Risk assessment and risk management
- Systematic communication and information dissemination
- Constant safety training & promotion
- Continual improvement mindset

ENVIRONMENTAL AWARENESS

Lum Chang is committed to eco-friendly practices that contribute towards building a sustainable environment. These practices include ways to minimise waste and improve operational efficiencies, like turning off lights and machines during lunch and after-office hours, storing files electronically and double-sided printing. Lum Chang also has regular waste paper collection for recycling in the office.

The Company has adopted BCA's Green & Gracious Builder Award Criteria since 2009, implementing green practices at all our work sites. Our commitment and drive for continual improvement in sustainability has garnered us the highest tier STAR category under BCA's Green & Gracious Builder Award. We continue to upgrade our environmentally-friendly practices and we are driven to outperform ourselves every year.

In 2016, the Group achieved three new BCA Green Mark Awards for its residential and commercial projects in Singapore. North Park Residence and Kampung Admiralty clinched the Green Mark Gold^{Plus} Awards, while Mapletree Logistics Hub at Toh Guan was conferred the Green Mark Gold Award. To-date, 14 of our projects in Singapore have attained Green Mark awards by the BCA.

Lum Chang's environmental initiatives are certified under the internationally recognised Environmental Management System Certificate (ISO 14001) as well as the Quality Management System Certificate (ISO 9001).

Minimising Our Environmental Impact

- Train and promote environmental awareness amongst staff
- Use of natural resources efficiently, e.g. using energy efficient lighting and air-conditioning, and water recycling in our construction site offices
- Work with sub-contractors and suppliers who are Environmental Partners
- Ensure work site accesses are clear and safe for all stakeholders
- Plan and ensure our site activities are carried out with the consideration of public safety at all times
- Minimise and control noise and vibration arising from our work activities
- Promote Green and Gracious initiatives through communicating our policies and necessary information to all stakeholders

COMPLIANCE AND INDUSTRY ENGAGEMENT

As a responsible corporate citizen, Lum Chang strives to operate within legal and regulatory boundaries. We engage with government agencies to keep up-to-date with recent changes in policies with regard to construction, and work closely with them to understand pertinent issues that may affect the business. By maintaining close working ties with these government agencies, we are able to facilitate discussion and promote the exchange of ideas to address key issues. During the year, we also hosted several site visits by BCA, and Sembawang Group Representation Constituency (GRC) Members of Parliament among others.

As a BCA A1 grade contractor for both general building and civil engineering, we employ and improve upon existing labour-efficient technologies to upkeep the national agenda of raising productivity in construction, for example by adopting system formwork and biometric systems. Lum Chang frequently participates in government-led initiatives and trade shows to keep abreast of the latest developments in construction productivity technologies and best practices. This helps to keep the business current and ensures sustainability of the business.



BCA-Industry Built Environment Scholarship Scheme 2015

Since 2011, Lum Chang has been offering the BCA-Industry Built Environment Undergraduate Scholarships to promising students who are keen to pursue an exciting and rewarding career in the Built Environment sector. In 2015, the Group awarded scholarships to three Civil Engineering students from NTU.



Site Visit at Kampung Admiralty

RESPONSIBILITY TOWARDS SOCIETY

Lum Chang regularly lends support for community care initiatives, community partnerships and charitable causes, in particular those supporting youth development, culture and the arts.

In the past year, we have provided cash and in-kind sponsorship to help charities and social service organisations raise awareness for their individual causes. We supported community outreach programmes organised by various citizens' consultative committees including Queenstown and Whampoa. We also donated to numerous other community organisations such as the Society for the Physically Disabled, the ST School Pocket Money Fund, Community Cancer Fund, Methodist Welfare Services and Kwong Wai Shiu Hospital.

In addition, we also supported our business partners in their CSR programmes including BCA's "Project Breaking Barriers", various charity golf tournaments and other fund-raising events.

Believing that charity goes beyond monetary contributions, we also involve our employees in our community efforts. For our annual year-end charity drive last Christmas, we partnered with Young Women's Christian Association (YWCA), to fulfil the Christmas gift wishlist of almost 100 less-privileged children from the association's beneficiaries of the Meals-on-Wheels for Children and Kids' Club programmes. Staff contributed gifts and also volunteered their time to help out at the YWCA Kids' Club Christmas party held on 5 December.



BCA Project Breaking Barrier



YWCA Kids' Club Christmas Party

NETWORK OF OPERATIONS

SINGAPORE

14 Kung Chong Road
#08-01 Lum Chang Building
Singapore 159150
Tel: 6273 8888
Fax: 6933 6688

- Lum Chang Holdings Limited
- Lum Chang Asia Pacific Pte Ltd
- Lum Chang Building Contractors Pte Ltd
- Lum Chang Corporation Pte Ltd
- Lum Chang Orion Pte Ltd
- Lum Chang Property Investments Pte Ltd
- Lum Chang (Suzhou) Investments Pte Ltd
- Binjai Holdings Pte Ltd
- Kemensah Holdings Pte Ltd
- UK Property Investment Pte Ltd
- Wembley Properties Pte Ltd

SINGAPORE

438 Alexandra Road
#21-00, Alexandra Point
Singapore 119958
Tel: 6318 9393
Fax: 6271 0811

- FCL Compassvale Pte Ltd
- FCL Admiralty Pte Ltd

WEST MALAYSIA

Lot 10-02 & 10-03,
Level 10, Menara HLA
No. 3 Jalan Kia Peng
50450 Kuala Lumpur, Malaysia
Tel: 03 2171 2222
Fax: 03 2171 2333

- Lum Chang Sdn Bhd
- Lum Chang Tien Wah Property Sdn Bhd
- Fabulous Range Sdn Bhd
- Twin Palms Development Sdn Bhd
- Venus Capital Corporation Sdn Bhd

JERSEY, CHANNEL ISLANDS

47 Esplanade, St Helier,
Jersey, JE1 0BD,
Channel Islands
Tel: 44 (0) 1534 835600
Fax: 44 (0) 1534 835650

- 130 WS Holdings Limited
- 130 WS Investments Limited
- 130 Wood Street Unit Trust
- Kelaty Holdings Limited
- Kelaty Propco Limited
- Kelaty Leaseco Limited
- Pembridge Palace Holdco Limited
- Pembridge Palace Propco Limited

GROUP FINANCIAL HIGHLIGHTS

	2016 \$'000	2015 \$'000	%
For the Year:			
Revenue	426,119	312,394	36
Profit			
Before income tax	36,101	34,194	6
After income tax	29,448	29,713	-1
Attributable to equity holders of the Company	29,522	29,811	-1
Profit attributable to equity holders of the Company as a percentage of:			
Total revenue	6.93%	9.54%	
Average shareholders' equity	13.96%	14.69%	
At 30 June:			
Shareholders' equity	212,227	210,612	1
Total equity	213,498	211,971	1
Total assets	555,292	524,067	6
Per share:			
Earnings attributable to equity holders of the Company (Note 1)	7.73¢	7.80¢	-1
Net asset value (Note 2)	\$0.56	\$0.55	2
Dividends paid & proposed (Note 3):			
Interim dividend	0.75¢	0.75¢	
Final dividend	1.25¢	1.25¢	

Notes:

1. Earnings per share (basic) is computed based on the weighted average capital (excluding treasury shares) during the year.
2. Net asset value per share is computed by dividing the shareholders' equity by the number of ordinary shares (excluding treasury shares) in issue at each year end.
3. Please refer to Note 31 of the Notes to the Financial Statements for the treatment of the proposed dividend in the accounts.

FIVE-YEAR FINANCIAL SUMMARY

	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
Consolidated Income Statement					
Revenue	426,119	312,394	276,605	494,550	282,890
Profit before income tax	36,101	34,194	30,275	34,939	27,875
Profit after income tax	29,448	29,713	27,949	28,256	23,226
Profit attributable to equity holders of the Company	29,522	29,811	25,144	21,482	20,997
Consolidated Balance Sheet					
Property, plant and equipment & investment properties	251,180	235,809	219,353	156,158	54,710
Investments in associated companies & joint ventures	17,015	4,762	13,358	338	360
Other assets	287,097	283,496	311,196	338,086	323,681
Total assets	555,292	524,067	543,907	494,582	378,751
Total borrowings	160,893	81,858	133,350	99,020	31,045
Other liabilities	180,901	230,238	203,825	215,103	182,163
Total liabilities	341,794	312,096	337,175	314,123	213,208
Net assets	213,498	211,971	206,732	180,459	165,543
Share capital	86,596	86,604	84,311	84,060	83,895
Treasury shares	(1,585)	(253)	(1,324)	(2,194)	(3,046)
Capital and other reserves	1,299	20,163	25,209	20,346	20,869
Retained profits	125,917	104,098	86,926	69,249	55,177
Shareholders' equity	212,227	210,612	195,122	171,461	156,895
Non-controlling interests	1,271	1,359	11,610	8,998	8,648
Total equity	213,498	211,971	206,732	180,459	165,543
Ratios					
Profit attributable to equity holders of the Company as a percentage of:					
Total revenue	6.93%	9.54%	9.09%	4.34%	7.42%
Average shareholders' equity	13.96%	14.69%	13.72%	13.08%	13.73%
Per share:					
Earnings attributable to the equity holders of the Company (Note 1)	7.73¢	7.80¢	6.73¢	5.80¢	5.62¢
Net asset value (Note 2)	\$0.56	\$0.55	\$0.52	\$0.46	\$0.42
Dividends paid & proposed (Note 3):					
Interim dividend	0.75¢	0.75¢	0.75¢	0.75¢	0.75¢
Final dividend	1.25¢	1.25¢	1.25¢	1.25¢	1.25¢

Notes:

1. Earnings per share (basic) is computed based on the weighted average capital (excluding treasury shares) during the year.
2. Net asset value per share is computed by dividing the shareholders' equity by the number of ordinary shares (excluding treasury shares) in issue at each year end.
3. Please refer to Note 31 of the Notes to the Financial Statements for the treatment of the proposed dividend in the accounts.

CORPORATE GOVERNANCE

INTRODUCTION

The Company recognises the importance of adhering to sound governance practices and processes to enhance shareholder value and is committed to upholding the standards set out in the revised Code of Corporate Governance 2012 (the “Code”) issued by the Monetary Authority of Singapore on 2 May 2012. This report describes the Company’s corporate governance framework and practices that the Group has adopted with reference to the Code. The Company has complied in all material aspects with the principles and guidelines set out in the Code where applicable, relevant and practical to the Group.

BOARD MATTERS

The Board’s Conduct of Its Affairs (Principle 1)

The Board oversees the business affairs of the Group and is principally responsible for setting the Group’s business direction, approving strategic plans, and monitoring and reviewing its financial performance. The Board also continually monitors and assesses the internal controls which enables risks to be properly assessed and managed.

The Board schedules regular meetings but *ad hoc* meetings are held as and when required. Otherwise, approvals from the Board are sought by way of circular board resolutions. Meetings by telephone and video conferencing are also allowed under the Company’s Articles of Association (“Company’s Articles”).

The Company adheres to internal guidelines which set out specific authorisation and approval limits for borrowings, acquisitions, disposals, investments and capital or operational expenditure so that Board approval is only required when transactions exceed such limits. However, specific matters such as share issues, dividend distribution and share buybacks, always require the Board’s approval.

Details of the attendance of the Board members at Board meetings and meetings of the various Board committees for the period 1 July 2015 to 30 June 2016 (FY2016) are set out in Table 1.

Table 1

NAME	BOARD	AUDIT & RISK COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
Number of Meetings held	4	4	1	3
Number of Meetings attended				
Raymond Lum Kwan Sung	4	N.A.	1	N.A.
David Lum Kok Seng	4	N.A.	N.A.	N.A.
Tony Fong	4	N.A.	N.A.	N.A.
Peter Sim Swee Yam	4	4	1	3
Kenneth G R MacLennan ^{*1}	1	1	1	1
Daniel Soh Chung Hian	4	4	1	N.A.
Dr Willie Lee Leng Ghee	4	4	N.A.	3
Andrew Chua Thiam Chwee ^{*2}	2	2	N.A.	1

Notes:

^{*1} The meeting held in August 2015 was conducted with Mr Kenneth G R MacLennan in attendance through teleconferencing and with the relevant papers and agenda circulated to him. Mr MacLennan retired by rotation as a director of the Company in accordance with Article 99 of the Company’s Articles of Association at the Annual General Meeting on 30 October 2015 and he did not seek re-election to be a director.

^{*2} Mr Andrew Chua Thiam Chwee was appointed as a non-executive independent Director of the Company on 21 December 2015. He serves on the Audit and Risk Committee and the Remuneration Committee.

BOARD MATTERS (CONTINUED)

The Board's Conduct of Its Affairs (Principle 1) (continued)

Members of the Board are regularly updated on new developments in the Group's business environment and are provided with opportunities to train and update themselves on corporate governance matters and new developments in the regulatory regimes.

New directors are briefed on the business activities, policies and internal controls of the Group and are issued a formal letter setting out their duties and obligations.

Board Composition and Guidance (Principle 2)

The composition of the Board is reviewed regularly and the current composition ensures that the mix of experience and expertise is appropriate as members of the Board collectively possess a wealth of expertise ranging from legal, financial, management, human resource and industry knowledge. The structure of the Board as well as its size, which currently stands at seven, is suitable given the nature and scope of the Group, ensuring that meetings and decision-making are effective and productive.

With seven members, four of whom are independent, the Board maintains a strong independent element as more than half its members are independent within the meaning of the Code. This ensures that the Board is able to exercise its powers judiciously and objectively.

The Nominating Committee and the Board determine annually whether a director who has served on the Board for more than nine years from the date of his first appointment, is still independent within the meaning of the Code and can therefore continue to serve on the Board. The Board recognises the contribution of the independent directors who over time have developed deep insights into the Group's business and operations, and who are therefore able to provide invaluable contributions to the Board as a whole.

In determining the independence of directors who have served on the Board for more than nine years, the Nominating Committee and the Board give due consideration to the recommendation under Guideline 2.4 of the Code that the independence of any director who has served on the Board beyond nine years be subject to particularly rigorous review annually.

In addition to the foregoing, the Board observes that the independent directors have consistently demonstrated a high level of autonomy and independence in the discharge of their fiduciary duties and have exercised their independent business judgement in the best interests of the Company and its minority shareholders. In particular, they have expressed their individual viewpoints, debated issues and objectively scrutinised and challenged management as appropriate. Furthermore, each of the independent directors has sought clarification and amplification where needed, including by way of direct access to the Group's employees and external advisors. Therefore, after due and careful rigorous review, the Board is of the view that the independent directors who have served on the Board for more than nine years remain independent and objective in their exercise of judgement in Board matters.

Following the retirement of Mr Kenneth G R MacLennan at the Annual General Meeting of the Company ("AGM") held on 30 October 2015, the Board, after due and careful consideration of his credentials, experience and in the spirit of Guideline 2.2 of the Code, appointed Mr Andrew Chua Thiam Chwee as its newest member on 21 December 2015.

Chairman and Managing Director (Principle 3)

Mr Raymond Lum Kwan Sung is the Executive Chairman of the Company. Together with the Executive Committee ("EXCO"), the Chairman also provides overall leadership and strategic vision for the Group.

The Executive Chairman and Mr David Lum Kok Seng, the Managing Director, are siblings and their roles are not clearly separated. However, the Nominating Committee's view is that the Board remains independent since more than half the Board as well as its committees (excluding the EXCO) are independent up to the next AGM. In this respect also, and in accordance with the Code, the Lead Independent Director avails himself to the shareholders who may have concerns, and for which contact through normal channels cannot resolve or is otherwise inappropriate.

Board Membership (Principle 4)

Board Performance (Principle 5)

To assist the Board in the execution of its duties, the Board has established various Board committees, namely, the EXCO, the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee. Apart from the EXCO, the other committees are led by and made up of a majority of independent directors. The composition of the Board committees and the dates of initial appointment and re-election of the directors to the Board are set out in Table 2.

Table 2

BOARD MEMBERS	EXECUTIVE COMMITTEE	AUDIT AND RISK COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE	DATE OF INITIAL APPOINTMENT TO THE BOARD	DATE OF LAST RE-ELECTION TO THE BOARD
Raymond Lum Kwan Sung	C		M		18.09.1982	31.10.2013
David Lum Kok Seng	M				18.09.1982	28.10.2014
Tony Fong	M				02.07.2012	28.10.2014
Peter Sim Swee Yam		M	M	C	30.11.2001	31.10.2013
Kenneth G R MacLennan ^{*1}		M	C	M	30.11.2001	31.10.2012
Daniel Soh Chung Hian		C	M		09.01.2013	30.10.2015
Dr Willie Lee Leng Ghee		M	C	M	28.02.2006	30.10.2015
Andrew Chua Thiam Chwee ^{*2}		M		M	21.12.2015	-

C – Chairman

M – Member

Notes:

^{*1} Mr Kenneth G R MacLennan, who retired as a director of the Company on 30 October 2015, stepped down as the Chairman of the Nominating Committee and a member of the Audit and Risk Committee, and the Remuneration Committee.

^{*2} Mr Andrew Chua Thiam Chwee, with his appointment as a non-executive independent Director of the Company on 21 December 2015, is a member of the Audit and Risk Committee and the Remuneration Committee.

Executive Committee

The key responsibilities of the EXCO include the formulation of policies, the determination of business strategy and planning to execute and achieve targets and directives set by the Board; the execution of existing businesses and the management of funds and cashflow. The Members of the EXCO are the Executive Chairman, Mr Raymond Lum Kwan Sung; the Managing Director, Mr David Lum Kok Seng; and the Executive Director, Mr Tony Fong.

BOARD MATTERS (CONTINUED)

Nominating Committee

The Board and the Nominating Committee strive to ensure that directors on the Board possess the experience, knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

Dr Willie Lee Leng Ghee has replaced Mr Kenneth G R MacLennan as the Chairman of the Nominating Committee which continues to comprise a majority of independent directors. The Nominating Committee's key responsibilities include:

- (a) the review of board succession plans for directors;
- (b) the development of a process for evaluation of the performance of the Board, its committees and directors;
- (c) the review of training and professional development programs for the Board;
- (d) assessing the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board;
- (e) making recommendations on appointment and re-nomination of directors, having regard to the relevant director's contribution and performance;
- (f) reviewing each of the director's independence annually; and
- (g) considering whether or not a director who has multiple board representations is able to and has been properly carrying out his duties as a director of the Company.

New directors are appointed by the Board upon the recommendation of the Nominating Committee but they must submit themselves for re-election at the next AGM in accordance with the Company's Articles.

The Company's Articles require that at each AGM, not less than one third of the directors for the time being (being those who have been longest in office since the last re-election) are required to retire from office by rotation and may seek re-appointment. The Company's Articles also require that every director of the Company shall retire at least once every three years.

Before making its recommendation to the Board for the re-appointment of a retiring director, the Nominating Committee takes into consideration the director's contribution and performance which are determined by factors such as attendance, preparedness, participation and candour (as well as contribution to the effectiveness of the Board). The director is also assessed based on his ability to adequately carry out the duties expected while performing his roles in other companies or in other appointments. Mr Raymond Lum Kwan Sung and Mr Peter Sim Swee Yam will be seeking re-election as directors pursuant to Article 99 of the Company's Articles of Association, and Mr Andrew Chua Thiam Chwee will be seeking re-election as director pursuant to Article 81 of the Company's Articles of Association at the FY2016 AGM. The Nominating Committee has reviewed and is satisfied with their contribution as directors, and has therefore endorsed their nomination for re-election.

The appointment of Dr Willie Lee Leng Ghee as the new Chairman of the Nominating Committee brings both the Board and the Nominating Committee back to full strength. The welcome addition of Dr Willie Lee Leng Ghee will add a fresh perspective to the Nominating Committee's effectiveness and objectivity in the years to come.

The independence of each director is assessed and reviewed by the Nominating Committee. As part of the review, each independent director is required to complete a checklist to confirm his independence annually. The checklist is drawn up based on the guidelines provided in the Code. The Nominating Committee takes into account, among other things, whether a director has business relationships with the Company, its related companies, its 10% shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. Based on the checklists received and reviewed by the Nominating Committee, the independent directors have no association with management that would compromise their independence.

On the basis set out above and on the basis of the checklist provided by each independent director, the Nominating Committee examined the different relationships identified by the Code that might impair the independent directors' independence and objectivity, and determined that all the independent directors were independent within the meaning of the Code. In particular, Nominating Committee considered whether each of the independent directors had demonstrated an appropriate level of independence of character and judgement in the discharge of his responsibilities as a director of the Company, and is satisfied that each of them acted with independent judgement. The Board therefore considers that there is nothing to indicate that their ability and willingness to act independently has been compromised in any way. It should be noted that all directors, including independent directors, are required to recuse themselves from any transactions that might give rise to a conflict of interest.

The Nominating Committee also assessed the effectiveness of the Board as a whole by evaluating such factors as the adequacy and size of the Board, each individual director's contributions towards the effectiveness of the Board, the Board's access to information, Board processes and accountability and communication with senior management.

Each member of the Board is also assessed individually according to, amongst other things, his contributions, knowledge and abilities, teamwork, integrity and effectiveness. The Nominating Committee also reviews the criteria for evaluation annually, making changes where necessary. The Nominating Committee is of the view that directors who have multiple board representations have devoted sufficient time and attention to the affairs of the Group. Their multiple board representations do not hinder their abilities to carry out their duties as directors of the Company. Such multiple board representations of the directors benefit the Group, as the directors are able to bring with them the experience and knowledge obtained from such board representations in other companies. In view of this, the Nominating Committee has not set any prescribed maximum number of listed company board representations which any Director may hold and is satisfied that the current criteria adopted is adequate and appropriate for the Group.

Key information on the Board; in particular, all the directorships in listed companies held by the directors, both current and those held over the preceding three years is found in pages 6 to 9 of this annual report.

Share Purchase Committee

At the AGM on 30 October 2015, the shareholders of the Company had granted a renewal of the mandate to the Company to carry out share buybacks as permitted by the Companies Act, Cap. 50 ("Share Purchase Mandate").

The Share Purchase Committee, comprising Mr Raymond Lum Kwan Sung, Mr David Lum Kok Seng and Mr Tony Fong, was authorised to purchase shares of the Company at such time as it deems suitable subject to the prescribed conditions in the Share Purchase Mandate. The Company purchased 6,323,300 shares at an average price of 37 cents per share during FY2016.

Access to Information (Principle 6)

Prior to each Board Meeting, each director is supplied with relevant information by the management pertaining to matters to be brought before the Board for its decision as well as ongoing reports relating to operational and financial performance of the Group. In view of quarterly reporting requirements, the Company provides the Board with its accounts on a quarterly basis. Financial information, reports and assessments are provided for circular meetings as well to provide sufficient information to the Board to make their decisions.

The Board also has separate and independent access to senior management and the Company Secretary at all times. To assist the Board in fulfilling its responsibilities, the Board is fully aware that they may seek or direct management to seek independent professional advice, where appropriate. The Company Secretary ensures that the communication and flow of information between the Board, its committees and management is maintained.

The Company Secretary also attends all Board meetings and is responsible for ensuring that Board procedures and relevant rules and regulations are complied with.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 7)

Level and Mix of Remuneration (Principle 8)

Disclosure on Remuneration (Principle 9)

Remuneration Committee

The Remuneration Committee is comprised of non-executive independent directors only. The Chairman of the Remuneration Committee is Mr Peter Sim Swee Yam.

The Remuneration Committee is responsible for reviewing and approving the remuneration packages of the executive directors and key management personnel, and recommending to the Board the fees of the non-executive directors. No member of the Remuneration Committee is involved in deciding his own remuneration.

Directors' fees are set in accordance with a remuneration framework consisting of basic retainer fees and are benchmarked against fees paid by other companies in related industries. The framework and packages contain appropriate and meaningful measures to assess and evaluate the performance of the directors and key management. Non-executive directors' fees are subject to approval at the coming AGM.

The remuneration of the executive directors and key senior management consists of a basic component, a variable component, participation in share-based incentive schemes and other appropriate benefits in kind.

The Board is of the view that, given the highly competitive industry conditions coupled with the sensitivity and confidentiality of remuneration matters, the disclosure of the remuneration packages of the independent directors and key management, including those who are immediate family members of the directors and the disclosure of remuneration of key management personnel on a named basis, as recommended by the Code, would be prejudicial to the Company's interests.

A breakdown, showing the level and mix of each individual director's remuneration payable for FY2016, is set out in Table 3.

Table 3

	FEES	SALARY	BONUS	OTHER BENEFITS
	(%)	(%)	(%)	(%)
\$2,167,000	-	39	59	2
Raymond Lum Kwan Sung				
\$2,005,000	-	35	63	2
David Lum Kok Seng				
\$748,000	-	35	63	2
Tony Fong				
Below \$100,000				
Kenneth G R MacLennan	100	-	-	-
Peter Sim Swee Yam	100	-	-	-
Dr Willie Lee Leng Ghee	100	-	-	-
Daniel Soh Chung Hian	100	-	-	-
Andrew Chua Thiam Chwee	100	-	-	-

The Remuneration Committee and the Board are of the view that the remuneration of the directors is adequate and not excessive.

The remuneration of the Group's top 5 key executives for FY2016 is set out in Table 4.

Table 4

	FEES	SALARY	BONUS	OTHER BENEFITS
	(%)	(%)	(%)	(%)
\$1,250,000 to \$1,500,000	-	31	67	2
1				
\$500,000 to \$750,000	-	37	60	3
1				
\$250,000 to \$500,000	-	67	29	4
2				
Below \$250,000	-	73	24	3
1				

The two employees who are immediate family members of a director or the CEO whose remuneration exceeds \$50,000 during the financial year ended 30 June 2016 are:

1. Ms Lum Wen-Yan Emlyn, a daughter of Mr Raymond Lum Kwan Sung (the Chairman) and niece of Mr David Lum Kok Seng (the Managing Director), and who is employed by the Company as Manager, Asset Management. She received remuneration comprising salary and annual bonus in the \$50,000 to \$100,000 band during the financial year.
2. Mr Adrian Lum Wen Hong, a son of Mr David Lum Kok Seng (the Managing Director) and nephew of Mr Raymond Lum Kwan Sung (the Chairman), and who is employed by the Company as Director, Property Development. He received remuneration comprising salary, annual bonus and other benefits in the \$200,000 to \$250,000 band during the financial year.

For FY2016, the aggregate total remuneration paid to key management personnel, excluding the three executive directors, is S\$2,854,000.

As the information on the remuneration of directors and key executives has already been disclosed, the Board is of the view that there is no need to prepare a separate Remuneration Report.

LCH Share Option Scheme 2007

The LCH Share Option Scheme 2007 ("Scheme") was approved by the shareholders on 26 October 2007. It is administered by the Employee Share Option Committee which is made up of the standing Remuneration Committee.

The purpose of the Scheme is to provide the opportunity for employees of the Group, who have contributed significantly to its growth and performance, to participate in the equity of the Company and to motivate them to greater dedication, loyalty and better performance. The Scheme also aims to attract the right talent, encourage loyalty and incentivise staff, and to align the interests of the employees with the interests of shareholders.

Employees must satisfy certain criteria before being allowed to participate in the Scheme. The controlling shareholders, Mr Raymond Lum Kwan Sung (the Executive Chairman), Mr David Lum Kok Seng (the Managing Director) and their associate, Mr Adrian Lum Wen Hong are eligible to participate and the independent shareholders of the Company have approved their participation in the Scheme.

The duration of the Scheme is 10 years from the date that it was adopted in October 2007. The Scheme allows options to be granted at a maximum discount of 20% of the Market Price (as defined under the Scheme). The aggregate number of shares when added with the number of shares that are issued or issuable in respect of other share-based incentive schemes of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares) on the day immediately preceding the date of the grant. The Company is also not

REMUNERATION MATTERS (CONTINUED)

LCH Share Option Scheme 2007 (continued)

allowed to grant more than 25% of the available shares under the Scheme to the controlling shareholders and their associates provided that individually their grant does not exceed 10% of the available shares under the Scheme.

The Company had not granted any further share options to the employees since the last grant in September 2013.

ACCOUNTABILITY AND AUDIT

Accountability (Principle 10)

To enable the directors to fulfill their duties properly, the management submits financial and business reports to the Board on a regular and timely basis. Such reports compare actual performance against the budget and provide explanatory notes on material variances.

For FY2016, the Executive Directors of the Company and the Finance Director provided written representations to the Board on the integrity of the quarterly financial statements announcements covering the Company and its subsidiaries. Pursuant to Rule 705(5) of the listing manual of Singapore Exchange Securities Trading Limited, the Board provided a negative assurance confirmation on the Group's quarterly financial statements announcements.

Audit and Risk Committee (Principle 11)

The main responsibilities of the Audit and Risk Committee are to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, and business and financial risk management. The Audit and Risk Committee comprises four independent directors. It has explicit authority to investigate any matter within its terms of reference and full access to and the co-operation of management. It also has direct and independent access to the internal and external auditors.

The Audit and Risk Committee is chaired by Mr Daniel Soh Chung Hian and its members are all non-executive and independent directors. Half of the members of the Audit and Risk Committee are experienced either in the financial or accounting field. They meet on a regular basis to carry out their role of reviewing the financial reporting process, the systems of internal control, management of financial risks and the audit process.

The Audit and Risk Committee performs the following functions:

- (a) Independent review of financial statements;
- (b) Examination of the effectiveness of financial, operating, compliance and information technology controls;
- (c) Review and approval of audit plans of the external and internal auditors of the Company;
- (d) Review of the scope of internal audit reports as well as management's response to the findings;
- (e) Review of interested person transactions;
- (f) Review of the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (g) Review of the nature and extent of non-audit services performed by external auditors; and
- (h) Review of procedures for detecting fraud and receive updates on whistle blowing reports.

The Audit and Risk Committee also makes a point of meeting the external auditors, PricewaterhouseCoopers LLP ("PwC"), at least once annually without the presence of management.

The Audit and Risk Committee reviewed the independence of the external auditors, PwC, including the non-audit services provided to the Group. The Audit and Risk Committee is satisfied that they have maintained their independence and the nature and extent of their non-audit services did not affect their objectivity. The Audit and Risk Committee

has therefore recommended to the Board that PwC be nominated for re-appointment as auditors at the coming AGM of the Company.

The Group has complied with Rules 712 and Rule 715 or 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

The Audit and Risk Committee held 4 meetings during FY2016. During these meetings and in the course of FY2016, the Audit and Risk Committee carried out its functions set out above and in doing so reviewed the whistle-blowing policy, the interested person transactions and material contracts, amongst other activities.

For FY2016, the Board has received assurance from the Managing Director and Executive Director by way of a representation letter:

- (a) That the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) Regarding the effectiveness of the Company's risk management and internal control systems.

Whistle-Blowing Policy

The Company has in place whistle-blowing arrangements whereby staff may raise concerns about fraudulent activities, financial malpractices, conduct that would be considered as physically dangerous or harmful, unethical behaviour and harassment, sexual or otherwise. To ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing reports can be sent to any member of the whistle-blowing team. The Company also accepts anonymous reports. The members of the team are as follows:

- Director, Human Resources
- General Manager, Commercial
- Group Legal Counsel

The whistle-blowing team reports to the Chairman of the Audit and Risk Committee.

Interested Person Transactions

The Company has established a procedure for the recording and reporting of interested person transactions. There were no significant interested person transactions in FY2016.

Material Contracts

Other than disclosed elsewhere in the Annual Report, there were no other material contracts and loans entered into by the Company or any of its subsidiaries involving the interests of any director and/or the controlling shareholders and their associates, either still subsisting at the end of FY2016 or if not subsisting, which were entered into during FY2016.

Internal Controls (Principle 12)

Internal Audit (Principle 13)

The internal controls and systems of the Group have been designed to provide reasonable assurance that its assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

The Group has an internal audit function headed by an Internal Auditor who reports directly to the Chairman of the Audit and Risk Committee, with full and direct access to members of the Audit and Risk Committee at all times. The Internal Auditor is a member of the Singapore Chapter of the Institute of Internal Auditors ("IIA") and adopts

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal Audit (Principle 13) (continued)

the International Standards for the Professional Practice of Internal Auditing (“the IIA Standards”) laid down in the International Professional Practices Framework issued by the IIA. The Group identifies and provides training and development opportunities for its internal auditor(s) to ensure that their technical knowledge and skill set remains current and relevant. The functions of internal audit include the reviewing and evaluation of the Group’s internal controls as well as financial, operational and compliance controls and risk management. The internal audit function performs regular audits of the Group’s individual business units and operations, which include overseas subsidiaries and associates.

The Audit and Risk Committee, together with the internal audit function, ensure the identification of undue business risk and the implementation of effective remedial action through the internal audit process. The internal audit function plans its internal audit schedules, in consultation with, but independent of management and the audit plan is submitted to the Audit and Risk Committee for approval prior to the commencement of the internal audit work. Regular reports on the effectiveness of the systems of internal control are prepared and presented to senior management and the Board.

The Audit and Risk Committee regards the systems of internal control and risk management as necessary components to safeguard the Shareholders’ investments and the Company’s assets. The Audit and Risk Committee has assessed the internal audit function based on the Group’s adoption of the IIA Standards and is satisfied with the adequacy of the internal audit function.

Risk Management

The Audit and Risk Committee has the primary task of reviewing the risk controls implemented by the Group and; at suitable intervals, depending on developments in the business environment, conducts appropriate inquiry into the risks faced by the Group.

Internal auditors conduct audits that involve testing the material internal control systems in the Group. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal auditors are reported to the Audit and Risk Committee. The Audit and Risk Committee also reviews the effectiveness of the measures taken by management in response to the recommendations made by the internal auditors. The system of internal control and risk management is continually being refined by the management, the Audit and Risk Committee and the Board.

The Group has reviewed its key risk factors, which include financial, operational, regulatory and strategic risks and formalised them in a risk register, together with practical business and internal controls to manage or mitigate them.

A risk management framework on the Group’s ongoing process in identifying, assessing and reporting risks was also formalised. Through the internal audit function under the supervision of the Audit and Risk Committee, the Board had monitored the design and implementation of the risk management and internal control systems to be in line with the risk policies and risk tolerance levels of the Group. These initiatives would enable key business risks to be assessed so as to better manage the exposure of the Group’s risks but at the same time allow the Group to leverage on growth and business opportunities when they arise.

The Group is committed to strengthening its risk management policies and procedures to keep abreast of the challenges and developments in the industry and will continue to identify, monitor, manage and mitigate the key risks.

The ongoing process of identifying business risks and implementing suitable preventive or corrective measures continues to be carried out primarily by the Audit and Risk Committee together with the internal audit function, with overall oversight by the Board and with participation by various stakeholders within the Group in their respective specific areas. The system of internal controls is regularly assessed for its effectiveness and the results are presented to senior management and the Board.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group's assets and investments are safeguarded. The Board notes that no system of internal and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the management, the Board, with the concurrence of the Audit and Risk Committee, are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems were adequate as at 30 June 2016.

Communication with Shareholders (Principle 14)

The Company updates its shareholders primarily through the SGXNET. Quarterly and full-year results are released within the prescribed periods and material and/or price-sensitive information are released promptly. Summary Financial Reports and/or Annual Reports of the Company and the notices of general meetings are sent directly to shareholders.

General meetings provide an excellent opportunity for the shareholders to query the directors with regard to the Company and their recommendations. The Company also avails the respective chairmen of the Audit and Risk, Nominating and Remuneration Committees, as well as the external auditors during the general meetings to address, or to assist the directors in addressing, any relevant queries by the shareholders.

To accord shareholders their rights proportionate to their shareholdings in voting, the Company implemented electronic polling at its general meetings from the FY2014 AGM.

Minutes of general meetings are prepared and are available to shareholders for inspection upon their request. The Company's Articles place no limit on the number of proxies for nominee companies so that shareholders who hold shares through nominees can attend general meetings as proxies.

Voting in absentia is allowed under the Company's Articles but not implemented due to concerns on the integrity of information transmitted through the available media and concerns over the authenticity of the identity of shareholders.

DEALINGS IN SECURITIES

The Company has adopted an internal compliance code whereby Directors and affected staff are prohibited from dealing in the Company's shares during the "black-out" periods which are as prescribed under the Listing Manual; that is, for a period of two weeks before the announcement of its quarterly financial results and one month before the announcement of its full year results. The Directors and affected staff are also not allowed to deal in the Company's shares prior to the announcement of material price-sensitive information of which they are in possession.

Each year, the Company plans the release of the announcements of its quarterly and full year results and sets out the "black-out" periods. The Company ensures that each of the Directors and affected staff is informed of the "black-out" periods and each Director and affected staff is required to acknowledge and declare that he or she is fully aware of the same. Notwithstanding that the Directors and affected staff are permitted to trade in the Company's shares during the permitted periods, the Company also specifically highlights in its policy that the Directors and affected staff should not deal in the Company's shares on short-term considerations during the permitted periods.

The Company provides regular updates to the Directors and key management personnel on developments in insider trading regulations with particular focus on developments in local case law and changes in the regulatory framework, regularly highlighting the importance of safeguarding confidential information as well as the misuse of insider information.

DIRECTORS' STATEMENT

for the financial year ended 30 June 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2016 and the balance sheet of the Company as at 30 June 2016.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 50 to 137 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 30 June 2016 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Mr Raymond Lum Kwan Sung

Mr David Lum Kok Seng

Mr Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Mr Tony Fong

Mr Daniel Soh Chung Hian

Mr Andrew Chua Thiam Chwee (appointed on 21 December 2015)

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, other than as disclosed under "Share options" on pages 46 to 47 of this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- (a) 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:

Holdings registered in name of director or nominee			Holdings in which a director is deemed to have an interest		
At 21.7.2016	At 30.6.2016	At 1.7.2015	At 21.7.2016	At 30.6.2016	At 1.7.2015

The Company:

Lum Chang Holdings Limited

(Ordinary shares)

Raymond Lum Kwan Sung	14,701,397	14,701,397	13,401,397	59,839,742	59,839,742	59,839,742
David Lum Kok Seng	10,938,436	10,938,436	10,938,436	63,423,900	63,423,900	63,333,900
Peter Sim Swee Yam	10,000	10,000	10,000	-	-	-
Tony Fong	300,000	300,000	-	17,000	17,000	17,000

Subsidiary of Lum Chang Holdings Limited:

UK Property Investment Pte Ltd

(Ordinary shares)

Raymond Lum Kwan Sung	-	-	-	15	15	15
David Lum Kok Seng	-	-	-	15	15	15

- (b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Lum Chang Employee Share Option Scheme 2007 as set out below and under "Share options" on pages 46 to 47 of this report:

Holdings registered in name of director or nominee		
At 21.7.2016	At 30.6.2016	At 1.7.2015

Lum Chang Holdings Limited

(Share options)

Tony Fong	-	-	300,000
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DIRECTORS' STATEMENT

for the financial year ended 30 June 2016

SHARE OPTIONS

(a) **Lum Chang Employee Share Option Scheme 2007 (the "Option Scheme 2007")**

The Option Scheme 2007 for key management personnel and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 26 October 2007.

The Scheme provides a means to retain and give recognition to employees who have contributed to the success and development of the Group.

The Option Scheme 2007 is administered by the Employee Share Option Committee comprising the following members from the standing Remuneration Committee:

Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Andrew Chua Thiam Chwee

Under the Option Scheme 2007, options to subscribe for the ordinary shares of the Company are granted to key management personnel and employees with more than 12 months of service with the Group. The exercise price of the options is determined at the Market Price or a price which is set at a discount to the Market Price, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price. The Market Price is defined as the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. Options granted with the exercise price set at the Market Price are exercisable by the key management personnel or employees after another one year of service to the Group and once vested are exercisable during a period of four years. Options granted with the exercise price set at a discount to the Market Price are exercisable by the key management personnel or employees after another two years of service to the Group and once vested are exercisable during a period of three years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding the date of the grant.

The Option Scheme 2007 became operative upon the Company granting options to subscribe for 8,151,000 ordinary shares of the Company on 25 July 2008 ("2008 Options"). The Company also granted options to subscribe for 9,196,000, 4,495,000, 4,460,000, 5,000,000 and 5,330,000 ordinary shares of the Company on 10 September 2009 ("2009 Options"), 23 July 2010 ("2010 Options"), 21 July 2011 ("2011 Options"), 27 July 2012 ("2012 Options") and 20 September 2013 ("2013 Options") respectively. Particulars of the 2008 Options, 2009 Options, 2010 Options, 2011 Options, 2012 Options and 2013 Options were set out in the Directors' Statement for the financial years ended 30 June 2009, 30 June 2010, 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014 respectively.

The Company did not grant any options during the financial year.

SHARE OPTIONS (CONTINUED)

(a) Lum Chang Employee Share Option Scheme 2007 (the "Option Scheme 2007") (continued)

Details of the options granted to the directors of the Company and/or controlling shareholders and their associate are as follows:

Name of participant	No. of unissued ordinary shares of the Company under option			
	Granted in financial year ended 30.6.2016	Aggregate granted since commencement of scheme to 30.6.2016	Aggregate exercised since commencement of scheme to 30.6.2016	Aggregate outstanding as at 30.6.2016
Controlling shareholders and associate				
Raymond Lum Kwan Sung	-	5,000,000	5,000,000	-
David Lum Kok Seng	-	5,000,000	5,000,000	-
Adrian Lum Wen Hong	-	125,000	125,000	-
Director of the Company				
Tony Fong	-	1,200,000	1,200,000	-

Apart from the options disclosed above, no participant under the Option Scheme 2007 has received 5% or more of the total number of shares under option available under the Option Scheme 2007.

During the financial year, 2,810,000 treasury shares of the Company were reissued upon the exercise of the options by:

Holders of	No. of ordinary shares	Exercise price
		\$
2010 Options	180,000	0.28
2011 Options	750,000	0.29
2012 Options	740,000	0.27
2013 Options	1,140,000	0.32
	<u>2,810,000</u>	

(b) Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the Option Scheme 2007 outstanding at the end of the financial year was as follows:

	No. of unissued ordinary shares under option at 30.6.2016	Exercise price	Exercise period
		\$	
2011 Options	360,000	0.29	23 July 2012 - 21 July 2016
2012 Options	815,000	0.27	28 July 2014 - 27 July 2017
2013 Options	<u>2,675,000</u>	0.32	21 September 2015 - 20 September 2018
	<u>3,850,000</u>		

DIRECTORS' STATEMENT

for the financial year ended 30 June 2016

AUDIT AND RISK COMMITTEE

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

Daniel Soh Chung Hian, Chairman

Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Andrew Chua Thiam Chwee

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

- the scope and the results of internal audit procedures with the internal auditor;
- 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; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2016 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit and Risk Committee has recommended to the Board of Directors that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

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

On behalf of the directors

Raymond Lum Kwan Sung
Director

David Lum Kok Seng
Director

14 September 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUM CHANG HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Lum Chang Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 137, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

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.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 14 September 2016

CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 June 2016

		Group	
	Note	2016 \$'000	2015 \$'000
Revenue	4	426,119	312,394
Cost of sales		(368,774)	(268,301)
Gross profit		57,345	44,093
Other income	5(a)	2,131	3,000
Other (losses)/gains - net	5(b)	(1,314)	17,875
Expenses			
- Distribution and marketing		(1,540)	(2,646)
- Administrative and general		(30,033)	(25,456)
- Finance	8	(5,034)	(2,768)
Share of profits of associated companies	20	14,556	104
Share of losses of joint venture	19	(10)	(8)
Profit before income tax		36,101	34,194
Income tax expense	9	(6,653)	(4,481)
Net profit		29,448	29,713
Net profit attributable to:			
Equity holders of the Company		29,522	29,811
Non-controlling interests		(74)	(98)
		29,448	29,713
Earnings per ordinary share attributable to the equity holders of the Company (cents per share)	10		
- Basic		7.73	7.80
- Diluted		7.71	7.77

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2016

	Note	Group	
		2016 \$'000	2015 \$'000
Net profit		29,448	29,713
Other comprehensive (losses)/income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Losses	28(e)	(18,555)	(4,451)
- Reclassification	28(e)	(212)	466
Available-for-sale financial assets			
- Fair value gains	28(d)	-	124
- Reclassification	28(d)	-	(710)
Other comprehensive losses for the year, net of tax		(18,767)	(4,571)
Total comprehensive income for the year		10,681	25,142
Total comprehensive income attributable to:			
Equity holders of the Company		10,769	25,198
Non-controlling interests		(88)	(56)
		10,681	25,142

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

BALANCE SHEET - GROUP

as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	99,958	44,733
Trade and other receivables	12(a)	79,791	99,775
Tax recoverable	9(b)	908	496
Properties held for sale	14	13,633	1,833
Development properties	15	56,355	105,033
Other current assets	17(a)	1,893	1,997
		252,538	253,867
Non-current assets			
Trade and other receivables	12(b)	24,429	19,596
Club memberships	18	333	329
Available-for-sale financial assets	16	7,440	4,684
Investments in joint ventures	19	1,971	306
Investments in associated companies	20	15,044	4,456
Investment properties	22	220,028	200,433
Property, plant and equipment	23	31,152	35,376
Deferred income tax assets	9(c)	1,552	4,118
Other non-current assets	17(b)	805	902
		302,754	270,200
Total assets		555,292	524,067
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	147,668	212,632
Current income tax liabilities	9(b)	3,735	3,002
Borrowings	25	2,541	23,193
		153,944	238,827
Non-current liabilities			
Trade and other payables	24(b)	28,659	13,148
Borrowings	25	158,352	58,665
Deferred income tax liabilities	9(c)	839	1,456
		187,850	73,269
Total liabilities		341,794	312,096
NET ASSETS		213,498	211,971
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	86,596	86,604
Treasury shares	27	(1,585)	(253)
Capital and other reserves	28	1,299	20,163
Retained profits	29	125,917	104,098
		212,227	210,612
Non-controlling interests		1,271	1,359
Total equity		213,498	211,971

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

BALANCE SHEET - COMPANY

as at 30 June 2016

	Note	2016 \$'000	2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	42,702	6,988
Trade and other receivables	12(a)	61,351	40,306
Other current assets	17(a)	520	218
		104,573	47,512
Non-current assets			
Trade and other receivables	12(b)	105,131	187,893
Club memberships	18	252	232
Investment in an associated company	20	2,011	2,011
Investments in subsidiaries	21	33,629	33,994
Property, plant and equipment	23	1,364	1,364
		142,387	225,494
Total assets		246,960	273,006
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	91,901	146,483
Current income tax liabilities	9(b)	22	40
Borrowings	25	25	20,104
		91,948	166,627
Non-current liabilities			
Borrowings	25	49,756	223
		49,756	223
Total liabilities		141,704	166,850
NET ASSETS		105,256	106,156
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	86,596	86,604
Treasury shares	27	(1,585)	(253)
Capital and other reserves	28	3,268	3,429
Retained profits	30	16,977	16,376
Total equity		105,256	106,156

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2016

◀Attributable to equity holders of the Company▶

Note	Share capital \$'000	Treasury shares \$'000	Capital and other reserves \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
2016							
Balance as at 1 July 2015	86,604	(253)	20,163	104,098	210,612	1,359	211,971
Employee share option scheme 27, 28(c)							
- Value of employee services	-	-	4	-	4	-	4
- Treasury shares reissued	(8)	1,004	(165)	-	831	-	831
Purchase of treasury shares 27	-	(2,336)	-	-	(2,336)	-	(2,336)
Incorporation of a subsidiary with non-controlling interests	-	-	-	-	-	-*	-*
Transfer of reserves 28(f)	-	-	50	(50)	-	-	-
Interim dividend for FY2016 31	-	-	-	(2,848)	(2,848)	-	(2,848)
Final dividend for FY2015 31	-	-	-	(4,805)	(4,805)	-	(4,805)
Total comprehensive income:							
- Net profit	-	-	-	29,522	29,522	(74)	29,448
- Other comprehensive loss	-	-	(18,753)	-	(18,753)	(14)	(18,767)
Balance as at 30 June 2016	86,596	(1,585)	1,299	125,917	212,227	1,271	213,498
2015							
Balance as at 1 July 2014	84,311	(1,324)	25,209	86,926	195,122	11,610	206,732
Employee share option scheme 27, 28(c)							
- Value of employee services	-	-	99	-	99	-	99
- Treasury shares reissued	234	1,071	(252)	-	1,053	-	1,053
Issue of ordinary shares 27, 28(c)	2,059	-	(459)	-	1,600	-	1,600
Acquisition of non-controlling interest 21	-	-	-	(4,788)	(4,788)	(10,195)	(14,983)
Incorporation of a subsidiary with non-controlling interests	-	-	-	-	-	-*	-*
Transfer of reserves 28(f)	-	-	179	(179)	-	-	-
Interim dividend for FY2015 31	-	-	-	(2,877)	(2,877)	-	(2,877)
Final dividend for FY2014 31	-	-	-	(4,795)	(4,795)	-	(4,795)
Total comprehensive income:							
- Net profit	-	-	-	29,811	29,811	(98)	29,713
- Other comprehensive loss	-	-	(4,613)	-	(4,613)	42	(4,571)
Balance as at 30 June 2015	86,604	(253)	20,163	104,098	210,612	1,359	211,971

* The non-controlling interest at the date of the incorporation is less than \$1,000.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Net profit		29,448	29,713
Adjustments for:			
Income tax expense	9(a)	6,653	4,481
Share of profits of associated companies and joint venture		(14,546)	(96)
Amortisation of club memberships	6	58	53
Depreciation of property, plant and equipment	6	5,761	5,924
Dividend income from available-for-sale financial assets	4	(190)	(202)
Fair value losses/(gains) on investment properties	5(b)	2,907	(4,019)
Gain on disposal of a subsidiary	5(b)	-	(11,482)
Gain on disposal of club memberships	5(b)	(17)	(17)
Gain on disposal of property, plant and equipment – net	5(b)	(163)	(304)
Write-back of impairment loss on property, plant and equipment	6	-	(52)
Impairment loss on club memberships	6	23	-
Interest income	5(a)	(691)	(981)
Finance expense	8	5,034	2,768
Property, plant and equipment written off	6	6	10
Reclassification of fair value reserves to profit or loss on disposal of available-for-sale financial assets	5(b)	-	(710)
Share option expense	7	4	99
Operating cash flow before working capital changes		34,287	25,185
Change in working capital, net of effects from acquisition of a subsidiary:			
- Trade and other receivables		(1,923)	(27,778)
- Other current assets		201	968
- Development properties/properties held for sale		30,503	3,695
- Trade and other payables		(13,137)	2,697
- Unrealised currency translation differences		(157)	(4,182)
Cash generated from operations		49,774	585
Income tax paid	9(b)	(4,572)	(4,682)
Net cash provided by/(used in) operating activities		45,202	(4,097)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(CONTINUED)

for the financial year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from investing activities			
Acquisition of a business/subsidiary, net of cash acquired	37	(38,499)	(75,849)
Acquisition of interest in a joint venture	19	(1,675)	-
Dividends received from an associated company	20	3,700	10,800
Dividends received from available-for-sale financial assets		190	202
Expenditure on investment properties		-	(74)
Investment in an associated company	20	-	(2,011)
Interest income received		763	846
Proceeds from disposal of a subsidiary, net of selling expenses	11	-	39,513
Repayment of intercompany loan on disposal of a subsidiary	11	-	8,283
Proceeds from disposal of available-for-sale financial assets		-	1,172
Proceeds from disposal of club memberships		32	36
Proceeds from disposal of property, plant and equipment		896	2,055
Purchase of club memberships		(99)	-
Purchase of property, plant and equipment		(1,989)	(2,652)
Purchase of available-for-sale financial assets	16	(2,756)	-
Advance and repayment from an associated company		17,100	400
Repayment to an associated company		(2,830)	-
Net cash used in investing activities		(25,167)	(17,279)
Cash flows from financing activities			
Cash and cash equivalents released from pledge		27	665
Acquisition of non-controlling interests in a subsidiary	21	-	(14,983)
Repayment of loan assumed on the acquisition of non-controlling interest in a subsidiary		(24,765)	(6,498)
Dividends paid		(7,653)	(7,672)
Bank facility fees		(18)	(119)
Interest paid		(3,886)	(2,575)
Proceeds from bank loans		96,752	39,327
Proceeds from issuance of ordinary shares	27	-	1,600
Proceeds from re-issuance of treasury shares	27	832	1,053
Proceeds from issuance of medium term notes		49,668	-
Purchase of treasury shares		(2,336)	-
Repayment of bank loans		(50,953)	(35,318)
Repayment of finance lease liabilities		(974)	(903)
Advance from non-controlling shareholders of a subsidiary		971	794
Repayment to non-controlling shareholders of a subsidiary		(20,764)	(42)
Net cash provided by/(used in) financing activities		36,901	(24,671)
Net increase/(decrease) in cash and cash equivalents		56,936	(46,047)
Cash and cash equivalents at beginning of financial year		43,796	92,454
Effect of changes in currency translation rates on cash and cash equivalents		(1,684)	(2,611)
Cash and cash equivalents at end of financial year	11	99,048	43,796

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

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

1. GENERAL INFORMATION

Lum Chang Holdings Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 14 Kung Chong Road, #08-01 Lum Chang Building, Singapore 159150.

The principal activities of the Company are the holding of investments and provision of management services to the Group.

The principal activities of its subsidiaries during the financial year consist of construction, project management, property development for sale and property investment.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS 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 3.

Interpretations and amendments to published standards effective in 2016

On 1 July 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and the specific criteria for each of the Group's activities are met as follows:

(a) *Construction contracts*

Revenue and profits from construction are recognised based on the percentage-of-completion method. Please refer to the paragraph "Construction contracts" for the accounting policy on revenue from construction contracts.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(b) *Development properties*

Revenue and profits from development properties within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 – Agreements for the Construction of Real Estate continues to be recognised on a percentage-of-completion method. Revenue and profits from other properties is recognised only upon completion of construction. Please refer to the paragraph “Development properties” for the accounting policy on revenue from development properties.

(c) *Properties held for sale*

Revenue from sale of completed properties is recognised upon completion of the sales and purchase agreements, which essentially means that the risks and rewards of the completed properties have passed from the Group to the customers, the customers have accepted taking over the titles of the completed properties and collectability of the related receivables is reasonably assured.

(d) *Rendering of services*

Management and technical assistance fees are recognised over the period in which these services are rendered.

(e) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) on investment properties and property, plant and equipment is recognised on a straight-line basis over the lease term.

(f) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(g) *Interest income*

Interest income is recognised using the effective interest method.

2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are entities (including special purpose 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 over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary'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 balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

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

The consideration transferred for the acquisition of a subsidiary 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 the fair value of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary 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 (a) 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 (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.7 for the accounting policy on goodwill on acquisition of subsidiaries.

(iii) Disposals of subsidiaries or businesses

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals of subsidiaries or businesses (continued)

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 Note 2.11 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in revenue reserve within equity attributable to the equity holders of the Company.

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Investments in associated companies and joint ventures in the consolidated balance sheet include goodwill (net of accumulated impairment loss) identified on acquisition, where applicable. Goodwill represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' and joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies or joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make or has made payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the asset transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.11 for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.12).

The cost of an item of property, 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. Cost also includes borrowing costs (refer to Note 2.8).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

(b) Depreciation

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

	Useful lives
Leasehold buildings	14 to 40 years
Plant and machinery	5 to 10 years
Furniture, office equipment and fittings	2 to 5 years
Motor vehicles	5 years

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, 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 property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within other gains/(losses).

2.5 Properties held for sale

Properties held for sale are those completed properties which are intended for sale in the ordinary course of business. They are stated at the lower of cost and net realisable value. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.6 Development properties

Development properties are properties being constructed or developed for sale. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Development properties (continued)

Unsold development properties:

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete the development and selling expenses.

Sold development properties:

Sales of development properties under construction in respect of sale and purchase agreements entered into prior to completion of construction are recognised when the properties are delivered to the buyers, except for in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

For sales of development properties of the Group that are within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 - Agreements for the Construction of Real Estate, the Group recognises revenue for sales of such development properties by reference to the stage of completion of the properties.

The stage of completion is measured by reference to the development costs incurred to date to the estimated total costs for the property. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

The aggregated costs incurred and the profit/(loss) recognised in each development property that has been sold are compared against progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers on development properties, within "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on development properties, within "trade and other payables".

2.7 Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries and businesses on or after 1 July 2010 represents the excess of (i) the sum of 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 (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 July 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 July 2001. Such goodwill was adjusted against capital reserves in the year of acquisition and is not recognised in profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 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 construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the completion of construction projects or the issuance of the temporary occupation permit are capitalised in the construction project costs or the cost of the property under development respectively. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings, where applicable.

2.9 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Contract costs are recognised when incurred.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the value of work performed relative to the total contract value as determined by surveys of work performed. If the surveys of work performed is not a reliable measure of the work performed due to the nature of the construction contract, the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts, within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts, within "trade and other payables".

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Construction contracts (continued)

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received and retention sums payable are included within "trade and other payables".

2.10 Investment properties

Investment properties of the Group include those land and buildings and portions of building that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

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 an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.11 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses (Note 2.12) in the Company's balance sheet.

On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.12 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated company and joint venture is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Club memberships

Property, plant and equipment

Investments in subsidiaries, associated companies and joint ventures

Available-for-sale financial assets stated at cost

Club memberships, property, plant and equipment, investments in subsidiaries, associated companies and joint ventures, and available-for-sale financial assets stated at cost 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 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.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. 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 other than goodwill is recognised in profit or loss.

2.13 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

(a) Classification (continued)

(i) 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 balance sheet date, which are presented as non-current assets. Loans and receivables are classified within “trade and other receivables”, “other current assets” and “cash and cash equivalents” on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(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.

(d) Subsequent measurement

Available-for-sale financial assets that do not have a quoted market price in an active market are measured at cost less impairment (Note 2.12(b)). Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Dividend income on available-for-sale financial assets is recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

(e) Impairment

The Group assesses at each balance sheet 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.

(i) 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 allowance for impairment loss account 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.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.13(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.14 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values (if material) plus transaction costs in the Company's balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial guarantees (continued)

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' and the joint venture's borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.15 Club memberships

Club memberships are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.12). Amortisation is calculated on a straight-line basis to write off the cost of club memberships over their expected useful lives of between 12 to 86 years.

2.16 Borrowings

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

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.17 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.

2.18 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as estimated discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases

- (a) When the Group is the lessee:

The Group leases certain property, plant and equipment, offices and warehouses from non-related parties.

(i) *Lessee - Finance leases*

Leases of property, plant and equipment where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present values of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee - Operating leases*

Leases of offices and warehouses where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

- (b) When the Group is the lessor:

The Group leases out certain property, plant and equipment and investment properties to non-related parties.

Lessor - Operating leases

Leases of property, plant and equipment and investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to 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 an operating lease 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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 balance sheet 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.

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 the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet 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 for the period, 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.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.21 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. 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 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee compensation

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

(a) *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.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are reissued to the employees.

2.23 Currency translation

(a) *Functional and presentation currency*

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Currency translation (continued)

(b) *Transactions 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 translation 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 balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(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 foreign 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.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.24 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. 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.

2.26 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 an entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable incremental 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 share capital account of the Company.

2.27 Dividends to Company's shareholders

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

2.28 Government grants

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

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

3. 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.

(a) *Construction contracts*

The Group uses the percentage-of-completion method to account for its revenue from construction contracts where it is probable that contract costs are recoverable. The stage of completion is measured by reference to the value of work performed relative to the total contract value as determined by surveys of work performed. If the surveys of work performed is not a reliable measure of the stage of completion due to the nature of the construction contract, the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant assumptions and judgements are also required to estimate the total contract costs, as well as the recoverable variation works and liquidated damages that will affect the stage of completion and the revenue from these construction contracts. In making these estimates, management has relied on past experience and the work of specialists.

If the total contract value for uncompleted contracts as at balance sheet date had increased/decreased by 1% (2015: 1%), the Group's revenue and gross profit before income tax would have been higher/lower by \$5,112,000 (2015: \$8,268,000).

If the remaining estimated contract costs for uncompleted contracts as at balance sheet date increased/decreased by 1% (2015: 1%), the Group's gross profit before income tax would decrease/increase by approximately \$1,398,000 (2015: \$1,875,000).

(b) *Valuation of investment properties*

Investment properties (Note 22) are stated at fair value based on valuation primarily by independent professional valuers. The fair values are based on highest and best use basis. The valuers have considered valuation techniques including the income capitalisation, investment and direct comparison method, where appropriate (Note 22). The fair value of investment properties as at 30 June 2016 amounts to approximately \$220,028,000 (2015: \$200,433,000).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

4. REVENUE

	Group	
	2016	2015
	\$'000	\$'000
Revenue from construction contracts		
- Non-related parties	351,766	254,427
- Associated company	6	2,236
Revenue from sale of properties	66,177	47,840
Management and technical assistance fees from		
- Non-related parties	35	565
- Joint venture	18	18
Rental income	7,927	7,106
Dividend income from available-for-sale financial assets	190	202
	426,119	312,394

5(a). OTHER INCOME

	Group	
	2016	2015
	\$'000	\$'000
Interest income		
- Advances to associated companies	390	321
- Others	301	660
	691	981
Government grants	336	664
Others - net	1,104	1,355
	2,131	3,000

5(b). OTHER (LOSSES)/GAINS - NET

	Group	
	2016	2015
	\$'000	\$'000
Currency translation gains – net	1,413	1,343
Fair value (losses)/gains on investment properties – net (Note 22)	(2,907)	4,019
Gain on disposal of a subsidiary (Note 11)	-	11,482
Gain on disposal of property, plant and equipment – net	163	304
Gain on disposal of club membership	17	17
Reclassification from other comprehensive income on disposal of available-for-sale financial assets [Note 28(d)]	-	710
	(1,314)	17,875

6. EXPENSES BY NATURE

	Group	
	2016	2015
	\$'000	\$'000
Subcontractor and other construction costs	343,609	247,118
Depreciation of property, plant and equipment (Note 23)	5,761	5,924
Employee compensation (Note 7)	38,017	33,201
Directors' fees	255	255
Auditors fees:		
Fees on audit services paid/payable to:		
- Auditor of the Company	308	280
- Other auditors	169	108
Fees on non-audit services paid/payable to:		
- Auditor of the Company	42	16
- Other auditors	14	21
Legal and professional fees	1,453	1,887
Rental on operating leases	241	320
Amortisation of club memberships	58	53
Impairment loss on club memberships	23	-
Property, plant and equipment written off	6	10
Write-back of impairment loss on property, plant and equipment (Note 23)	-	(52)
Stamp duty on purchase of investment property	2,088	-
Other	8,303	7,262
Total cost of sales, distribution and marketing, and administrative and general expenses	400,347	296,403

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

7. EMPLOYEE COMPENSATION

	Group	
	2016	2015
	\$'000	\$'000
Wages and salaries	35,720	33,045
Employer's contribution to defined contribution plans including Central Provident Fund	2,058	1,852
Other benefits	463	527
Share option expense [Note 28(c)]	4	99
	38,245	35,523
Less: Government grant – Jobs Credit Scheme	(228)	(94)
	38,017	35,429
Less: Staff costs capitalised in construction contract work-in-progress	-	(2,228)
Staff costs recognised in profit or loss (Note 6)	38,017	33,201

Key management remuneration is disclosed in Note 35(b).

8. FINANCE EXPENSES

	Group	
	2016	2015
	\$'000	\$'000
Interest expense:		
- Bank borrowings	4,060	2,733
- Finance lease liabilities	17	41
- Other	328	73
- Medium term notes	688	-
	5,093	2,847
Bank facility fees	18	119
	5,111	2,966
Less: Amount capitalised in:		
- Development properties	(72)	(183)
- Construction contract work-in-progress	(5)	(15)
Finance expenses recognised in profit or loss	5,034	2,768

9. INCOME TAXES

(a) Income tax expense

	Group	
	2016	2015
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	2,745	2,262
- Foreign	1,502	3,172
	4,247	5,434
Deferred income tax	2,165	(593)
	6,412	4,841
Under/(over) provision in prior financial years		
- Current income tax	671	13
- Deferred income tax	(430)	(373)
	6,653	4,481

The tax on the Group's profit before tax differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2016	2015
	\$'000	\$'000
Profit before income tax	36,101	34,194
Share of profits of associated companies and joint ventures	(14,546)	(96)
	21,555	34,098
Tax calculated at tax rate of 17% (2015: 17%)	3,664	5,797
Effects of:		
- Statutory stepped income exemption	(104)	(105)
- Different tax rates in other countries	1,091	889
- Tax incentives	(699)	(445)
- Income not subject to tax	(1,689)	(3,518)
- Expenses not deductible for tax purposes	3,883	2,288
- Utilisation of previously unrecognised deferred tax assets	(96)	(161)
- Deferred tax assets not recognised	362	96
- Under/(over) provision of tax	241	(360)
	6,653	4,481

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

9. INCOME TAXES (CONTINUED)

(b) Movement in current income tax liabilities, net of tax recoverable

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	2,506	2,013	40	19
Currency translation differences	(25)	(159)	-	-
Income tax paid	(4,572)	(4,682)	(39)	(19)
Tax expense	4,247	5,434	22	40
Disposal of a subsidiary (Note 11)	-	(113)	-	-
Under/(over) provision in prior financial years	671	13	(1)	-
End of financial year	2,827	2,506	22	40
Representing:				
Current income tax liabilities	3,735	3,002	22	40
Tax recoverable	(908)	(496)	-	-
	2,827	2,506	22	40

(c) Deferred income taxes

The movement in deferred income tax liability/(asset) account is as follows:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	(2,662)	(2,036)	-	-
Currency translation differences	214	340	-	-
Charged/(credited) to profit or loss	2,165	(593)	-	-
Over provision in prior financial years	(430)	(373)	-	-
End of financial year	(713)	(2,662)	-	-

9. INCOME TAXES (CONTINUED)

(c) Deferred income taxes (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Deferred income tax assets				
- to be recovered within one year	(1,028)	(2,888)	-	-
- to be recovered after one year	(524)	(1,230)	-	-
	(1,552)	(4,118)	-	-
Deferred income tax liabilities				
- to be settled within one year	8	8	-	-
- to be settled after one year	831	1,448	-	-
	839	1,456	-	-

The movements in deferred income tax liabilities and assets are as follows:

	Accelerated tax depreciation	Profits on sale of development properties	Tax losses and others	Total
	\$'000	\$'000	\$'000	\$'000
Group				
2016				
Beginning of financial year	1,456	(3,517)	(601)	(2,662)
Currency translation differences (Credited)/charged to profit or loss	(1)	198	17	214
	(616)	2,559	(208)	1,735
End of financial year	839	(760)	(792)	(713)
2015				
Beginning of financial year	1,658	(3,445)	(249)	(2,036)
Currency translation differences Credited to profit or loss	(1)	320	21	340
	(201)	(392)	(373)	(966)
End of financial year	1,456	(3,517)	(601)	(2,662)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

9. INCOME TAXES (CONTINUED)

(c) Deferred income taxes (continued)

Deferred income tax assets are recognised for temporary differences to the extent that realisation of the related income tax benefits through future taxable profits is probable.

Deferred income tax assets have not been recognised on the following temporary differences:

	Group	
	2016	2015
	\$'000	\$'000
Unutilised tax losses	40,198	40,694
Unabsorbed capital allowances	136	144
	40,334	40,838

The unrecognised unutilised tax losses and unabsorbed capital allowances of the companies within the Group can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation. These unrecognised tax losses and unabsorbed capital allowances do not have any expiry dates.

10. EARNINGS PER SHARE

	Group	
	2016	2015
Net profit attributable to equity holders of the Company (\$'000)	29,522	29,811
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	382,024	382,131
Adjustments for share options ('000)	951	1,746
Weighted average number of ordinary shares for diluted earnings per share ('000)	382,975	383,877
Earnings per share (in cents per share)		
- Basic	7.73	7.80
- Diluted	7.71	7.77

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

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 30 June 2016 and 30 June 2015, the Company has one category of dilutive potential ordinary shares in the form of share options under the Option Scheme 2007.

10. EARNINGS PER SHARE (CONTINUED)

For share options, the weighted average number of shares in issue is adjusted for the number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds. No adjustment is made to the net profit.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	70,213	38,327	42,700	6,985
Short-term bank deposits	29,745	6,406	2	3
	99,958	44,733	42,702	6,988

Included in cash and cash equivalents of the Group is an amount of approximately \$592,000 (2015: \$1,397,000) held under the Malaysia's Housing Developers (Control and Licensing) Act 1966, withdrawals from which are restricted to payments for expenditure incurred on the project.

As at 30 June 2016, cash at bank of \$Nil (2015: \$1,000) and short-term bank deposits of \$910,000 (2015: \$936,000) were pledged as security for bank facilities.

For the purposes of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	2016	2015
	\$'000	\$'000
Cash and bank balances (as above)	99,958	44,733
Less: Cash and cash equivalents pledged	(910)	(937)
Cash and cash equivalents per consolidated statement of cash flows	99,048	43,796

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

11. CASH AND CASH EQUIVALENTS (CONTINUED)

Acquisition and disposal of subsidiaries

Please refer to Note 37 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

In the previous financial year, the Group disposed its entire interest in Old Court House Propco Limited to a third party for a cash consideration of \$41.0 million. The effects of the disposal on the cash flows of the Group were:

	Group 2015 \$'000
<u>Carrying amounts of assets and liabilities disposed of</u>	
Investment property	88,803
Trade and other receivables	1,236
Total assets	<u>90,039</u>
Trade and other payables	9,515
Current income tax liabilities	113
Borrowings	52,366
Total liabilities	<u>61,994</u>
Net assets disposed of	<u>28,045</u>

The aggregate cash inflows arising from the disposal of Old Court House Propco Limited were:

	Group 2015 \$'000
Net assets disposed of (as above)	28,045
Reclassification of currency translation reserve	(14)
	<u>28,031</u>
Gain on disposal [Note 5(b)]	11,482
Net cash inflows on disposal as reflected in the consolidated statement of cash flows	<u>39,513</u>
Add: Professional fee incurred	1,514
Total cash consideration	<u>41,027</u>

Arising from the disposal, the Group also received a repayment of its loan to Old Court House Propco Limited of \$8,283,000.

12. TRADE AND OTHER RECEIVABLES

(a) Current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	28,355	39,309	-	74
- Joint venture and associated companies	5	5	-	-
	28,360	39,314	-	74
Less: Allowance for impairment of receivables				
- Non-related parties	(9)	(9)	-	-
Trade receivables - net	28,351	39,305	-	74
Construction contracts (Note 13)				
Due from customers				
- Non-related parties	30,534	23,910	-	-
Retention sums receivable				
- Non-related parties	18,460	17,563	-	-
- Joint venture and associated company	-	100	-	-
	18,460	17,663	-	-
Advances to subsidiaries (i)	-	-	88,804	68,084
Less: Allowance for impairment	-	-	(27,453)	(27,852)
	-	-	61,351	40,232
Advance to an associated company (ii)	1,104	18,204	-	-
Interest receivable	65	96	-	-
Other receivables	368	322	-	-
Accrued income	909	275	-	-
	79,791	99,775	61,351	40,306

(i) The advances to subsidiaries are unsecured, repayable on demand and interest-free except for an amount of \$382,000 (2015: \$443,000) which bears interest at an effective interest rate of 0.5% (2015: 0.5%) per annum at the balance sheet date.

(ii) The advance to an associated company of \$1,104,000 (2015: \$18,204,000) is unsecured, bears variable interest rate ranging from 1.93% to 2.63% (2015: 1.34% to 2.13%) per annum. In the previous financial year, the loan was subordinated to the bank loan of the associated company.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Non-current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Construction contracts (Note 13)				
Retention sums receivable				
- Non-related parties	24,429	19,596	-	-
Advances to subsidiaries (i)	-	-	105,131	187,893
	24,429	19,596	105,131	187,893

- (i) The advances to subsidiaries amounting to \$105,131,000 (2015: \$187,893,000) are unsecured, interest-free and have no fixed terms of repayment. Settlement of these loans is neither planned nor likely to occur in the foreseeable future. As a result, management considers these loans to be in substance part of the Company's net investment in the subsidiaries, and has stated them at cost in accordance with Note 2.11.

Included in the advances to subsidiaries is an amount of \$27,458,000 (2015: \$Nil) that has been subordinated to a bank loan of a subsidiary.

- (c) The fair values of the non-current trade and other receivables of the Group approximate their carrying amounts as at the balance sheet date.

13. CONSTRUCTION CONTRACT WORK-IN-PROGRESS

	Group	
	2016	2015
	\$'000	\$'000
Aggregate contract costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	1,410,426	1,159,703
Less: Progress billings	(1,379,892)	(1,135,793)
	30,534	23,910
Presented as:		
Due from customers on construction contracts (Note 12)		
- Non-related parties	30,534	23,910
Retention sums receivable (Note 12):		
- Current	18,460	17,663
- Non-current	24,429	19,596
Retention sums payable (Note 24):		
- Current	7,748	10,250
- Non-current	12,596	10,604

13. CONSTRUCTION CONTRACT WORK-IN-PROGRESS (CONTINUED)

Borrowing costs of approximately \$5,000 (2015: \$15,000) arising from finance leases specifically entered into for the construction projects were capitalised during the financial year and are included in aggregated contract costs recognised.

14. PROPERTIES HELD FOR SALE

	Group	
	2016	2015
	\$'000	\$'000
Properties held for sale – at cost	13,633	1,833

Details of the properties held for sale are set out in Note 15.

15. DEVELOPMENT PROPERTIES

	Group	
	2016	2015
	\$'000	\$'000
Properties under construction	56,355	105,033

Sale and purchase agreements on certain properties under construction have been signed. Advances from customers amounting to \$Nil (2015: \$34,596,000) on these agreements are presented within "trade and other payables".

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

15. DEVELOPMENT PROPERTIES (CONTINUED)

(a) Details of the development properties as of 30 June 2016 are as follows:

Location	Description of development	Tenure/ Group's interest in property	Site area sq.m.	Estimated gross floor area sq.m.	Stage of completion/ Expected date of completion
5 contiguous pieces of land at Lot No. 616, 667, 668, 774 and 775 Mukim of Ulu Kelang, District of Gombak, State of Selangor, Malaysia	Residential development	Freehold/ 100%	120,153	48,960	100%/ December 2015
2 parcels of land at Lot No. 990 and 1308 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia*	Residential development	Freehold/ 100%	622,703	227,120	59%/ December 2020
GM7799 Lot 62391 Mukim Cheras, Daerah Hulu Langat, Negeri Selangor	Residential development [#]	Freehold/ 100%	11,767	- [#]	- [#]

* The development property is charged by way of a mortgage in favour of a bank for a bank loan as disclosed in Note 25 to the financial statements. The bank loan was fully repaid during the financial year and as at 30 June 2016, the Group is in the process of discharging the legal mortgage over the development property.

[#] The Group is still in the process of obtaining approval from the authorities to convert the land acquired into residential development.

(b) Borrowing costs of \$72,000 (2015: \$183,000) arising on financing specifically entered into for the development properties were capitalised during the financial year and are included in development expenditure.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS (NON-CURRENT)

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Beginning of financial year	4,684	5,732	-	1,048
Fair value gains recognised in other comprehensive income [Note 28(d)]	-	124	-	124
Addition	2,756	-	-	-
Disposal	-	(1,172)	-	(1,172)
End of financial year	7,440	4,684	-	-

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS (NON-CURRENT) (CONTINUED)

At the balance sheet date, available-for-sale financial assets include the following:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Singapore				
Unlisted equity investments	7,440	4,684	-	-

The unlisted equity investments of the Group are measured at cost. The directors are of the view that the fair values of these investments cannot be reliably measured. There are no active markets and no recent transactions for these unlisted equity investments and their fair values cannot currently be estimated within a reasonable range using valuation techniques.

17. OTHER ASSETS

(a) Current

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deposits	1,637	1,526	520	216
Prepayments	256	471	-	2
	1,893	1,997	520	218

(b) Non-current

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Prepayments	805	902	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

18. CLUB MEMBERSHIPS

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Club memberships, at cost	1,178	1,119	847	822
Less: Accumulated amortisation	(729)	(693)	(558)	(550)
Accumulated impairment losses	(116)	(97)	(37)	(40)
	333	329	252	232

19. INVESTMENTS IN JOINT VENTURES

	Group	
	2016	2015
	\$'000	\$'000
Beginning of financial year	306	314
Acquisition	1,675	-
Share of results, net of tax	(10)	(8)
End of financial year	1,971	306

On 16 May 2016, the Group acquired a 50% interest in Tien Wah Properties Sdn Bhd ("Tien Wah") pursuant to a shareholders' agreement entered into for the purpose of a proposed mixed-use commercial development in Malaysia. Under the shareholders' agreement, both parties have joint control over Tien Wah, and accordingly, this investment has been accounted for as a joint venture.

There are no capital commitments and contingent liabilities relating to the Group's interest in the joint ventures. Details of the joint ventures are provided in Note 40.

Summarised financial information for a joint venture

Set out below is the summarised financial information for Lum Chang Tien Wah Property Sdn Bhd.

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised balance sheet

		Lum Chang Tien Wah Property Sdn Bhd As at 30 June	
		2016 \$'000	2015 \$'000
Current assets		3,349	-
Includes:			
- Cash and cash equivalents		2,191	-
- Other current assets		1,158	-
Net assets		3,349	-

Summarised statement of comprehensive income

		Lum Chang Tien Wah Property Sdn Bhd For the year ended 30 June	
		2016 \$'000	2015 \$'000
Revenue		-	-
Expenses		-	-
Total comprehensive loss		-	-

The following table summarises, in aggregate, the Group's share of loss and other comprehensive loss of the Group's individually immaterial joint venture accounted for using the equity method:

		As at 30 June	
		2016 \$'000	2015 \$'000
Total comprehensive loss		10	8

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Reconciliation of summarised financial information

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

	Lum Chang Tien Wah Property Sdn Bhd	
	As at 30 June	
	2016	2015
	\$'000	\$'000
Net Assets		
As at 30 June	3,349	-
Interest in joint venture (50%)	1,675	-
Carrying value	1,675	-
Add:		
Carrying value of individually immaterial joint venture	296	306
Carrying value of Group's interest in joint ventures	1,971	306

20. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2016	2015
	\$'000	\$'000
Beginning of financial year	4,456	13,044
Acquisition	-	2,011
Share of profits, net of tax	14,556	104
Dividend received	(3,700)	(10,800)
Currency translation differences	(268)	97
End of financial year	15,044	4,456
	Company	
	2016	2015
	\$'000	\$'000
Equity investment at cost	2,011	2,011

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Details of the associated companies of the Group as at 30 June 2016 are provided in Note 40.

There are no contingent liabilities relating to the Group's interest in the associated companies.

Summarised financial information for associated companies

Set out below are the summarised financial information for FCL Compassvale Pte Ltd, FCL Admiralty Pte Ltd and Faith Global Ventures Inc.

Summarised balance sheet

	FCL Compassvale Pte Ltd		FCL Admiralty Pte Ltd		Faith Global Ventures Inc		Total	
	As at 30 June		As at 30 June		As at 30 June		As at 30 June	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	3,130	32,035	71,822	11,623	70	93	75,022	43,751
Includes:								
- Cash and cash equivalents	3,130	2,635	12,294	11,432	70	93	15,494	14,160
Current liabilities	(1,918)	(19,164)	(27,903)	(76,383)	-	-	(29,821)	(95,547)
Includes:								
- Financial liabilities (excluding trade payables)	(6)	-	(3,680)	(60,973)	-	-	(3,686)	(60,973)
Non-current assets	-	-	-	112,113	7,090	7,921	7,090	120,034
Non-current liabilities	-	-	-	(55,761)	-	(18)	-	(55,779)
Includes:								
- Financial liabilities	-	-	-	(55,761)	-	-	-	(55,761)
Net assets	1,212	12,871	43,919	(8,408)	7,160	7,996	52,291	12,459

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised statement of comprehensive income

	FCL Compassvale Pte Ltd		FCL Admiralty Pte Ltd		Faith Global Ventures Inc		Total	
	For the year ended 30 June		For the year ended 30 June		For the year ended 30 June		For the year ended 30 June	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	-	4,455	363,000	-	-	-	363,000	4,455
Interest income	80	82	43	-	-	-	123	82
Expenses								
Includes:								
- Depreciation and amortisation	-	-	-	-	-	-	-	-
- Interest expense	-	-	(377)	-	-	-	(377)	-
Profit/(loss) from continuing operations	5,736	1,271	62,487	(914)	52	(963)	68,275	(606)
Income tax credit/(expense)	1,105	381	(10,160)	-	-	-	(9,055)	381
Total comprehensive income/(loss)	6,841	1,652	52,327	(914)	52	(963)	59,220	(225)
Dividends distributed	(18,500)	(54,000)	-	-	-	-	(18,500)	(54,000)

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

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associated companies.

	FCL Compassvale Pte Ltd		FCL Admiralty Pte Ltd		Faith Global Ventures Inc		Total	
	As at 30 June		As at 30 June		As at 30 June		As at 30 June	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net Assets	12,871	65,219	(8,408)	(7,494)	7,996	-	12,459	57,725
Beginning of financial year								
Acquisition in the year [#]	-	-	-	-	-	8,981	-	8,981
Shares issued	-	-	-	-	272	-	272	-
Profit/(loss) for the year	6,841	1,652	52,327	(914)	52	(963)	59,220	(225)
Foreign exchange differences	-	-	-	-	(1,160)	(22)	(1,160)	(22)
Dividends distributed	(18,500)	(54,000)	-	-	-	-	(18,500)	(54,000)
End of financial year	1,212	12,871	43,919	(8,408)	7,160	7,996	52,291	12,459
Interest in associated companies [20%; 30%; 22.73% [#] (2015: 20%; 30%; 23.52% [#])]	242	2,575	13,175	(2,522)	1,627	1,881	15,044	1,934
Share of loss of associate not recognised *	-	-	-	2,522	-	-	-	2,522
Carrying value	242	2,575	13,175	-	1,627	1,881	15,044	4,456
Carrying value of Group's interest in associated companies							15,044	4,456

* In accordance with FRS 28 paragraph 38, if an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognising its share of further losses.

[#] On 20 April 2015, the Group acquired 23.52% interest in Faith Global Ventures Inc ("FGVI"). As at 30 June 2016, the Group's interest in FGVI was reduced to 22.73%.

21. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	\$'000	\$'000
Equity investment at cost	65,494	65,494
Less: Allowance for impairment losses	(31,865)	(31,500)
	33,629	33,994

Details of subsidiaries are provided in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests. These are presented before inter-company eliminations.

Summarised balance sheet

	UK Property Investment Pte Ltd and its subsidiaries \$'000	Wembley Properties Pte Ltd and its subsidiaries \$'000	Lum Chang (Suzhou) Investments Pte Ltd \$'000
2016			
Current			
Assets	4,784	324	29
Liabilities	(14,562)	(22)	(754)
Total current net (liabilities)/assets	(9,778)	302	(725)
Non-current			
Assets	96,430	46,308	3,184
Liabilities	(84,083)	(48,958)	-
Total non-current net assets/(liabilities)	12,347	(2,650)	3,184
Net assets/(liabilities)	2,569	(2,348)	2,459
Non-controlling interests' share of net assets/(liabilities) in subsidiaries (30%; 30%; 49%)	771	(705)	1,205
2015			
Current			
Assets	4,576	-	20
Liabilities	(35,717)	-	(873)
Total current net liabilities	(31,141)	-	(853)
Non-current			
Assets	111,154	-	3,184
Liabilities	(79,287)	-	-
Total non-current net assets	31,867	-	3,184
Net assets	726	-	2,331
Non-controlling interests' share of net assets in subsidiaries (30%; 30%; 49%)	217	-	1,142

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised income statement

	UK Property Investment Pte Ltd and its subsidiaries \$'000	Wembley Properties Pte Ltd and its subsidiaries \$'000	Lum Chang (Suzhou) Investments Pte Ltd \$'000
2016			
Revenue	3,562	402	138
Profit/(loss) before income tax	2,309	(2,650)	128
Income tax expense	(116)	-	-
Post-tax profit/(loss)	2,193	(2,650)	128
Other comprehensive (loss)/income	(350)	302	-
Total comprehensive income/(loss)	1,843	(2,348)	128
Total comprehensive income/(loss) allocated to non-controlling interests	553	(704)	63
2015			
Revenue	562	-	95
Profit before income tax	709	-	84
Income tax expense	-	-	-
Post-tax profit	709	-	84
Other comprehensive income	17	-	-
Total comprehensive income	726	-	84
Total comprehensive income allocated to non-controlling interests	218	-	41

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised cash flows

	UK Property Investment Pte Ltd and its subsidiaries \$'000	Wembley Properties Pte Ltd and its subsidiaries \$'000	Lum Chang (Suzhou) Investments Pte Ltd \$'000
<u>Cash flows from operating activities</u>			
Cash generated from/(used in) operations	1,499	312	(6)
Income tax paid	(13)	-	-
Net cash generated from/(used in) operating activities	1,486	312	(6)
Net cash (used in)/generated from investing activities	-	(54,998)	138
Net cash (used in)/generated from financing activities	(506)	54,998	(123)
Net increase in cash and cash equivalents	980	312	9
Cash and cash equivalents at beginning of year	2,829	-	20
Cash and cash equivalents at end of year	3,809	312	29

(a) Acquisition of additional interest in a subsidiary

In the previous financial year, the Company acquired the remaining 49% of the issued shares of a subsidiary, Kemensah Holdings Pte Ltd, for a purchase consideration of \$14,983,000. The Group now holds 100% of the equity share capital of Kemensah Holdings Pte Ltd. As a result, the Group also holds 100% effective interest in the subsidiaries of Kemensah Holdings Pte Ltd, namely Venus Capital Corporation Sdn Bhd, Fabulous Range Sdn Bhd, Sungei Long Holdings Pte Ltd and LC Sungei Long (M) Sdn Bhd.

The carrying amount of the non-controlling interests in Kemensah Holdings Pte Ltd on the date of acquisition was \$10,195,000. The Group derecognised non-controlling interests of \$10,195,000 and recorded a decrease in equity attributable to owners of the parent of \$4,788,000.

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of additional interest in a subsidiary (continued)

Arising from the acquisition, the Company also assumed the loan of \$37,190,000 (RM 95,068,000) extended by the non-controlling interests to Kemensah Holdings Pte Ltd. The outstanding loan amount as at 30 June 2016, net of repayments made, amounted to \$Nil [2015: \$26,878,000 (RM75,568,000)].

The effect of the changes in the ownership interest of Kemensah Holdings Pte Ltd on the equity attributable to owners of the Company during the year is summarised as follows:

	Group	
	2016	2015
	\$'000	\$'000
Carrying amount of non-controlling interests acquired	-	10,195
Consideration paid to non-controlling interests	-	(14,983)
Excess of consideration paid recognised in parent's equity	-	(4,788)

(b) Effects of transactions with non-controlling interests on the equity attributable to owners of the parent for the year ended 30 June 2015.

	\$'000
Changes in equity attributable to shareholders of the Company arising from:	
- Acquisition of additional interests in a subsidiary	(4,788)
Net effect on parent's equity	(4,788)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

22. INVESTMENT PROPERTIES

	Group	
	2016	2015
	\$'000	\$'000
Beginning of financial year	200,433	178,934
Acquisition of business/subsidiary (Note 37)	54,998	109,600
Disposal of subsidiary (Note 11)	-	(88,803)
Fair value (losses)/gains recognised in profit or loss - net [Note 5(b)]	(2,907)	4,019
Currency translation differences	(32,496)	(3,096)
Others	-	(221)
End of financial year	220,028	200,433

- (a) At the balance sheet date, the investment properties of the Group are leased out for rental income for uses as stated:

- (i) Located in Singapore:

	Description/Existing use	Tenure of land
8 Kim Tian Road	Ground floor shop unit	9,999-year lease from 1960
14 Kung Chong Road	Light industrial building*	99-year lease from 1954

* A portion of the building which is designated to house the Group's corporate offices is classified as property, plant and equipment.

- (ii) Located in the United Kingdom:

	Description/Existing use	Tenure of land
52 to 57 Prince's Square	Hotel	Freehold
130 Wood Street	Office Building	Freehold
Kelaty House, Wembley	Warehouse	Freehold

- (b) At 30 June 2016, certain investment properties with total carrying value of \$185,085,000 (2015: \$85,778,000) are charged by way of mortgages in favour of banks for bank loans as disclosed in Note 25 to the financial statements.

22. INVESTMENT PROPERTIES (CONTINUED)

- (c) The following amounts are derived from investment properties and recognised in profit or loss:

	Group	
	2016	2015
	\$'000	\$'000
Rental income	7,107	7,016
Fair value (losses)/gains recognised in profit or loss	(2,907)	4,019
Direct operating expenses arising from:		
- Investment properties that generated rental income	(839)	(905)

- (d) Fair value hierarchy

Description	Fair value measurements using significant unobservable inputs (Level 3) \$'000
Recurring fair value measurements 30 June 2016	
Singapore:	
- Light industrial building	24,899
- Ground floor shop unit	3,360
United Kingdom:	
- Hotel	49,032
- Office building	96,429
- Warehouse	46,308
Recurring fair value measurements 30 June 2015	
Singapore:	
- Light industrial building	27,665
- Ground floor shop unit	3,500
United Kingdom:	
- Hotel	58,113
- Office building	111,155

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties annually based on the properties' highest and best use.

Changes in Level 3 fair values as assessed at each reporting date by the external valuers are reviewed by the Directors.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

22. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy (continued)

Valuation techniques used to derive Level 3 fair values

Level 3 fair values of the Group's completed investment properties have been generally derived using one or more of the following valuation approaches:

- (i) the Direct Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant inputs to the valuation approach would be the adopted value per square meter of net lettable area, adopted value per square meter of gross floor area and adopted value per acre of site area.
- (ii) the Income Capitalisation Method where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.
- (iii) the Investment Method where the approach is to capitalise the rental income for the property by an appropriate market based yield taken from the analysis of comparable transactions. The most significant inputs to the valuation approach would be the estimated rental value per square feet of net lettable area and the yield rate.

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy at 30 June 2016:

Description	Fair value at 30 June 2016 (\$'000)	Fair value at 30 June 2015 (\$'000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Singapore						
Light industrial building	24,899	27,665	Direct Comparison Method	Adopted value per square meter of net lettable area	\$7,000 per sq. m. (2015: \$7,803 per sq. m.)	The higher the adopted value, the higher the fair value
Ground floor shop unit	3,360	3,500	Direct Comparison Method	Adopted value per square meter of gross floor area	\$26,880 per sq. m. (2015: \$28,000 per sq. m.)	The higher the adopted value, the higher the fair value

22. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

Description	Fair value at 30 June 2016 (\$'000)	Fair value at 30 June 2015 (\$'000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
United Kingdom						
Hotel	49,032	58,113	Income Capitalisation Method	Capitalisation rate	5% (2015: 5%)	The lower the capitalisation rate, the higher the fair value
Office building	96,429	111,155	Investment Method	Estimated rental value per square feet of net lettable area	\$100 to \$104 per square feet (2015: \$110 to \$116 per square feet)	The higher the estimated rental value, the higher the fair value
				Yield rate	5% (2015: 5%)	The lower the yield rate, the higher the fair value
Warehouse	46,308	-#	Direct Comparison Method	Adopted value per acre of site area	\$18,231,496 per acre (2015: #)	The higher the adopted value, the higher the fair value
Total	220,028	200,433				

The Property was only acquired during the current financial year ended 30 June 2016

* There were no significant inter-relationships between unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

23. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings \$'000	Plant and machinery \$'000	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Total \$'000
Group					
2016					
Cost					
Beginning of financial year	23,004	18,441	7,288	5,335	54,068
Currency translation differences	-	-	(20)	(23)	(43)
Additions	-	1,331	169	787	2,287
Disposals	-	(1,367)	(264)	(674)	(2,305)
End of financial year	23,004	18,405	7,173	5,425	54,007
Accumulated depreciation and impairment losses					
Beginning of financial year	2,685	9,930	4,035	2,042	18,692
Currency translation differences	-	-	(20)	(12)	(32)
Depreciation charge (Note 6)	938	2,899	1,276	648	5,761
Disposals	-	(972)	(255)	(339)	(1,566)
End of financial year	3,623	11,857	5,036	2,339	22,855
Net book value					
End of financial year	19,381	6,548	2,137	3,086	31,152
2015					
Cost					
Beginning of financial year	23,088	20,967	6,391	5,051	55,497
Currency translation differences	-	-	(32)	(41)	(73)
Additions	94	92	1,102	1,484	2,772
Disposals	-	(2,618)	(173)	(1,159)	(3,950)
Others	(178)	-	-	-	(178)
End of financial year	23,004	18,441	7,288	5,335	54,068
Accumulated depreciation and impairment losses					
Beginning of financial year	1,732	8,397	2,914	2,035	15,078
Currency translation differences	-	-	(31)	(28)	(59)
Depreciation charge (Note 6)	953	3,090	1,223	658	5,924
Write-back of impairment (Note 6)	-	(52)	-	-	(52)
Disposals	-	(1,505)	(71)	(623)	(2,199)
End of financial year	2,685	9,930	4,035	2,042	18,692
Net book value					
End of financial year	20,319	8,511	3,253	3,293	35,376

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Total \$'000
Company			
2016			
Cost			
Beginning of financial year	420	1,705	2,125
Additions	11	466	477
Disposals	(38)	(267)	(305)
End of financial year	393	1,904	2,297
Accumulated depreciation			
Beginning of financial year	237	524	761
Depreciation charge	69	236	305
Disposals	(30)	(103)	(133)
End of financial year	276	657	933
Net book value			
End of financial year	117	1,247	1,364
2015			
Cost			
Beginning of financial year	363	1,386	1,749
Additions	60	649	709
Disposals	(3)	(330)	(333)
End of financial year	420	1,705	2,125
Accumulated depreciation			
Beginning of financial year	169	422	591
Depreciation charge	69	232	301
Disposals	(1)	(130)	(131)
End of financial year	237	524	761
Net book value			
End of financial year	183	1,181	1,364

- (a) Included in additions of the Group are motor vehicles acquired under finance leases (Note 26) amounting to \$297,000 (2015: \$180,000). As at 30 June 2016, the Group has motor vehicles and plant and machinery acquired under finance leases with a net book value of \$470,000 (2015: \$1,577,000) and \$Nil (2015: \$1,219,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in additions of the Company are motor vehicles acquired under finance leases (Note 26) amounting to \$200,000 (2015: \$150,000). As at 30 June 2016, the Company has motor vehicles under finance leases with a net book value of approximately \$112,000 (2015: \$902,000).

- (b) An amount of \$2,775,000 (2015: \$3,314,000) included in the Group's depreciation charge for leasehold buildings, plant and machinery, furniture, office equipment and fittings, and motor vehicles has been included in direct construction costs during the financial year.
- (c) One of the leasehold buildings with carrying amount of approximately \$14,263,000 (2015: \$14,653,000) as at 30 June 2016 is charged by way of a mortgage in favour of a bank for a bank loan as disclosed in Note 25 to the financial statements.

24. TRADE AND OTHER PAYABLES

(a) Current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	109,460	90,607	-	-
Construction contracts (Note 13)				
Retention sums payable	7,748	10,250	-	-
Development projects				
Due to customers				
- Advances from customers for development properties (Note 15)	-	34,596	-	-
Retention sums payable	854	497	-	-
Loans and advances from:				
- Subsidiaries (c)	-	-	88,615	116,755
- Non-controlling shareholders of subsidiaries (d)	12,135	34,406	-	-
- Associated company (c)	-	2,830	-	-
- Non-related party [Note 21(a)]	-	26,878	-	26,878
Accruals for operating expenses	7,011	6,275	2,250	2,440
Other payables	7,054	1,445	306	333
Deposits	1,213	3,240	-	-
Advances received	58	72	-	-
Rent received in advance	967	1,215	-	-
Loan interest payable	1,126	244	688	-
Unclaimed dividends	42	77	42	77
	147,668	212,632	91,901	146,483

24. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Non-current

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Deposits	-	29	-	-
<u>Construction contracts (Note 13)</u>				
Retention sums payable	12,596	10,604	-	-
<u>Development projects</u>				
Retention sums payable	1,353	2,515	-	-
Loan from a non-controlling shareholder of a subsidiary (e)	14,710	-	-	-
	28,659	13,148	-	-

- (c) Loans and advances from subsidiaries and associated company are unsecured, interest-free and repayable on demand.
- (d) The loans from the non-controlling shareholders of subsidiaries are unsecured and interest-free, except for an amount of \$366,000 (2015: \$425,000) which bears interest at an effective interest rate of 0.5% (2015: 0.5%) per annum at the balance sheet date. The loans are repayable on demand.
- (e) The loan from the non-controlling shareholder of a subsidiary, Wembley Properties Pte Ltd, is unsecured, interest-free and is not expected to be repaid within the next financial year.
- (f) The fair values of the financial liabilities included in non-current trade and other payables approximate their carrying amounts as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

25. BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current				
Bank loans	2,465	22,720	-	20,000
Finance lease liabilities (Note 26)	76	473	25	104
	2,541	23,193	25	20,104
Non-current				
Bank loans	108,555	58,278	-	-
Finance lease liabilities (Note 26)	103	387	62	223
Medium term notes, net of transaction cost	49,694	-	49,694	-
	158,352	58,665	49,756	223
Total borrowings	160,893	81,858	49,781	20,327

Refer to Note 34(c)(ii) for the exposure of borrowings to interest rate risk.

(a) Security granted

Total borrowings as at 30 June 2016 included the following:

- (i) As at 30 June 2015, term loans and revolving development loans amounting to \$1,146,000 of the Group were secured by a legal mortgage over development property of a subsidiary (Note 15) and a fixed and floating charge over all the assets of the subsidiary. These loans were fully repaid during the financial year and there is no outstanding balance as at 30 June 2016. As at 30 June 2016, the Group is in the process of discharging the legal mortgage over the development property and the fixed and floating charge over all the assets of the subsidiary.
- (ii) Certain revolving and term loans amounting to \$111,020,000 (2015: \$59,852,000) are secured over the Group's investment properties (Note 22), a leasehold building (Note 23) and the assignment of sales and rental proceeds and insurance policies relating to the properties.
- (iii) On 31 March 2014, the Company established a \$300,000,000 Multicurrency Medium Term Note Programme (the "Programme"). Under the Programme, the Company may, subject to compliance with all relevant laws and regulations and directives, from time to time issue notes in series or tranches. The notes may be in Singapore dollars or in other currencies, in various amounts and tenors, and may bear interest at a fixed, floating, variable or hybrid rate, or may not bear interest, as agreed between the Company and the relevant dealer.

On 28 March 2016, the Company issued Medium Term Notes amounting to \$50,000,000, with transaction costs amounting to \$332,000. The notes will mature on 28 March 2019 and bears a fixed interest of 5.50% per annum which is payable semi-annually.

25. BORROWINGS (CONTINUED)

(b) Fair value of non-current borrowings

At the balance sheet date, the carrying amounts of borrowings approximate their fair values.

26. FINANCE LEASE LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments due:				
- not later than 1 year	82	512	28	104
- between 1 and 5 years	110	383	64	245
	192	895	92	349
Less: Future finance charges	(13)	(35)	(5)	(22)
Present value of lease liabilities	179	860	87	327
The present value of finance lease liabilities are analysed as follows:				
- not later than 1 year (Note 25)	76	473	25	104
- between 1 and 5 years (Note 25)	103	387	62	223
	179	860	87	327

Finance leases are in respect of motor vehicles (2015: motor vehicles and plant and machinery).

27. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Issued share capital	Treasury shares
	'000	'000	\$'000	\$'000
Group and Company				
2016				
Beginning of financial year	385,030	(826)	86,604	(253)
Purchase of treasury shares	-	(6,323)	-	(2,336)
Treasury shares reissued	-	2,810	(8)	1,004
End of financial year	385,030	(4,339)	86,596	(1,585)
2015				
Beginning of financial year	380,030	(4,493)	84,311	(1,324)
Shares issued	5,000	-	2,059	-
Treasury shares reissued	-	3,667	234	1,071
End of financial year	385,030	(826)	86,604	(253)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company did not issue any ordinary shares during the financial year. During the financial year ended 30 June 2015, the Company issued 5,000,000 ordinary shares for a total cash consideration of \$1,600,000 pursuant to the Option Scheme 2007. The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) Treasury shares

During the financial year, the Company acquired 6,323,300 (2015: nil) shares in the Company in the open market. The total amount paid to acquire the shares was approximately \$2,336,000 (2015: \$nil) and this was presented as a component within shareholders' equity.

During the financial year ended 30 June 2016, 2,810,000 (2015: 3,667,000) treasury shares of the Company were reissued pursuant to the Option Scheme 2007 for a total cash consideration of \$832,000 (2015: \$1,053,000) upon the exercise of options by:

Holders of	No. of ordinary shares		Exercise price
	2016	2015	\$
2009 Options	-	982,000	0.32
2010 Options	180,000	470,000	0.28
2011 Options	750,000	365,000	0.29
2012 Options	740,000	1,850,000	0.27
2013 Options	1,140,000	-	0.32
	2,810,000	3,667,000	

The cost of treasury shares reissued amounted to \$1,004,000 (2015: \$1,071,000). The gain/(loss) on reissue of the treasury shares is recognised directly in share capital account.

(b) Share options

Share options were granted to key management personnel and employees with more than 12 months of service with the Group under the Option Scheme 2007 which became operative on 26 October 2007.

The exercise price of the options is determined at the Market Price or a price which is set at a discount to the Market Price, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price. The Market Price is defined as the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant.

27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(b) Share options (continued)

Options granted with the exercise price set at the Market Price are exercisable by the key management personnel or employees after another one year of service to the Group and once vested are exercisable during a period of four years. Options granted with the exercise price set at a discount to the Market Price are exercisable by the key management personnel or employees after another two years of service to the Group and once vested are exercisable during a period of three years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The Company did not grant any options during the financial year.

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

	No. of ordinary shares under option					Exercise price	Exercise Period
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year		
Group and Company							
2016							
2013 Options	4,135,000	-	(320,000)	(1,140,000)	2,675,000	\$0.32	21.09.2015 to 20.09.2018
2012 Options	1,600,000	-	(45,000)	(740,000)	815,000	\$0.27	28.07.2014 to 27.07.2017
2011 Options	1,130,000	-	(20,000)	(750,000)	360,000	\$0.29	23.07.2012 to 21.07.2016
2010 Options	800,000	-	(620,000)	(180,000)	-	\$0.28	25.07.2011 to 23.07.2015
	7,665,000	-	(1,005,000)	(2,810,000)	3,850,000		
2015							
2013 Options	4,600,000	-	(465,000)	-	4,135,000	\$0.32	21.09.2015 to 20.09.2018
2012 Options	3,640,000	-	(190,000)	(1,850,000)	1,600,000	\$0.27	28.07.2014 to 27.07.2017
2011 Options	1,560,000	-	(65,000)	(365,000)	1,130,000	\$0.29	23.07.2012 to 21.07.2016
2010 Options	1,295,000	-	(25,000)	(470,000)	800,000	\$0.28	25.07.2011 to 23.07.2015
2009 Options	6,838,000	-	(856,000)	(5,982,000)	-	\$0.32	13.09.2010 to 10.09.2014
	17,933,000	-	(1,601,000)	(8,667,000)	7,665,000		

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(b) Share options (continued)

Out of the unexercised options for 3,850,000 (2015: 7,665,000) shares, options for 3,850,000 (2015: 3,530,000) shares are exercisable at the balance sheet date. Options exercised during the financial year ended 30 June 2016 resulted in nil (2015: 982,000), 180,000 (2015: 470,000), 750,000 (2015: 365,000), 740,000 (2015: 1,850,000) and 1,140,000 (2015: nil) treasury shares being reissued at the exercise price of \$0.32, \$0.28, \$0.29, \$0.27 and \$0.32 per share respectively and nil (2015: 5,000,000) new ordinary shares being issued at the exercise price of \$0.32 per share. The weighted average share price during the year was \$0.37 (2015: \$0.38) per share.

There were no options granted during the financial years ended 30 June 2016 and 30 June 2015.

28. CAPITAL AND OTHER RESERVES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Composition				
Capital reserves	19,131	19,131	2,800	2,800
Share option reserve	468	629	468	629
Foreign currency translation reserve	(18,529)	224	-	-
Capital redemption reserve	229	179	-	-
	1,299	20,163	3,268	3,429
(b) Movement in capital reserves				
Beginning and end of financial year	19,131	19,131	2,800	2,800

The capital reserves arise mainly from negative goodwill on the acquisition of subsidiaries and capitalisation of retained profits of subsidiaries.

28. CAPITAL AND OTHER RESERVES (CONTINUED)

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
(c) Movement in share option reserve				
Beginning of financial year	629	1,241	629	1,241
Employee share option scheme				
- Value of employee services (Note 7)	4	99	4	99
- Treasury shares reissued on exercise of share options	(165)	(252)	(165)	(252)
- Issue of ordinary shares pursuant to exercise of share options	-	(459)	-	(459)
End of financial year	468	629	468	629
(d) Movement in fair value reserve				
Beginning of financial year	-	586	-	586
Fair value gains (Note 16)	-	124	-	124
Reclassification to profit or loss [Note 5(b)]	-	(710)	-	(710)
End of financial year	-	-	-	-
(e) Movement in foreign currency translation reserve				
Beginning of financial year	224	4,251	-	-
Net currency translation differences of financial statements of foreign subsidiaries, joint ventures and associated companies	(18,555)	(4,451)	-	-
Reclassification on repayment of quasi equity loans	(212)	466	-	-
Less: Non-controlling interests	14	(42)	-	-
End of financial year	(18,529)	224	-	-
(f) Movement in capital redemption reserve				
Beginning of financial year	179	-	-	-
Transfer of reserves	50	179	-	-
End of financial year	229	179	-	-

During the financial year ended 30 June 2016 and financial year ended 30 June 2015, wholly-owned Malaysian subsidiaries of the Group redeemed their Class "B" redeemable non-cumulative preference shares out of profits. When the shares were redeemed, an amount which is not available for distribution as dividends to the shareholder was transferred from retained profits to capital redemption reserve as required by the Malaysia Companies Act.

(g) All capital and other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

29. RETAINED PROFITS OF THE GROUP

Retained profits of the Group are distributable except for the retained profits of associated companies and joint venture amounting to \$13,016,000 (2015: \$2,138,000). Retained profits of the Company are distributable.

30. RETAINED PROFITS OF THE COMPANY

Movements in retained profits of the Company are as follows:

	Company	
	2016	2015
	\$'000	\$'000
Beginning of financial year	16,376	29,845
Profit/(loss) for the financial year	8,254	(5,797)
Dividends paid (Note 31)	(7,653)	(7,672)
End of financial year	16,977	16,376

31. DIVIDENDS

	Group and Company	
	2016	2015
	\$'000	\$'000
Interim dividend of 0.75 cents (2015: 0.75 cents) per ordinary share, paid in respect of the financial year ended 30 June 2016 (2015: 30 June 2015)	2,848	2,877
Final dividend of 1.25 cents (2015: 1.25 cents) per ordinary share, paid in respect of the financial year ended 30 June 2015 (2015: 30 June 2014)	4,805	4,795
Total dividends paid	7,653	7,672

The directors have proposed a final dividend for 2016 of 1.25 cents per share, amounting to approximately \$4,759,000. These financial statements do not reflect these proposed dividends, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2017.

32. CONTINGENCIES

(a) Guarantees (unsecured)

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Financial guarantees given to banks and finance companies in connection with facilities given to subsidiaries	-	-	94,509	140,166

At the date these financial statements are authorised for issue, the directors are of the view that no material liabilities will arise from the guarantees.

32. CONTINGENCIES (CONTINUED)

(b) Legal and arbitration proceedings

In 2013, Lum Chang Building Contractors Pte Ltd, a subsidiary of the Group, commenced arbitration proceedings against a third party subcontractor.

During the financial year, the proceedings were concluded and there was no material financial impact on the financial statements of the Group.

33. COMMITMENTS

		Group	
		2016	2015
		\$'000	\$'000
(a) Commitments not provided for in the financial statements excluding those held by associated companies (Note 20) and joint ventures (Note 19) are as follows:			
Development expenditure contracted for development properties		6,454	18,977
Investment commitments		5,331	5,312
Purchase of property, plant and equipment		-	222
		11,785	24,511

(b) Operating lease commitments – where the Group is a lessee

The Group leases office premises and office equipment under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	4	142	503	705
Between 1 and 5 years	-	4	833	-
	4	146	1,336	705

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

33. COMMITMENTS (CONTINUED)

(c) Operating lease commitments – where the Group is a lessor

The Group leases out retail space and office premises 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 balance sheet date but not recognised as receivables, are as follows:

	Group	
	2016 \$'000	2015 \$'000
Not later than 1 year	6,354	6,352
Between 1 and 5 years	14,960	13,883
Later than 5 years	11,432	13,742
	32,746	33,977

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial risk factors

The Group is exposed to financial risks arising from its operations and the key financial risks identified include credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance in a timely manner. The Group does not hold or issue derivative financial instruments for speculative purposes.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. Credit evaluations are performed on all customers who require credit over a certain amount.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instrument presented on the balance sheet, except for corporate guarantees provided by the Company as disclosed in Note 32.

The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables.

The trade receivables of the Group comprise two debtors (2015: seven debtors) that individually represented 34% to 37% (2015: 7% to 20%) of trade receivables.

The construction contracts due from customers of the Group comprise three debtors (2015: six debtors) that individually represented 20% to 41% (2015: 7% to 26%) of construction contract due from customers.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Credit risk (continued)

The retention sums receivable of the Group comprise seven debtors (2015: seven debtors) that individually represented 8% to 21% (2015: 5% to 33%) of retention sums receivable.

The credit risk for trade receivables (net of allowance for impairment), construction contracts due from customers and retention sums receivable based on the information provided to key management is as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
By types of customers				
Associated and joint venture companies	5	105	-	-
Non-related parties	101,769	100,369	-	74
	101,774	100,474	-	74

(i) Financial assets that are neither past due nor impaired

Bank balances that are neither past due nor impaired are mainly balances with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables, construction contracts due from customers and retention sums receivable that are neither past due nor impaired are substantially companies with a good collection track record with the Group. Advances to associated companies, joint venture and subsidiaries are made to entities with potential profitable growth in the future.

(ii) Financial assets that are past due and/or impaired

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Past due less than 3 months	905	7,113	-	-
Past due 3 to 6 months	-	65	-	-
Past due over 6 months	24	24	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<i>Trade receivables</i>				
Gross amount	9	9	-	-
Less: Allowance for impairment	(9)	(9)	-	-
	-	-	-	-
<i>Other receivables</i>				
Gross amount	-	-	27,453	27,852
Less: Allowance for impairment	-	-	(27,453)	(27,852)
	-	-	-	-
Total	-	-	-	-
Beginning of financial year	9	9	27,852	27,847
Allowance made	-	-	-	5
Allowance written back	-	-	(399)	-
End of financial year	9	9	27,453	27,852

The impaired trade receivables of the Group mainly relate to customers that are in financial difficulties and whose payments are not forthcoming.

The impaired other receivables of the Company mainly relate to advances to subsidiaries that are in net liabilities positions and whose payments are not forthcoming.

(b) Liquidity risk

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Group				
At 30 June 2016				
Trade and other payables	146,643	28,659	-	175,302
Borrowings	8,380	170,461	-	178,841
At 30 June 2015				
Trade and other payables	176,749	13,148	-	189,897
Borrowings	24,952	61,804	-	86,756
Company				
At 30 June 2016				
Trade and other payables	91,901	-	-	91,901
Borrowings	2,778	54,856	-	57,634
Financial guarantee contracts	94,509	-	-	94,509
At 30 June 2015				
Trade and other payables	146,483	-	-	146,483
Borrowings	20,185	245	-	20,430
Financial guarantee contracts	140,166	-	-	140,166

(c) Market risk

(i) Currency risk

The Group operates predominantly in Singapore, Malaysia and the United Kingdom and the functional currencies of the entities in each of the countries are the Singapore Dollar ("SGD"), the Malaysian Ringgit ("RM") and Pound Sterling ("GBP") respectively. Entities in the Group transact predominantly in their functional currencies and hold matching currency assets and liabilities to the extent possible to achieve a natural hedging effect.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

The currency exposure of the Group and the Company based on the information provided to key management is as follows:

	Group		Company	
	RM \$'000	GBP \$'000	RM \$'000	GBP \$'000
At 30 June 2016				
Financial assets				
Cash and cash equivalents	13,672	18,491	45	12,127
Trade and other receivables	5,825	987	-	20,716
Intercompany receivables	6,646	85,850	-	-
Other financial assets	461	-	-	-
	26,604	105,328	45	32,843
Financial liabilities				
Borrowings	(59)	(87,330)	-	-
Trade and other payables, excluding construction contracts and development projects	(14,347)	(28,673)	-	-
Intercompany payables	(6,646)	(85,850)	-	-
	(21,052)	(201,853)	-	-
Net financial assets/(liabilities)	5,552	(96,525)	45	32,843
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(5,503)	129,368	-	-
Currency exposure	49	32,843	45	32,843

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

	Group		Company	
	RM \$'000	GBP \$'000	RM \$'000	GBP \$'000
At 30 June 2015				
Financial assets				
Cash and cash equivalents	7,755	8,645	48	1,411
Trade and other receivables	4,419	1,970	-	-
Intercompany receivables	7,046	200,311	-	-
Other financial assets	489	-	-	-
	19,709	210,926	48	1,411
Financial liabilities				
Borrowings	(1,197)	(35,222)	-	-
Trade and other payables, excluding construction contracts and development projects	(71,300)	(36,277)	(26,878)	(49,315)
Intercompany payables	(7,046)	(200,311)	-	-
	(79,543)	(271,810)	(26,878)	(49,315)
Net financial liabilities	(59,834)	(60,884)	(26,830)	(47,904)
Less: Net financial liabilities denominated in the respective entities' functional currencies	33,004	62,295	-	-
Currency exposure	(26,830)	1,411	(26,830)	(47,904)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis for currency risk

If the RM changes against the SGD by 4% (2015: 4%) and the GBP changes against the SGD by 6% (2015: 4%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit after tax	
	2016	2015
	\$'000	\$'000
Group		
RM against SGD		
- strengthened	2	(891)
- weakened	(2)	891
GBP against SGD		
- strengthened	604	47
- weakened	(604)	(47)
Company		
RM against SGD		
- strengthened	1	(891)
- weakened	(1)	891
GBP against SGD		
- strengthened	1,636	(1,590)
- weakened	(1,636)	1,590

(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.

The Group is exposed to interest rate risk primarily due to changes in interest rates arising from its interest-bearing assets and debt obligations. The Group manages its interest rate risks by maintaining a mix of fixed and variable rate debt instruments with varying maturities.

The material interest-bearing assets of the Group are short-term bank deposits and advances to associated companies. Short-term bank deposits and advances to associated companies bear interest at the market interest rate. An interest rate movement of 0.5% will not have a substantial impact on the net profit of the Group.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Market risk (continued)

(ii) Cash flow and fair value interest rate risks (continued)

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD and GBP. If the SGD interest rate increases / decreases by 1.0% (2015: 1.0%) and the GBP interest rate increases / decreases by 0.5% (2015: 0.5%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company will be lower / higher by \$813,000 (2015: \$562,000) and \$246,000 (2015: \$85,000) respectively as a result of higher / lower interest expense on these borrowings.

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	← Variable rates →			← Fixed rates →				
	Less than 6 months	6 to 12 months	1 to 5 years	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
At 30 June 2016	111,020	-	-	42	9	49,822	-	160,893
At 30 June 2015	79,852	1,147	51	-	481	327	-	81,858
Company								
At 30 June 2016	-	-	-	-	-	49,781	-	49,781
At 30 June 2015	20,000	-	-	-	-	327	-	20,327

(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 and the Company are also required by the banks and financial institutions to maintain a gearing ratio of not exceeding 100% to 150% (2015: 100%). The Group's and the Company's strategies, which were unchanged from 2015, are to maintain gearing ratios within the limits required.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(d) Capital risk (continued)

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net debt	61,845	38,062	7,079	13,339
Total equity	213,498	211,971	105,256	106,156
Gearing ratio	29%	18%	7%	13%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2016 and 2015.

(e) Fair value measurements

The fair value hierarchy for investment properties is disclosed in Note 22.

The fair values of borrowings, trade and other receivables and trade and other payables as disclosed in Note 25, Note 12 and Note 24 respectively approximate to their carrying amounts.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 16 to the financial statements, except for the following:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Loans and receivables	205,815	165,630	104,573	47,510
Financial liabilities at amortised cost	336,195	271,755	141,682	166,810

35. RELATED PARTY TRANSACTIONS

In addition to the related party information shown elsewhere in the financial statements, the following transactions between the Group and related parties took place during the financial year:

(a) Sales and purchases of goods and services

	Group	
	2016 \$'000	2015 \$'000
Joint ventures and associated companies		
Management services fees	18	18
Interest income on advances to associated companies	390	321

Outstanding balances at 30 June 2016, arising from sale/purchase of goods and services, are set out in Notes 12 and 24.

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management remuneration

The key management remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or the Company did not incur any costs, the value of the benefit. The key management remuneration is as follows:

	Group	
	2016	2015
	\$'000	\$'000
Salaries and other short-term employee benefits	7,754	7,290
Post-employment benefits – contribution to CPF	108	92
Share option expense	5	26
	7,867	7,408

Included in above is total remuneration to directors of the Company amounting to \$5,013,000 (2015: \$4,884,000).

36. SEGMENT INFORMATION

Management has determined the operating segment based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Executive Chairman, the Managing Director, and the Executive Director of the Company.

The Exco considers the business primarily from a business segment perspective. Revenue from investment holding, provision of management services, construction and property investment are derived mainly from Singapore and the United Kingdom. Revenue from property development are derived mainly from Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

36. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Exco for the reportable segments for the financial years ended 30 June 2016 and 30 June 2015 are as follows:

	Construction \$'000	Property development and investment \$'000	Investment holding and others \$'000	Total \$'000
Financial year ended 30 June 2016				
Revenue from external customers	352,681	73,248	190	426,119
Inter-segment revenue	-	1,906	27,870	29,776
	352,681	75,154	28,060	455,895
Elimination				(29,776)
Revenue				426,119
Segment results	17,896	28,198	19,876	65,970
Elimination				(24,835)
				41,135
Finance expense				(5,034)
Profit before income tax				36,101
Income tax expense				(6,653)
Net profit				29,448
Segment results include:				
Interest income	121	469	101	691
Depreciation of property, plant and equipment	(4,238)	(1,218)	(305)	(5,761)
Interest expense	(3)	(3,625)	(1,388)	(5,016)
Share of (losses)/profits of associated companies and joint venture	(10)	14,556	-	14,546
Income tax expense	(2,760)	(3,873)	(20)	(6,653)

36. SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Property development and investment \$'000	Investment holding and others \$'000	Total \$'000
Financial year ended 30 June 2015				
Revenue from external customers	257,733	54,459	202	312,394
Inter-segment revenue	-	2,222	2,926	5,148
	257,733	56,681	3,128	317,542
Elimination				(5,148)
Revenue				312,394
Segment results	11,123	29,297	(2,838)	37,582
Elimination				(620)
				36,962
Finance expense				(2,768)
Profit before income tax				34,194
Income tax expense				(4,481)
Net profit				29,713
Segment results include:				
Interest income	172	763	46	981
Depreciation of property, plant and equipment	4,439	1,184	301	5,924
Interest expense	(6)	(2,440)	(203)	(2,649)
Share of (losses)/profits of associated companies and joint venture	(8)	104	-	96
Income tax expense	(2,034)	(2,407)	(40)	(4,481)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

36. SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Property development and investment \$'000	Investment holding and others \$'000	Elimination \$'000	Total \$'000
As at 30 June 2016					
Segment assets	151,064	351,629	52,646	(2,507)	552,832
Tax recoverable					908
Deferred income tax assets					1,552
Consolidated total assets					555,292
Segment assets include:					
Investment in associates and joint ventures	296	16,719	-	-	17,015
Capital expenditure on property, plant and equipment	1,626	183	478	-	2,287
Segment liabilities	(129,066)	(43,869)	(3,672)	280	(176,327)
Borrowings					(160,893)
Deferred income tax liabilities and current income tax liabilities					(4,574)
Consolidated total liabilities					(341,794)
As at 30 June 2015					
Segment assets	138,195	370,376	13,971	(3,089)	519,453
Tax recoverable					496
Deferred income tax assets					4,118
Consolidated total assets					524,067
Segment assets include:					
Investment in associates and joint venture	306	4,456	-	-	4,762
Capital expenditure on property, plant and equipment	1,325	560	709	-	2,594
Segment liabilities	(114,048)	(81,838)	(30,177)	283	(225,780)
Borrowings					(81,858)
Deferred income tax liabilities and current income tax liabilities					(4,458)
Consolidated total liabilities					(312,096)

36. SEGMENT INFORMATION (CONTINUED)

The Group is organised into three main business segments:

- | | | |
|-----|-------------------------------------|---|
| (a) | Construction | - construction of buildings and building extensions, additions and alterations, refurbishment and restoration of buildings. |
| (b) | Property development and investment | - develops property for sale and/or holds properties for its own investment purposes. |
| (c) | Investment holding and other | - holding of investments and provision of management services to the companies within the Group. |

The amounts reported to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than tax recoverable and deferred tax assets.

The amounts are provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments other than current and deferred income tax liabilities and borrowings.

Inter-segment pricing is on a "fair value" basis.

Geographical information

The Group's three business segments operate in three main geographical areas:

- | | |
|----------------|---|
| Singapore | - the country where the headquarters of the Group and the Company is located. The areas of operation are principally investment holding, provision of management services, construction, property development and investment. |
| Malaysia | - the area of operation is mainly property development. |
| United Kingdom | - the area of operation is mainly property investment. |

Revenue and non-current segment assets are shown by the geographical area where the assets are located.

	Total sales		Non-current assets*	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Singapore	354,101	259,895	60,356	67,599
Malaysia	66,177	47,841	192	173
United Kingdom	5,841	4,658	191,770	169,268
	426,119	312,394	252,318	237,040
Investment in associated companies and joint ventures			17,015	4,762
			269,333	241,802

* Non-current assets exclude financial instruments and deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

37. BUSINESS COMBINATIONS

Acquisition of Kelaty House in the current financial year

On 14 August 2015, the Group entered into a sale and purchase agreement with UKI (Wembley) Limited to acquire the property, Kelaty House, which is located at First Way, Wembley HA9 0JD, London. The completion date of the acquisition was on 28 August 2015.

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

(a)	Purchase consideration	2016 \$'000
	Purchase consideration - cash paid	38,499
	Consideration transferred for the business	38,499
(b)	Effect on cash flows of the Group	2016 \$'000
	Cash paid (as above)	38,499
	Cash outflow on acquisition	38,499
(c)	Identifiable assets acquired and liabilities assumed	2016 At fair value \$'000
	Investment property	54,998
	Total assets	54,998
	Total identifiable net assets	54,998
	Less: Non-controlling interest at 30%	(16,499)
	Consideration transferred for the business	38,499
	Non-controlling interest comprise the following:	
		2016 \$'000
	Shareholder loan included in trade and other payables	16,499
	Share capital included in equity	-*
		16,499

* The non-controlling interest has contributed a total amount of \$5 in the form of share capital which is included in equity.

37. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Kelaty House in the current financial year (continued)

(d) Acquisition-related costs

Acquisition-related costs of \$2,743,000 are included in “administrative expenses” in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Non-controlling interest

The non-controlling interest relates to interest held by Sin Heng Chan (1960) Pte Ltd, a company incorporated in Singapore. The funds provided by non-controlling interest comprise \$5 in capital and \$16,499,000 in the form of shareholder’s loan.

(f) Revenue and profit contribution

The acquired business contributed revenue of \$402,000 and net loss of \$2,616,000 to the Group from the period from 28 August 2015 to 30 June 2016.

Had Kelaty House been consolidated from 1 July 2015, consolidated revenue and consolidated loss for the year ended 30 June 2016 would have been \$478,000 and \$2,547,000 respectively.

Acquisition of 130 Wood Street Unit Trust in the previous financial year

In the previous financial year, the Group entered into a sale and purchase agreement with LS 130 Wood St Limited and College Green (Jersey) Limited to acquire the entire units of 130 Wood Street Unit Trust, a Jersey incorporated Unit Trust. The Unit Trust’s main asset is a freehold commercial property, 130 Wood Street which is located at 130 to 133 Cheapside, 1, 2 and 2a, Gutter Lane, and 128 to 130 Wood Street, London.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

37. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of 130 Wood Street Unit Trust in the previous financial year (continued)

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, were as follows:

(a)	Purchase consideration	2015 \$'000
	Purchase consideration - cash paid	77,434
	Consideration transferred for the business	77,434
(b)	Effect on cash flows of the Group	2015 \$'000
	Cash paid (as above)	77,434
	Less: Cash and cash equivalents in subsidiary acquired	(1,585)
	Cash outflow on acquisition	75,849
(c)	Identifiable assets acquired and liabilities assumed	2015 At fair value \$'000
	Investment property	109,600
	Cash and cash equivalents	1,585
	Total assets	111,185
	Trade and other payables	(565)
	Total liability	(565)
	Total identifiable net assets	110,620
	Less: Non-controlling interests at 30%	(33,186)
	Consideration transferred for the business	77,434
	Non-controlling interests comprise the following:	2015 \$'000
	Shareholders loans included in trade and other payables	33,186
	Share capital included in equity	-*
		33,186

* The non-controlling interests contributed a total amount of \$30 in the form of share capital which was included in equity.

37. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of 130 Wood Street Unit Trust in the previous financial year (continued)

(d) Acquisition-related costs

Acquisition-related costs of approximately \$1,377,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Non-controlling interests

The non-controlling interests relate to interests held by Lum Chang Investments Pte Ltd and Bevrian Pte Ltd, companies incorporated in Singapore which are respectively controlled by Mr Raymond Lum Kwan Sung and Mr David Lum Kok Seng who are directors and shareholders of the companies. The funds provided by non-controlling interests comprise \$30 in capital and \$33,186,000 in the form of shareholders loans. As at 30 June 2016, the amounts owing to these non-controlling interests were \$11,768,000 and are included in Note 24(d).

(f) Revenue and profit contribution

The acquired business contributed revenue of \$562,000 and net profit of \$2,081,000, which includes fair value gain on investment properties amounting to \$1,519,000, to the Group from the period from 13 May 2015 to 30 June 2015.

Had 130 Wood Street Unit Trust been consolidated from 1 July 2014, consolidated revenue and consolidated profit excluding fair value gain on investment properties for the year ended 30 June 2015 would have been \$3,900,000 and \$3,329,000 respectively.

38. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 3 August 2016, the Group entered into a non-legal binding term sheet ("Term Sheet") with HICOM Megah Sdn Bhd, Mohamed Mustafa & Samsuddin Co. Pte Ltd and B.I. Distributors Pte Ltd (collectively, the "Vendors") to acquire the entire issued and paid-up share capital of Corwin Holding Pte Ltd (the "Target") (such proposed acquisition, the "Proposed Acquisition"). The Target's principal asset is a leasehold commercial property known as "The Verge", located at No.2, Serangoon Road, Singapore.

Upon signing of the Term Sheet, the Company will commence due diligence and will also commence negotiations with the Vendors with a view to agreeing the terms of the definitive agreements for the Proposed Acquisition. However, there is no certainty or assurance that definitive agreements in respect of the Proposed Acquisition will be entered into, or that the Proposed Acquisition will materialise with the entering of the Term Sheet.

Details of the assets acquired and liabilities assumed, revenue and profit contribution of Corwin Holding Pte Ltd, where applicable, and the effects on the cash flows of the Group are not disclosed, as the acquisition has not materialised at the time these financial statements have been authorised for issue.

39. 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 July 2016 or later periods and which the Group has not early adopted:

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018)

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces FRS 18 *Revenue* and FRS 11 *Construction Contracts* and related interpretations.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in FRS 39 that relates to the classification and measurement of financial instruments.

This standard retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable options at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

This amendment is not expected to have any significant impact on the financial statements of the Group.

40. COMPANIES IN THE GROUP

- (a) The subsidiaries are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2016 %	2015 %
Held by the Company				
Unquoted equity shares				
¹ Lum Chang Asia Pacific Pte Ltd	Investment holding	Singapore	100	100
¹ Lum Chang Corporation Pte Ltd	Investment holding	Singapore	100	100
¹ Lum Chang Properties Ltd	Investment holding	Singapore	100	100
¹ Lum Chang (Suzhou) Investments Pte Ltd	Investment holding	Singapore	51	51
² Nexus Sdn Bhd	Dormant	Malaysia	100	100
² Urban Assignment Sdn Bhd	Dormant	Malaysia	100	100

40. COMPANIES IN THE GROUP (CONTINUED)

(a) The subsidiaries are as follows: (continued)

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2016 %	2015 %
¹ Binjai Holdings Pte Ltd	Investment holding	Singapore	100	100
¹ Kemensah Holdings Pte Ltd	Investment holding	Singapore	100	100
⁹ Lum Chang Realty Pte Ltd	In member's voluntary liquidation	Singapore	100	100
¹ Lum Chang Orion Pte Ltd	Investment holding	Singapore	100	100
⁵ Twin Palms Development Sdn Bhd	Property development	Malaysia	100	100
Edu Genus Pte Ltd	Liquidated	Singapore	-	100
¹ UK Property Investment Pte Ltd	Investment holding	Singapore	70	70
¹ Wembley Properties Pte Ltd	Investment holding	Singapore	70	-
¹ Tucana Investments Pte Ltd	Dormant	Singapore	100	-
Held by subsidiaries				
Unquoted equity shares				
⁴ Boon Lay Executive Condominiums Pte Ltd	Dormant	Singapore	100	100
¹ Lum Chang Property Investments Pte Ltd	Property investment	Singapore	100	100
¹ Lum Chang Building Contractors Pte Ltd	Building construction	Singapore	100	100
⁵ Lum Chang Sdn Bhd	Dormant	Malaysia	100	100
² Uptown Viewpoint Sdn Bhd	Dormant	Malaysia	100	100
³ Venus Capital Corporation Sdn Bhd	Property development	Malaysia	100	100
³ Fabulous Range Sdn Bhd	Property development	Malaysia	100	100
⁹ Sungei Long Holdings Pte Ltd	In member's voluntary liquidation	Singapore	100	100
LC Sungei Long (M) Sdn Bhd	Liquidated	Malaysia	-	100
Lum Chang UK Properties Limited	Liquidated	Jersey, Channel Islands	-	100
⁷ Pembridge Palace Holdco Limited	Investment holding	Jersey, Channel Islands	100	100
⁷ Pembridge Palace Propco Limited	Property investment	Jersey, Channel Islands	100	100

40. COMPANIES IN THE GROUP (CONTINUED)

(a) The subsidiaries are as follows: (continued)

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2016 %	2015 %
Held by subsidiaries				
Unquoted equity shares				
⁷ 130 WS Holdings Limited	Investment holding	Jersey, Channel Islands	70	70
⁷ 130 WS Investments Limited	Investment holding	Jersey, Channel Islands	70	70
⁷ 130 Wood Street Unit Trust	Property investment	Jersey, Channel Islands	70	70
⁷ Kelaty Holdings Limited	Investment holding	Jersey, Channel Islands	70	-
⁷ Kelaty Propco Limited	Property investment	Jersey, Channel Islands	70	-
¹¹ Kelaty Leaseco Limited	Property investment	Jersey, Channel Islands	70	-

(b) The associated companies are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2016 %	2015 %
Held by the Company				
Unquoted equity shares				
¹⁰ Faith Global Ventures Inc	Investment holding	British Virgin Islands	22.73	23.52
Held by subsidiaries				
Unquoted equity shares				
¹² FCL Compassvale Pte Ltd	Property development	Singapore	20	20
¹² FCL Admiralty Pte Ltd	Property development	Singapore	30	30

FCL Compassvale Pte Ltd and FCL Admiralty Pte Ltd are property development companies in Singapore. The principal activities of the companies are the development of executive condominium housing units for sale in Singapore. FCL Compassvale Pte Ltd and FCL Admiralty Pte Ltd are strategic partnerships for the Group, providing the Group with access to construction contracts and the development of executive condominiums in Singapore.

Faith Global Ventures Inc is an investment holding company with an interest in a mixed-use property in the United Kingdom. Faith Global Ventures Inc is a strategic partnership for the Group, providing the Group with access to the development of mixed-use property in the United Kingdom.

40. COMPANIES IN THE GROUP (CONTINUED)

(c) The joint ventures are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2016 %	2015 %
Held by subsidiaries				
¹¹ Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	50	-
^{6, 8} Nishimatsu – Lum Chang JV	Dormant	Singapore	50	50

Lum Chang Tien Wah Property Sdn Bhd is a property development company in Malaysia. The principal activity of the company is to develop a mixed-use commercial development in Malaysia. The joint venture is a continuation of the Group's property development business in Malaysia, representing an investment opportunity to consolidate the Group's property and development portfolio in Malaysia.

¹ Audited by PricewaterhouseCoopers LLP, Singapore.

² Audited by LT Lim & Associates, Malaysia.

³ Audited by PricewaterhouseCoopers, Malaysia.

⁴ Audited by Ernst & Young LLP, Singapore.

⁵ Audited by S Y Kwong, Foong & Co., Malaysia.

⁶ Unincorporated jointly – controlled partnerships.

⁷ Audited by PricewaterhouseCoopers LLP, United Kingdom.

⁸ Not required to be audited in 2016 as entity is dormant.

⁹ Not required to be audited in 2016 as entity is in member's voluntary liquidation.

¹⁰ Audit not required in the country of incorporation.

¹¹ Incorporated during the financial year. Audit not required in the financial year.

¹² Audited by KPMG LLP, Singapore.

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit and Risk Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lum Chang Holdings Limited on 14 September 2016.

STATISTICS OF SHAREHOLDINGS

As at 5 September 2016

Issued and Fully Paid-Up Capital	- \$86,595,435
Class of Shares	- Ordinary Shares
	- 380,715,304 (with voting rights)
Voting Rights	- 1 vote per share

DISTRIBUTION OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	% ⁽¹⁾
1 - 99	227	1.97	10,380	0.00
100 - 1,000	1,585	13.79	839,520	0.22
1,001 - 10,000	6,662	57.97	31,824,072	8.36
10,001 - 1,000,000	2,997	26.08	117,839,588	30.95
1,000,001 and above	22	0.19	230,201,744	60.47
TOTAL	11,493	100.00	380,715,304	100.00

TWENTY LARGEST SHAREHOLDERS

	NO. OF SHARES	% ⁽¹⁾
Hong Leong Finance Nominees Pte Ltd	64,162,600	16.85
United Overseas Bank Nominees Pte Ltd	34,156,340	8.97
Four Seas Nominees Pte Ltd	29,000,000	7.62
Raffles Nominees (Pte) Ltd	19,789,857	5.20
Lum Kwan Sung	14,705,278	3.86
DBS Nominees Pte Ltd	14,389,704	3.78
Lum Kok Seng	10,944,964	2.87
Lum Chang Investments Pte Ltd	6,839,742	1.80
OCBC Nominees Singapore Pte Ltd	6,672,741	1.75
Citibank Nominees Singapore Pte Ltd	5,832,918	1.53
Leung Kai Fook Medical Company (Pte) Ltd	4,591,000	1.21
Beverian Holdings Pte Ltd	3,423,900	0.90
Loh Tee Pheng	2,700,000	0.71
Loh Tee Yang	2,000,000	0.53
Chiam Hock Poh	1,571,400	0.41
Leong Heng Keng	1,568,000	0.41
Ow Yong Heng Leong	1,482,000	0.39
Tan Thian Hwee	1,473,000	0.39
Chiang Kok Meng	1,469,000	0.39
Tan Wey Pin	1,320,000	0.35
	228,092,444	59.92

SUBSTANTIAL SHAREHOLDERS (INCLUDING DEEMED INTERESTS)

	NO. OF SHARES	%
Raymond Lum Kwan Sung	74,541,139 ⁽²⁾	19.58
Lum Chang Investments Pte Ltd	6,839,742	1.80
David Lum Kok Seng	74,362,336 ⁽³⁾	19.53
Beverian Holdings Pte Ltd	3,423,900	0.90

Based on information available to the Company as at 5 September 2016, approximately 61% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Notes: (1) Percentage computed is based on 380,715,304 shares in issue (excluding treasury shares which have no voting rights).
 (2) Raymond Lum Kwan Sung is deemed interested in 6,839,742 shares beneficially owned by Lum Chang Investments Pte Ltd.
 (3) David Lum Kok Seng is deemed interested in 3,423,900 shares beneficially owned by Beverian Holdings Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING AND BOOKS CLOSURE

Lum Chang Holdings Limited (incorporated in the Republic of Singapore)
Company Registration No. 198203949N

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **34th Annual General Meeting** of the Company will be held at Orchard Parade Hotel, Antica I & II, Level 2, 1 Tanglin Road, Singapore 247905 on **28 October 2016, Friday at 10.30 a.m.** to transact the following business:-

As Ordinary Business:

1. To receive and adopt the Audited Financial Statements for the year ended 30 June 2016 and the Directors' Statement and Report of the Independent Auditor thereon.
2. To declare a Final tax exempt (one-tier) Dividend of 1.25 cents per share as recommended by the Directors for the year ended 30 June 2016.
3. To approve the amount of S\$247,190 proposed as Directors' fees for the year ended 30 June 2016 (year ended 30 June 2015: S\$255,000).
4. To re-elect the following Directors, retiring by rotation under Article 99 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:-

(a) Mr Raymond Lum Kwan Sung

(b) Mr Peter Sim Swee Yam

Note: (a) Mr Raymond Lum Kwan Sung, the Executive Chairman, when re-elected, will remain as a member of the Nominating Committee.

(b) Mr Peter Sim Swee Yam, the lead independent Director, when re-elected, will remain as the lead independent Director, a member of the Audit and Risk Committee and the Nominating Committee, as well as the Chairman of the Remuneration Committee.

(See Explanatory Note 1)

5. To re-elect Mr Andrew Chua Thiam Chwee as a non-executive independent Director of the Company, retiring under Article 81 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

Note: Mr Andrew Chua Thiam Chwee, when re-elected, will remain as a member of the Audit & Risk Committee and the Remuneration Committee.

(See Explanatory Note 1)

6. To re-appoint PricewaterhouseCoopers LLP as independent auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business:

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

7. Authority to Directors to issue Shares

"That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, the Constitution of the Company and the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (including any supplemental measures thereto from time to time), the Directors of the Company be and are hereby authorised to:-

- (a) (i) allot and issue shares in the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of options, warrants, debentures or other instruments convertible into Shares,
- at any time to such persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and
- (b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force:-
 - (i) issue additional Instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and
 - (ii) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in b(i) above,

PROVIDED ALWAYS THAT:-

- (I) 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 50% of the total number of issued Shares (excluding treasury shares of the Company) at the time of the passing of this Resolution (as calculated in accordance with subparagraph (II) below), of which the aggregate number of Shares issued other than on a *pro rata* basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares of the Company) (as calculated in accordance with subparagraph (II) below);
- (II) subject to such manner of calculation as may be prescribed by SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (I) above, the total number of the issued Shares is based on the total number of issued Shares (excluding treasury shares of the Company) at the time of the passing of this Resolution after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from the 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 SGX-ST Listing Manual; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

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

(See Explanatory Note 2)

8. Authority to Directors to issue shares pursuant to the Option Scheme

“That approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company (the “**Shares**”) as may be required to be issued pursuant to the exercise of share options granted under the LCH Share Option Scheme 2007 (the “**Option Scheme**”) in accordance with the provisions of the Option Scheme, PROVIDED ALWAYS THAT:-

- (a) the aggregate number of Shares over which the committee may offer to grant options on any date, when added to the number of new Shares issued and/or issuable and/or existing Shares transferred and/or transferable in respect of the options granted under the Option Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued Shares (excluding treasury shares of the Company) from time to time; and
- (b) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

(See Explanatory Note 3)

9. Approval for renewal of Share Purchase Mandate

- (a) “That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 of Singapore (the “**Act**”), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the “**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) on-market purchases (each an “**On-Market Share Purchase**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and/or
 - (ii) off-market purchases (each an “**Off-Market Share Purchase**”) effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,
 and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
 - (i) the date on which the next Annual General Meeting of the Company is held;
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

- (c) in this Resolution:

"Prescribed Limit" means 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

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

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

where:

"Average Closing Price" means the average of the closing market prices of a Share over the last 5 Market Days (**"Market Day"** being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or before the date of the Company's announcement of an offer for the Off-Market Share Purchase, as the case may be, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

- (d) the Directors of the Company and/or each of them be and are/is hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

(See Explanatory Note 4)

10. Any Other Business

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

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN THAT subject to shareholders' approval being obtained for the proposed Final tax exempt (one-tier) Dividend of 1.25 cents per share for the financial year ended 30 June 2016 (the **"Dividend"**), the Share Transfer Books and Register of Members of the Company will be closed on **11 November 2016** for the purpose of determining shareholders' entitlements to the Dividend.

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services of **80 Robinson Road #02-00 Singapore 068898**, up to 5.00 p.m. on **10 November 2016** will be registered to determine shareholders' entitlements to the Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the shares as at 5.00 p.m. on **10 November 2016** will be entitled to the Dividend.

Payment of the Dividend, if approved by shareholders, will be paid on **24 November 2016**.

BY ORDER OF THE BOARD

TONY FONG

Company Secretary

Singapore

27 September 2016

Notes:

- 1) A member (otherwise than a relevant intermediary) entitled to attend, speak and vote at a meeting of the Company is entitled to appoint one or two proxies to attend, speak and vote in his stead. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- 2) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

“Relevant intermediary” means:

- (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds the shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 3) A proxy need not be a member of the Company.
 - 4) The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at 14 Kung Chong Road, #08-01 Lum Chang Building, Singapore 159150 not less than 72 hours before the time appointed for holding the Annual General Meeting.
 - 5) The instrument appointing a proxy or proxies must be under the hand of the appointer or 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 common seal or under the hand of an officer or attorney duly authorised.

Personal Data Privacy:

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

Explanatory Notes to the Resolutions:

1. Detailed information on these Directors can be found under “Board of Directors”, “Present and Past Directorships” and “Corporate Governance” sections in the Company’s 2016 Annual Report.
2. The ordinary resolution proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, to issue Shares up to an amount not exceeding (i) 50% of the total number of issued Shares (excluding treasury shares of the Company), of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of Shares which may be issued shall be based on the total number of issued Shares at the time that ordinary resolution 7 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that ordinary resolution 7 is passed, and any subsequent bonus issue or consolidation or subdivision of Shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
3. The ordinary resolution proposed in item 8 above, if passed, will enable the Directors of the Company, unless varied or revoked by the Company in general meeting, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to issue Shares pursuant to the exercise of options under the Option Scheme provided that the aggregate number of Shares over which the committee may offer to grant options on any date, when added to the number of new Shares issued and/or issuable and/or existing Shares transferred and/or transferable in respect of the options granted under the Option Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time.
4. The ordinary resolution proposed in item 9 above, if passed, will enable the Directors of the Company, unless varied or revoked by the Company in general meeting, from the date of the above Annual General Meeting until 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 the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated, whichever is the earliest, to purchase Shares by way of On-Market Share Purchases and/or Off-Market Share Purchases of up to 10% of the total number of issued Shares (excluding treasury shares of the Company) at the time of the passing of the ordinary resolution and up to the Maximum Price. The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its purchase of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchase of Shares cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchase. The rationale for, the authority and the limits on, and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 30 June 2016 (for illustrative purposes only) are set out in greater detail in the Appendix to the Notice of Annual General Meeting dated 27 September 2016 in relation to the proposed renewal of the Share Purchase Mandate.

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PROXY FORM FOR ANNUAL GENERAL MEETING

Lum Chang Holdings Limited (Incorporated in the Republic of Singapore)

Company Registration No. 198203949N (the "Company")

Important:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 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 monies to buy the Company's shares, the Summary Financial Report/Annual Report is forwarded to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We _____ NRIC/ Passport No./
Company Registration No. _____

of _____

being a member/members of LUM CHANG HOLDINGS LIMITED hereby appoint:

Name	Address	NRIC/ Passport No.	Number of Shares Represented	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Number of Shares Represented	Proportion of Shareholdings (%)

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 Orchard Parade Hotel, Antica I & II, Level 2, 1 Tanglin Road, Singapore 247905 on Friday, 28 October 2016 at 10.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided below 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 matter arising at the Annual General Meeting).

Ordinary Resolutions	For*	Against*
1. Adoption of Directors' Report and Accounts		
2. Declaration of proposed Final Dividend		
3. Approval of Directors' Fees		
4(a). Re-election of Mr Raymond Lum Kwan Sung as a Director retiring under Article 99 of the Company's Articles of Association		
4(b). Re-election of Mr Peter Sim Swee Yam as a Director retiring under Article 99 of the Company's Articles of Association		
4(c). Re-election of Mr Andrew Chua Thiam Chwee as a Director retiring under Article 81 of the Company's Articles of Association		
5. Re-appointment of Independent Auditor		
6. Authority to Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
7. Authority to Directors to issue shares pursuant to the Option Scheme		
8. Approval for the renewal of the Share Purchase Mandate		

* If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise please indicate number of votes.

Dated this _____ day of _____ 2016

Signature(s) of Member(s) or Common Seal

Total No. of shares in	No. of shares
CDP Register	
Register of Members	

IMPORTANT (PLEASE READ NOTES BELOW BEFORE COMPLETING THIS PROXY FORM)

Notes:

- 1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
- 2) A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead at the Annual General Meeting ("**AGM**") of the Company. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- 3) A member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, 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 one (1) proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. 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.

"**relevant intermediary**" means:

- (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 4) The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 14 Kung Chong Road, #08-01 Lum Chang Building, Singapore 159150 not less than 72 hours before the time appointed for holding the AGM.
 - 5) A proxy need not be a member of the Company.
 - 6) The instrument appointing a proxy or proxies must be under the hand of the appointer or 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 common seal or under the hand of an officer or attorney duly authorised.
 - 7) Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 - 8) A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
 - 9) The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.
 - 10) The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by the Depository to the Company.

Personal Data Privacy:

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

14 Kung Chong Road #08-01 Lum Chang Building Singapore 159150
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