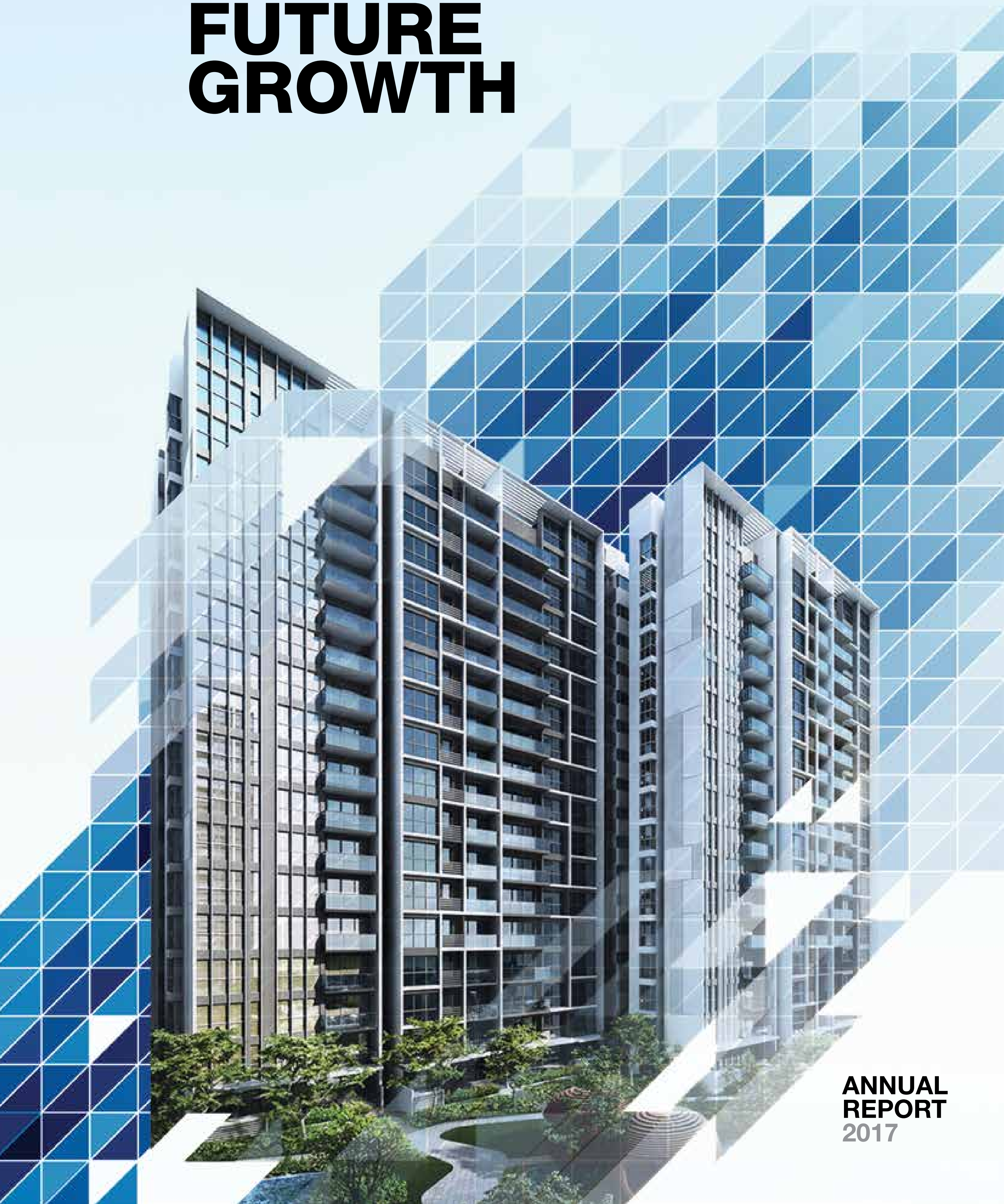
聯明集團有限公司
LIAN BENG GROUP LTD

FOCUS ON FUTURE GROWTH



ANNUAL REPORT 2017

CONTENTS

MISSION STATEMENT

To provide the **BEST QUALITY** services and products to all our customers at the most competitive cost.

Mandai Foodlink

MR ONG PANG AIK BBM
Chairman and Managing Director

REVENUE
S$281.7
MILLION

PROFIT BEFORE TAXATION
S$70.2
MILLION

NET PROFIT
S$62.8
MILLION

DIVIDENDS PER SHARE
2.25
CENTS

CHAIRMAN'S STATEMENT

Our strong balance sheet puts us in a good stead to seek further business opportunities and expansion locally and overseas.

DEAR VALUED SHAREHOLDERS,

We are privileged to present you the annual report of Lian Beng Group for the Financial Year ended 31 May 2017 ("FY2017").

FY2017 was a challenging year for the construction industry, with depressed levels of activities. Despite the slowdown, the Group delivered sizeable earnings as our business diversification efforts have come to fruition, enabling us to weather headwinds in the construction industry. We continue to draw on our impeccable reputation, strong balance sheet and diverse revenue streams to deliver value to shareholders.

WITH CHALLENGES COME OPPORTUNITY

Despite a broad-based slowdown in the economy, with the MTI press release dated 14 July 2017 stating a contraction of 5.6% in April to June 2017 in the local construction sector, the Group was able to tap on our diverse revenue channels and achieve a profit attributable to shareholders amounting to S$53.2 million in FY2017. While the profitability is lower than previous years', it is nevertheless a respectable achievement in light of the economic circumstances.

Revenue for FY2017 came in at S$281.7 million, a 36.8% decline year-on-year. The decrease was largely due to a contraction in revenue from the Construction and Ready-mix Concrete business segments, declining 70.3% and 21.1% year-on-year respectively. Property Development, on the other hand, grew significantly from S$0.2 million in FY2016 to S$87.8 million in FY2017, on the recognition of revenue for our 65%-owned industrial development project at Mandai Foodlink upon Temporary Occupation Permit ("TOP"). The Investment Holding segment comprising a property portfolio in Singapore and Australia as well as an investment securities portfolio, also contributed significant revenue growth from S$1.1 million in FY2016 to S$10.2 million in FY2017.

The Group continues to hold a healthy balance of cash and cash equivalents amounting to S$187.8 million as at 31 May 2017, a slight increase from the S$160.1 million in FY2016. This will provide sufficient liquidity for the Group's working capital and for business expansion opportunities.

In FY2017, the Group acquired four retail properties located in mature HDB heartland centrals, strengthening its investment property portfolio to S$703.9 million. We believe these acquisitions would increase our stream of recurring income going forward, along with providing capital appreciation potential.

CHAIRMAN'S STATEMENT

STRONG PORTFOLIO, HEALTHY PIPELINE

Our construction order book as at 31 May 2017 stood at S$538 million, which will provide a dependable flow of activities through FY2020. On the property development front, the Group was successful in various sizeable local tenders with associate stakes. Likewise, the Group will continue to expand its investment property portfolio to grow its recurring income.

On the overseas frontier, the Group recently disposed of its investment property at Collins Street, Melbourne, Australia in June 2017, to realize its capital appreciation. In the People's Republic of China, the Group is anticipating the sales launch of its 10%-interest in the Gaobeidian Township Project, amidst rising real estate prices which have recently been further boosted by the announcement of the new Xiongan Special Economic Zone.

INDUSTRY RECOGNITION AND EXCELLENCE

The Group has received various accolades in 2017. It was bestowed the BCA Awards 2017 Quality Excellence Award - Quality Champion (Platinum) and the BCA Building Information Modelling (BIM) Award - Organisation Category (Gold). Additionally, BCI Asia also recognized the Group as one of the Top 10 Developers of 2017 in Singapore. The Charger Award 2017, which identifies 30 SGX companies viewed favourably by the investing community, has extoled the Group as a Bull Charger.

DIVIDENDS

For FY2017, the Board has proposed Final tax-exempt dividend of S$0.0125 per share. Together with the interim dividend of S$0.0100 per share, total dividends for FY2017 amount to S$0.0225 per share, representing a dividend payout ratio of approximately 21.1%.

A PROGRESSIVE AND PROSPEROUS FUTURE

While we expect the operating environment in the construction industry to continue to be challenging in FY2018, we will continue to leverage on the Group's track record, expertise and reputation to tender for more projects.

In the coming year, we will continue to capitalize on our strengths to further diversify our income streams. Our strong balance sheet puts us in a good stead to seek further business opportunities and expansion locally and overseas.

APPRECIATION

On behalf of the Board of Directors, we would like to express my heartfelt thanks to all our shareholders, customers, partners, management and staff for their support and effort in enabling the Group to enjoy another successful year. We look forward to further enhancing shareholder value in the coming year.

ONG PANG AIK BBM
Chairman and Managing Director

主席致辞

集团雄厚的资产可让我们继续探索更多的商机，扩展海内外的市场。

尊敬的股东：

我们很荣幸为您呈献截至2017年5月31日财政年的常年报告。

建筑业面临萎缩，2017年可说是充满挑战。尽管面对建筑业放缓的困境之中，本集团却能通过业务多元化管道逆水行舟，度过难关，成功带来可观的业绩。我们秉承本集团的良好商誉、雄厚资产和多元化的收益管道继续为股东们带来丰硕的成果。

化挑战为机遇

根据贸工部于2017年7月14日的新闻发布稿，我国经济整体放缓，建筑业从2017年4月到6月萎缩5.6%。尽管如此，本集团2017财政年仍然通过多元化收益管道为股东们取得5,320万新元的净利。虽说这比过去几年来得低，在经济不佳情况下有如此表现，也值得表扬。

本财政年的营收为2亿8,170万新元，年比退低36.8%。这主要是由于建筑工程和预制混凝土的营收减少，年比分别退低70.3%和21.1%。然而由于集团持有65%的Mandai FoodLink工业发展项目获得临时入伙准证，营收得到确认，房地产发展营收却从2016年的20万新元激增到本财政年的8,780万新元。

位于新加坡和澳洲的地产投资业务以及证券投资也为本集团在2017财政年里带来1,020万新元的营收，比起2016财政年的110万新元，增长显著。

本集团截至2017年5月31日财政年持有1亿8,780万新元的流动现金和现金等价物，这比2016年的1亿6,010万新元略高，为本集团在营运资本和扩展业务上提供充足的资金。

在2017财政年里，本集团收购了位于成熟组屋区中心的四个零售业房地产，使到我们的投资房地产总值提升到7亿390万新元。我们相信这些收购的零售业房地产，将进一步增加本集团的经常性收入，也具有资本增值潜能。

强劲投资组合 稳健发展的项目

截至2017年5月31日，我们的建筑工程订单达到5亿3,800万新元，这将使本集团的业务活动可持续到2020财政年。房地产发展方面，本集团以联营股份方式成功取得几项规模可观的本地竞标。同时，本集团也将继续扩展房地产投资，提高经常性收入。

主席致辞

在海外，本集团在2017年6月脱售了位于澳洲墨尔本柯林斯街所投资的房地产，从中套利已增长的资本价值。在中国，本集团持有的10%高碑店城镇(Gaobeidian Township)合资项目将要推出。中国政府最近宣布成立雄安(Xiongan)经济特区带动该区的房地产价格，对毗邻的高碑店项目的未来销售额有正面影响。

业绩优异 同业颂扬

本集团在2017年屡获嘉奖。本集团不仅得到建设局(BCA)所颁发的“建筑品质领导白金奖”BCA Awards 2017 Quality Excellence Award - Quality Champion (Platinum)，也同时获颁“建设局建设信息模型制作奖”BCA Building Information Modelling (BIM) Award - Organisation Category (Gold)。此外，亚洲BCI机构也推任本集团为“新加坡2017年首10名的杰出发展商”(Top 10 Developers of 2017)。我们更荣膺由各大投资者推荐为“首30家新交所上市公司牛市股”(2017年The Charger Award)。

股息

2017财政年，董事会提议派送每股1.25分的免税末期股息。连同每股1.00分的中期股息，2017年所派发的总股息为2.25分，派息比例约21.1%。

稳步迈进 前景似锦

预计2018财政年建筑业将继续面临考验，我们将利用本集团的良好营运记录和商誉、已有的专长持续不断地投标更多的工程。

在来年里，我们将继续秉承已有的优势来加强多元化的收益管道。集团雄厚的资产可让我们继续探索更多的商机，扩展海内外的市场。

由衷致谢

我谨代表董事会至诚感谢我们的股东、客户、合作伙伴、管理层和全体员工的支持与鼓励，使集团取得另一个年度的好业绩。我们也期待在来年里为股东们再创丰硕的成果。

王邦益 BBM
集团主席兼执行董事

BOARD OF DIRECTORS


1


2


3


4


5


6

1

MR ONG PANG AIK BBM
Chairman and Managing Director

Mr Ong Pang Aik joined the Group in 1978 and was instrumental in growing the business from its early days as a subcontractor into an A1-graded building construction enterprise registered with Building & Construction Authority ("BCA") today.

His exceptional entrepreneurial prowess, so amply demonstrated by his contribution in propelling Lian Beng Group into the forefront, has earned him the accolades of the Ernst & Young Construction Entrepreneur of The Year in 2008, The Entrepreneur of the Year Award at the Asia Pacific Entrepreneurship Awards, Singapore in 2011 and the Best CEO Award at the Singapore Corporate Awards in 2012.

Apart from his commitment to business excellence, Mr Ong is passionate about community work. He serves as a grassroots leader in the Marine Parade GRC – Braddell Heights CCMC and as Chairman of the Ci Yuan Community Club Building Fund Committee and Upper Serangoon 6-Miles Business Sub-committee. Mr Ong is also the Patron of the Ang Mo Kio-Hougang Citizens' Consultative Committee and a member of the PAP Community Foundation Braddell Heights Executive Committee. In addition, he serves as Vice-Chairman of the ZhongHua Primary School Advisory Committee and is a patron of the Braddell Heights Constituency Sports Club.

In recognition of his contributions to the community, Mr Ong was awarded the Public Service Medal (Pingkat Bakti Masyarakat – PBM) in 2001 and subsequently the Public Service Star Medal (Bintang Bakti Masyarakat – BBM) in 2008.

BOARD OF DIRECTORS

2

MS ONG LAY KOON

Executive Director

Ms Ong Lay Koon joined the Group in 1992, and heads the Group's Accounting and Finance, Human Resource and Corporate Affairs departments.

She also manages the Property Development division and plays a vital role in making the Group's investment decisions.

Ms Ong was appointed as Executive Director of the Board on 20 March 1999 and was last re-elected on 29 September 2016.

She holds a Diploma in Civil Engineering from Singapore Polytechnic and is a member of the Singapore Institute of Directors.

3

MS ONG LAY HUAN

Executive Director

Ms Ong Lay Huan joined the Group in 1991 and heads the Group's Contracts department. With more than 24 years of experience in the construction industry, she oversees several key aspects of the Group's construction operations, including all tender submissions, the management and review of project costs and budget, key materials procurement, and the award of contracts to subcontractors. In addition, she also oversees progress reviews and implementation of workflow initiatives that seek to improve and fine-tune the Group's work processes in accordance to new market trends and changes.

Ms Ong was appointed as Executive Director of the Board on 20 March 1999 and was last re-elected on 30 September 2015.

She holds a Diploma in Quantity Surveying from Singapore Polytechnic and is a member of the Singapore Institute of Directors.

4

MR LOW BENG TIN BBM

Independent Director

Mr Low Beng Tin was appointed to the Board on 8 July 2015 and was re-elected on 29 September 2016. He serves as Chairman of the Nominating and Audit Committees. He is also a member of the Remuneration Committee.

Mr Low is currently the Executive Director of Assimilated Technologies (S) Pte Ltd. He is also the Non-Executive Chairman/Independent Director of Cosmosteel Holdings Limited, Independent Director of JP Nelson Holdings and Fuji Offset Plates Manufacturing Ltd. He is the Non-Executive Director of AA Vehicle Inspection Centre Pte. Ltd, Agropak Engineering (S) Pte Ltd, Autoswift Recovery Pte Ltd and SMF Centre for Corporate Learning Pte Ltd.

Mr Low holds a Diploma in Electrical Engineering from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management. He also holds an MBA (Chinese Programme) from the National University of Singapore.

Mr Low has more than 32 years of experience in engineering fields related to the oil, gas, petrochemical, chemical and marine industries.

In recognition of his contribution to the community, Mr Low was awarded the Public Service Medal (Pingkat Bakti Masyarakat – PBM) and Public Service Star (Bintang Bakti Masyarakat – BBM) by the President of Singapore in 2004 and 2009 respectively.

5

MR KO CHUAN AUN

Independent Director

Mr Ko Chuan Aun was appointed to the Board on 10 July 2015 and was re-elected on 30 September 2015. He serves as Chairman of the Remuneration Committee and is also a member of the Nominating and Audit Committees.

He is currently the President and Executive Director of KOP Limited (formerly Scorpio East Holdings Ltd), a company with businesses that encompass both the property and entertainment industries. Mr Ko also holds chairmanships and directorships in various private and public companies.

Mr Ko is an Independent Director of San Teh Ltd, KSH Holdings Limited, Pavillon Holdings and Koon Holdings Ltd. Mr Ko has more than 15 years of working experience with the former Trade Development Board (TDB, now known as the IE Singapore). His last TDB appointment was Head of China Operations. In the past 27 years, Mr Ko has been actively involved in business investments in the People's Republic of China.

In 2001, he was appointed as a Steering Committee Member of Network China. Between 2003 to 2005, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade and Investment Committee.

Mr Ko holds a Diploma in Export Marketing, which is equivalent to the Danish Niels Brock International Business Degree Program.

6

MR ANG CHUN GIAP PBM

Independent Director

Mr Ang Chun Giap joined the Board as an Independent Director on 12 Oct 2016. He is a member of the Nominating Committee, Remuneration Committee and Audit Committee. He is presently the Managing Director of Acevision & Associates PAC, a public accounting corporation. He has over 16 years of experience in public accounting profession with extensive wealth of exposure in the field of auditing, accounting, tax planning and advisory services to clients from diverse industries including construction, real estate development, investment holding, manufacturing, food and beverage, entertainment, trading, importers and exporters, engineering, charities, hotel management and logistics. He also sits on the Boards of a number of other private corporations. Prior to that, he had over 20 years' diverse working experience in commercial corporations heading the finance divisions.

Mr Ang graduated with a Bachelor degree of Accountancy from the National University of Singapore in 1981. He is a Public Accountant of Singapore, a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants and an Accredited Tax Practitioner of the Singapore Institute of Accredited Tax Professionals. He is also a full member of the Singapore Institute of Directors.

In recognition of his contributions to the community, Mr Ang was awarded the Public Service Medal (Pingkat Bakti Masyarakat – PBM) by the President of Singapore in 2001.

KEY EXECUTIVE OFFICERS

MR ONG PHANG HUI

Mr Ong Phang Hui is the Plant & Machinery Director of the Group and is responsible for overseeing the Group's Engineering division, as well as monitoring the progress of materials utilisation by the Group's Construction division. In addition, he is responsible for overseeing the operations and management of the Group's ready-mix concrete business. He is also responsible for the Asphalt Premix, Resource and Transportation division.

Mr Ong joined the Group in 1995 upon completing his studies and currently serves as the director of:

- Deenn Engineering Pte Ltd
- Lian Beng Engineering & Machinery Pte Ltd
- Lian Beng Investment Pte Ltd
- Lian Beng Resources Pte Ltd
- Lian Beng Resources Sdn Bhd
- Millennium Marine & Shipping Pte Ltd
- Sinmix Pte Ltd
- Tradewin Engineering Pte Ltd
- United E & P Pte Ltd
- Associated KHL Industries Pte Ltd

MR ONG PHANG HOO

Mr Ong Phang Hoo is the Project Director of the Group and is responsible for the Group's foreign labour planning and deployment functions, as well as the management of the Group's Foreign Workers Training division.

In addition, he is part of a management team that manages the Construction division. Mr Ong joined the Group in 1995 upon completing his studies and currently serves as the director of:

- Deenn Engineering Pte Ltd
- L.S. Construction Pte Ltd
- Lian Beng (Bangladesh) Training & Testing Centre Pte Ltd, a subsidiary incorporated in Bangladesh
- Lian Beng Engineering & Machinery Pte Ltd
- Lian Beng Investment Pte Ltd
- Lian Beng Training & Testing Centre Pte Ltd
- Tradewin Engineering Pte Ltd
- Lian Beng-Amin Joint Venture PVT Ltd, a jointly controlled entity incorporated in the Republic of Maldives
- Lian Beng Resources Pte Ltd

MR JEFFREY TEO WEE JIN

Mr Jeffrey Teo Wee Jin is the Construction Director of the Group and part of the management team that manages the Group's Construction division, with special focus on its quality management and productivity enhancement.

Mr Teo has more than 29 years of experience in the construction industry and has been the key driver in quality and sustainable green initiatives for all the private condominium projects undertaken by the Group. His vast experience and strong emphasis on delivering quality products have enabled him to mentor the setting up of the Construction division's Quality Assurance & Quality Control ("QA/QC") committee. He also takes charge of the division's ISO Integrated Management System and R&D including productivity initiative of the Group. He is also appointed as the director in charge of the Group's sustainable reporting.

Mr Teo was appointed as a director of Lian Beng Construction (1988) Pte Ltd in 2007. In addition, Mr Teo was appointed as the Managing Director of Lian Beng-Amin Joint Venture Pvt Ltd in 2006. He also serves as the manager of Lian Beng/L.S. J.V. . In 2012, he was appointed as a director of Paul.Y-Lian Beng JV Pte Ltd.

MS ONG LEE YAP

Ms Ong Lee Yap is the Purchasing Director of the Group and manages the Purchasing division as well as the Group's inter-companies material and machinery logistics deployment. She also administers the Group's foreign workers' payroll function.

Since joining the Group in 1988, Ms Ong has gained vast experience in procurement activities in the construction industry in her position as Purchasing Director.

Her well-honed skills and extensive knowledge has enabled her to discharge her responsibilities efficiently and effectively.

She currently serves as a director of Lian Beng Construction (1988) Pte Ltd.

MR THAN KING HUAT

Mr Than King Huat is the director of Deenn Engineering Pte Ltd and part of the management team that manages the Group's Construction division with special focus on its design-and-build functions.

Mr Than has more than 24 years of experience in the industry with significant experience in structural designing, construction re-engineering and project management.

Mr Than holds a Master of Science degree in Structural Engineering from the University of Manchester Institute of Science and Technology (United Kingdom) and a degree in Civil and Structural Engineering from the Engineering Council (United Kingdom).

MR HO CHEE SIONG

Mr Ho Chee Siong is the Senior Construction Manager of the Group's Construction division.

Armed with more than 24 years of construction and project management experience, he is actively involved in the management of various building contracts undertaken by the Group. He oversees the Group's ISO Integrated Management System, Green & Gracious Builder Scheme, Workplace Safety and Health portfolio.

He holds a degree in Applied Science in Construction Management & Economics from Curtin University of Technology.

He serves as the director of Millennium International Builders Pte Ltd.

MR DAVID GOH TECK ANN

Mr David Goh Teck Ann is the director of Sinmix Pte Ltd. Mr Goh joined the company in June 2007 and is in charge of the daily management of Sinmix's business operations.

His 29 years of experience in the ready-mix concrete industry has enabled him to lead the division efficiently in managing its assets allocation and cost control measures, as well as ensure a smooth supply chain within the division's network of customers and suppliers.

MR CHEW TEOW LEONG

Mr Chew Teow Leong is the Financial Controller of the Group and is responsible for the financial accounting, financial management and internal control functions of the Group. He has over 20 years of experience in financial and management accounting, costs and budgetary control in the trading, construction and manufacturing industries.

Mr Chew is a Fellow member of the Association of Chartered Certified Accountants in the United Kingdom (ACCA) and a member of the Institute of Singapore Chartered Accountants (ISCA). He holds a Master of Business Administration degree from the University of Oxford Brookes. Mr Chew was also awarded the Certificate of Accomplishment by the Tax Academy of Singapore for successful completion of its Advanced Tax Programme in 2009/2010.

GROUP STRUCTURE

AS AT 31 JULY 2017

聯明集團有限公司

LIAN BENG GROUP LTD

CONSTRUCTION

- 100% LIAN BENG CONSTRUCTION (1988) PTE LTD
- 50% PAUL Y. – LIAN BENG JV PTE LTD
- 70% LIAN BENG (BANGLADESH) TRAINING AND TESTING CENTRE PTE LTD
- 70% LIAN BENG TRAINING & TESTING CENTRE PTE LTD
- 50% LIAN BENG – AMIN JOINT VENTURE PVT LTD
- 50% LB-RD JV
- 100% DEENN ENGINEERING PTE LTD
- 100% MILLENNIUM INTERNATIONAL BUILDERS PTE LTD
- 100% L.S. CONSTRUCTION PTE LTD
  - 49% LIAN BENG / L.S. J.V.
- 51% LIAN BENG / L.S. J.V.
- 100% ASSOCIATED KHL INDUSTRIES PTE LTD

ENGINEERING & LEASING OF CONSTRUCTION MACHINERY

- 100% TRADEWIN ENGINEERING PTE LTD
- 100% LIAN BENG ENGINEERING MACHINERY PTE LTD

PROPERTY DEVELOPMENT

- 100% ROCCA INVESTMENTS PTE LTD
- 100% LB PROPERTY PTE LTD
- 50% LIAN BENG - KSH PTE LTD
- 50% SPOTTISWOODE DEVELOPMENT PTE LTD
- 100% LIAN BENG REALTY PTE LTD
  - 25% PHILEAP PTE LTD
  - 100% MOUNTBATTEN DEVELOPMENT PTE LTD
- 100% LIAN BENG LAND PTE LTD
  - 50% OXLEY - LIAN BENG PTE LTD
- 100% LUXE DEVELOPMENT PTE LTD
  - 15% OXLEY SANCTUARY PTE LTD
- 100% GOLDPRIME INVESTMENT PTE LTD
  - 10% OXLEY VIVA PTE LTD
  - 10% OXLEY YCK PTE LTD
- 100% STARVIEW INVESTMENT PTE LTD
  - 19% ACTION PROPERTY PTE LTD
- 38% MILLENNIUM LAND PTE LTD
- 65% WEALTH PROPERTY PTE LTD
- 40% WEALTH DEVELOPMENT PTE LTD
- 100% LIAN BENG (CHINA) PTE LTD
  - 20% KAP HOLDINGS (CHINA) PTE LTD
    - 50% SINO-SINGAPORE KAP PROPERTY DEVELOPMENT CO., LTD (阿尔伯特园置业有限公司)
- 80% GOLDPRIME REALTY PTE LTD
  - 100% LIAN BENG (ST KILDA) PTY LTD
- 100% GOLDPRIME PROPERTY PTE LTD
  - 30% WICKHAM INVESCO PTE LTD
    - 100% WICKHAM 186 PTY LTD
      - 33% 186 WICKHAM STREET (RESIDENTIAL) PTY LTD
- 51% GOLDPRIME LAND PTE LTD
- 100% GOLDPRIME (M) PTE LTD
- 100% GOLDPRIME DEVELOPMENT PTE LTD
  - 15% LGB-NB PTE LTD
- 100% WELLPRIME PTE LTD
- 100% LIAN BENG (SERANGOON) PTE LTD
  - 20% OXLEY SERANGOON PTE LTD
- 20% RIO CASA VENTURE PTE LTD

INVESTMENT HOLDING

- 100% LIAN BENG INVESTMENT PTE LTD
- 100% CLEMENTI (LB) PTE LTD
- 100% ANG MO KIO (LB) PTE LTD
- 100% BUKIT MERAH (LB) PTE LTD
- 100% LIAN BENG (BL) PTE LTD
- 100% TOA PAYOH (LB) PTE LTD
- 100% ORIENTAL INVESTMENT PTE LTD
- 100% CH DEVELOPMENT PTE LTD
- 100% LB GOLD LAND PTE LTD
  - 100% STATE RICH INTERNATIONAL LIMITED
- 100% LB LAND PTE LTD
- 100% KOVAN LAND PTE LTD
  - 19% CENTURION KOVAN PTE LTD
- 100% LIAN BENG BLISS PTE LTD
  - 30% OXLEY BLISS PTE LTD
- 100% GOLDPRIME PROPERTY PTE LTD
  - 30% PROSPERE HOLDINGS PTE LTD
    - 100% FORTITUDE VALLEY (HOTELS) PTY LTD
- 100% GREAT DEVELOPMENT PTE LTD
- 80% WEALTH ASSETS PTE LTD
  - 100% WEALTH ASSET (LK) MANAGEMENT PTE LTD
- 100% LIAN BENG CAPITAL PTE LTD
  - 32% EPIC LAND PTE LTD (INCLUDING ITS SUBSIDIARIES)
- 100% LB PROPERTY (S) PTE LTD
  - 10% GLENTHORNE PTE LTD
- 100% LIAN BENG VENTURES PTE LTD
  - 100% LIAN BENG VENTURES (MELBOURNE) PTY LTD
- 100% SMOOTH VENTURE PTE LTD
- 100% LIAN BENG (M) PTE LTD
  - 40% PROSPERE HOTELS PTE LTD
    - 100% MANCHESTER PROPERTY HOLDINGS LIMITED
  - 15% FAIRMONT LAND PTE LTD
    - 100% ULTRA ASSETS HOLDINGS LIMITED
    - 100% HORIZON GLORY HOLDINGS LIMITED
    - 100% JOY LIGHT VENTURES LIMITED
- 100% WEALTH LAND PTE LTD
- 100% LB ASSET MANAGEMENT PTE LTD
- 100% LIAN BENG (FRANKLIN) PTE LTD
  - 100% LIAN BENG FRANKLIN INVESTMENT PTY LTD
- 50% LIAN BENG (8) PTE LTD

DORMITORY

- 55% LIAN BENG-CENTURION (MANDAI) PTE LTD
  - 100% LIAN BENG-CENTURION (DORMITORY) PTE LTD
- 100% GOLDPRIME DORMITORY PTE LTD
  - 49% CENTURION-LIAN BENG (PAPAN) PTE LTD

MANUFACTURING OF CONCRETE & ASPHALT

- 100% MILLENNIUM MARINE & SHIPPING PTE LTD
- 100% LIAN BENG - RESOURCES PTE LTD
  - 100% LIAN BENG - RESOURCES SDN BHD
- 90% SINMIX PTE LTD
- 40% UNITED E&P PTE LTD

FINANCIAL HIGHLIGHTS

The Group continued to maintain a strong capital structure with cash and cash equivalents amounting to S$187.8 million.

The Group's revenue decreased by 36.8% to S$281.7 million in FY2017. The decrease was mainly due to the decrease in revenue from Construction and Ready-mix Concrete segments. This was offset by the increase in revenue from the Property Development segment. The revenue from the Property Development segment was contributed by the one-off recognition of revenue from its 65%-owned industrial development project at Mandai Foodlink. The Investment Holding segment comprising property portfolio in Australia and Singapore as well as investment securities portfolio have also contributed significantly to the Group's revenue.

The share of results of associates and joint ventures decreased from S$99.7 million in FY2016 to S$15.8 million in FY2017 mainly due to the completion of the associates' and joint ventures' development projects namely, NeWest and the Midtown and Midtown Residences which have been completed as at 31 May 2016.

The Group's investment properties comprising commercial assets, dormitory asset, industrial assets and residential assets were fair valued by independent valuers as at 31 May 2017, and a net fair valuation gain of S$14.6 million was recognised in FY2017, as compared to a S$0.1 million net fair valuation loss in FY2016. The increase was mainly due to the fair valuation gain of the Group's investment property at 24 Leng Kee Road.

Consequently, the Group recorded a 42.0% decrease in profit after tax of S$62.8 million for FY2017.

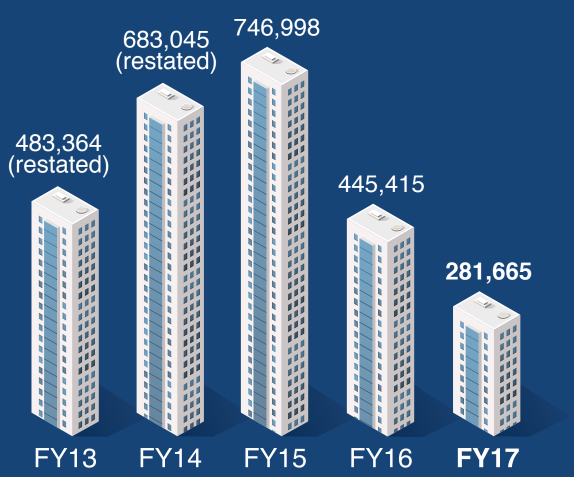
The Group continued to maintain a strong capital structure with cash and cash equivalents amounting to S$187.8 million as at 31 May 2017 compared to the S$160.1 million in FY2016.

The Group is proposing a final dividend of S$0.0125 per share, subject to shareholders' approval at the forthcoming annual general meeting on 27 September 2017. Adding the interim dividend, the total dividend for FY2017 will be S$0.0225 per share, representing a dividend payout ratio of approximately 21.1%.

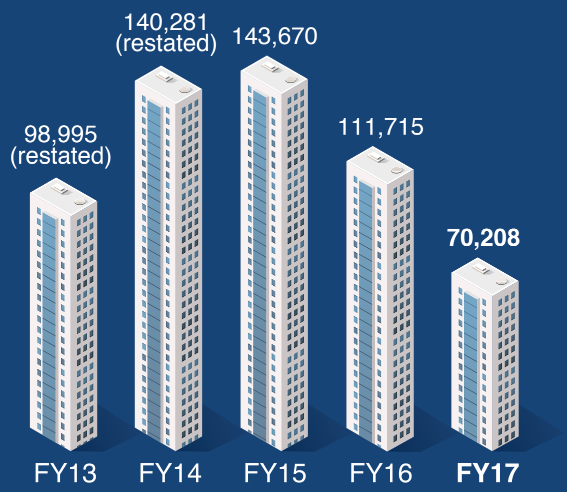
(S$'000)	Year ended 31 May 2017 (FY2017)	Year ended 31 May 2016 (FY2016)	% change
Revenue	281,665	445,415	-36.8%
Share of results of associates and joint ventures	15,754	99,730	-84.2%
Fair value gain / (loss) on investment properties	14,563	(127)	*
Net profit	62,781	108,320	-42.0%
Profit attributable to shareholders	53,238	102,930	-48.3%

* Not Meaningful

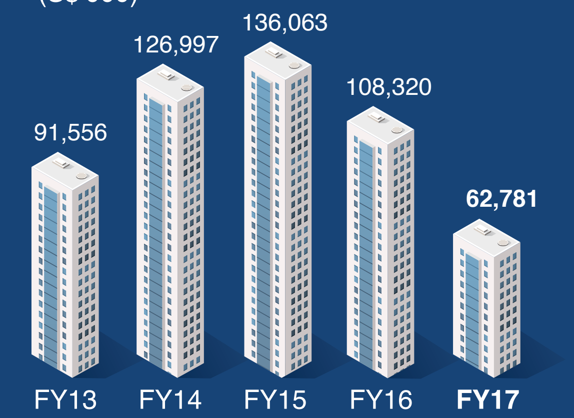
REVENUE
(S$'000)



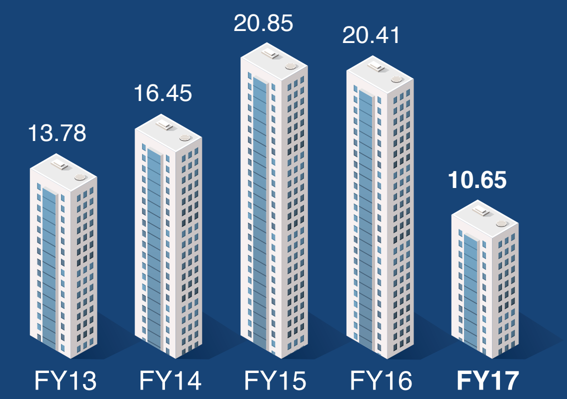
PROFIT BEFORE TAX
(S$'000)



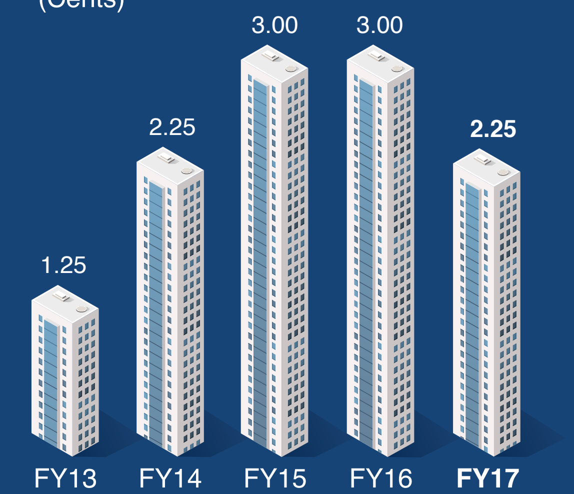
NET PROFIT
(S$'000)



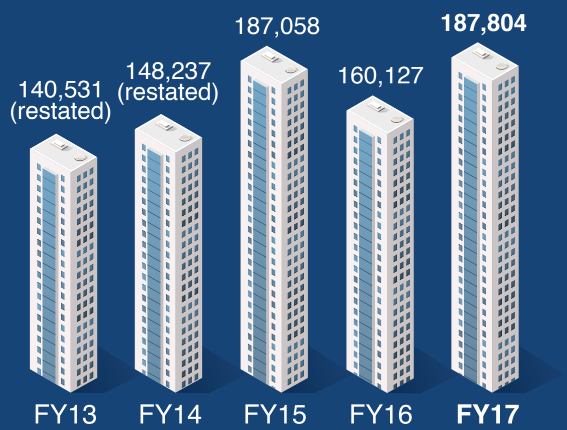
EARNINGS PER SHARE
(Cents)



DIVIDENDS PER SHARE
(Cents)



CASH AND CASH EQUIVALENTS
(S$'000)



SIGNIFICANT EVENTS

AUGUST 2016

- Following the major milestone in acquiring the prominent site in Leeds, United Kingdom in 2015, the Consortium of Heeton Holdings Limited, KSH Holdings Limited, Ryobi Kiso Holdings Ltd and Lian Beng Group, has successfully obtained approval for the first phase of the masterplan from the Leeds City Council's city plans panel. The first phase of the plan involves the refurbishment and extension of the existing office building at the south facing site and transforming it into a 182-room hotel, with an internal floor space of 78,490 sq ft.

OCTOBER 2016

- On 12 October 2016, the Board of Directors of the Group appointed Mr Ang Chun Giap as Independent Director. Mr Ang sits as a member in the Audit, Nominating and Remuneration Committees of the Company.
- On 17 October, the Group acquired Khong Guan Industrial Building for an aggregate purchase consideration of S$31 million.

NOVEMBER 2016

- On 9 November 2016, the Group's wholly-owned subsidiaries, Ang Mo Kio (LB) Pte Ltd, Bukit Merah (LB) Pte Ltd, Clementi (LB) Pte Ltd and Toa Payoh (LB) Pte Ltd completed the acquisition of four properties located at Ang Mo Kio Central, Bukit Merah Central, Clementi Central and Toa Payoh Central for an aggregate consideration of S$151 million.
- On 21 November 2016, the Group announced that its 32%-owned associate company, Epic Land Pte. Ltd. , has executed a non-binding letter of intent to dispose the entire paid-up share capital of certain wholly-owned subsidiaries which held an aggregate of 17 strata office units in Prudential Tower.
- On 29 November 2016, the Group acquired the property at 50 Franklin Street in Melbourne, Australia, a freehold property for an aggregate purchase consideration of A$52 million.

JANUARY 2017

- Ushering in the new year, the indirect 10%-owned associate company in the People's Republic of China, Sino-Singapore KAP Property Development Co., Ltd. ("SSKAP") changed its registered name in Chinese to 阿尔伯特园置业有限公司. SSKAP's share capital had been increased from RMB 450 million to RMB 500 million with each of its shareholders contributing RMB 25 million each.
- On 26 January 2017, the Group paid out an interim dividend of S$0.0100 per share.

FEBRUARY 2017

- On 17 February 2017, Datapulse Investment Pte. Ltd transferred its 20% shareholding in Goldprime Realty Pte. Ltd. to Development 88 Pte. Ltd. a wholly-owned subsidiary of KSH Holdings Limited. The Group thus enters into a new shareholders' agreement ("New SHA") with Development 88 Pte. Ltd.

MARCH 2017

- In March 2017, the Group's wholly-owned subsidiary, Lian Beng Construction (1988) Pte Ltd secured the Group's largest construction contract worth approximately S$435 million from the Housing & Development Board ("HDB") to construct a high rise multi-user industrial complex at Kim Chuan Road. The proposed high-rise multi-user industrial complex is named Defu Industrial City and is part of HDB's initiative to redevelop Defu Industrial Estate into a "Green and Sustainable Industrial Park of Tomorrow".
- On 31 March 2017, the Group's 32%-owned associate company, Epic Land Pte. Ltd. completed the disposal of the entire paid-up share capital of certain wholly-owned subsidiaries which held an aggregate of 17 strata office units in Prudential Tower for a sales consideration of S$23.8 million. The outstanding shareholder's loan of S$182.5 million has been fully settled upon the completion of sales.

SIGNIFICANT EVENTS

APRIL 2017

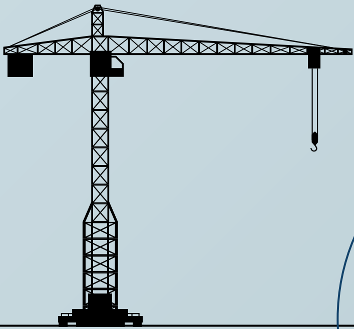
- The Government of the People's Republic of China ("PRC") announced the intention to establish a new special economic zone ("NSEZ") in Hebei's Xiongxian, Anxin and Rongcheng counties. This is a positive news as the Group has an effective equity interest of 10% in a development project located in nearby Gaobeidian with a planned land size of approximately 8,000 mu (5.3 million sqm).
- In April 2017, the Consortium, which acquired the site in Leeds, United Kingdom, appointed international hotel chain operator Hilton as manager for its 192-bedroom hotel in Leeds. It will be operated under the brand, Hampton by Hilton, and operations are expected to commence in late 2019.

MAY 2017

- On 24 May 2017, the Group's 20%-owned associate company, Rio Casa Venture Pte Ltd was successful in its tender for the collective purchase of Rio Casa at Hougang Avenue 7, Singapore at the purchase price of S$575 million. Rio Casa is a former HUDC estate which has been privatised. It has a site area of approximately 36,811.1 sq m.

- On 23 June 2017, the Group's wholly-owned subsidiary, Lian Beng Ventures (Melbourne) Pty Ltd completed the disposal of its property at 247 and 249 Collins Street in Melbourne, Australia. The aggregate sale consideration of A$35 million presented an opportunity for the Group to realize good value for its investment.

JUNE 2017



JULY 2017

- On 3 July 2017, the Group's 50% joint venture, Lian Beng (8) Pte Ltd, entered into a sale and purchase agreement for the proposed acquisition of Wilkie Edge, which has a balance lease of 88 years, for an aggregate purchase consideration of S$280 million.
- On 24 July 2017, the Group's 80%-owned subsidiary, Lian Beng (St Kilda) Pty Ltd, entered into a contract of sale for the proposed disposal of its property at 596 St Kilda Road, Melbourne, Australia, for an aggregate sale consideration of A$34 million. This property is a freehold three storey residential complex of 19 apartments on a site area of approximately 1,803 sq m.
- On 26 July 2017, the tender submitted by the Group's 20%-owned associate company, Oxley Serangoon Pte Ltd for the collective purchase of the property known as Serangoon Ville at 128, 129, 130, 131, 132, 133 and 134, Serangoon North Avenue 1 at a purchase price of S$499 million has been accepted by the owners. Serangoon Ville is a former HUDC estate which has been privatised. Its site area is approximately 27,583.9 sq m.

OPERATIONS REVIEW

REVENUE BY BUSINESS SEGMENT (S$'000)

CONSTRUCTION

Revenue from our Construction Segment came in at S$103.5 million, 70.3% lower than S$348.9 million from the previous year. This was in line with the slowdown in the construction industry.

Several of our major projects obtained Temporary Occupation Permits ("TOP") in FY2017. These include Bartley Ridge, Oxley Tower, Mercure Hotel at 122 Middle Road, along with Mandai Foodlink, an 11-storey ramp-up food industrial factory.

In FY2017, the Group was awarded its largest construction contract worth S$435 million from the Housing Development Board ("HDB") which will bring sizeable revenue to the Group in time. With this contract win, the Group has a healthy pipeline of projects in its order book valued at S$538 million as at 31 May 2017.

The construction of our ongoing projects continued making good progress in the financial year under review. These include T-Space @ Tampines North Drive 1, which will be a 9-storey multi-user ramp-up light & general industrial factory, as well as our industrial building at Leng Kee Road.

Completed Projects

▲ Oxley Tower

▲ Spottiswoode Suites

OPERATIONS REVIEW

Ongoing Projects

▲ Defu Industrial City (artist's impression)

▲ T-Space @ Tampines North

OTHER CONSTRUCTION-RELATED BUSINESSES

Ready-mix Concrete

This segment focuses largely on the production of ready-mix concrete to support the Construction business. In FY2017, this segment registered S$56.2 million, comprising external revenue and accounting for 20.0% of the Group's revenue.

Asphalt Premix

In the year under review, much of the production of asphalt was to support runway construction project and public road projects.

Engineering & Leasing of Construction Machinery

Corresponding to the slowdown in construction industry, this segment saw a decline from S$23.5 million in FY2016 to S$16.0 million in FY2017, comprising internal and external revenue.

▲ Supply and lay of asphalt premix

▲ Rebar fabrication

OPERATIONS REVIEW

PROPERTY DEVELOPMENT

The revenue of Property Development segment surged from S$0.2 million in FY2016 to S$87.8 million in FY2017 mainly contributed by the one-off revenue recognition of its 65%-owned industrial development project Mandai Foodlink, which received its TOP in April 2017. The Group's 40%-owned commercial development Hexacube also obtained its TOP in FY2017.

Sales Status of Property Projects (as at 31 May 2017)

Project Names	Type of Development	Equity Stake	% sold
Lincoln Suites	Residential	25.0%	96.6%
Spottiswoode Suites	Residential	50.0%	82.0%
Midtown Residences / The Midtown	Residential & Commercial	50.0%	99.6%
KAP Residences / KAP	Residential & Commercial	15.0%	99.2%
Floraville / Floraview / Floravista	Residential & Commercial	10.0%	84.5%
Hexacube	Retail & Office	40.0%	61.6%
Mandai FoodLink	Industrial	65.0%	100.0%
T-Space @ Tampines	Industrial	51.0%	42.6%
Rio Casa	Residential	20.0%	0.0%
Serangoon Ville*	Residential	20.0%	0.0%

* Property was acquired on 26 July 2017

The Group has made good progress in the sales of some of its development projects. The sales status of its 50%-owned residential property development Spottiswoode Suites has reached 82.0% and that of 10%-owned mixed development Floraville/Floraview/Floravista has reached 84.5%. The sales status of industrial property T-Space @ Tampines has also improved to 42.6%.

In addition, the government of the People's Republic of China announced that it intends to establish a new special economic zone in Hebei's Xiongxian, Anxin and Rongcheng counties to promote integration with the neighbouring cities of Beijing and Tianjin. This announcement positively impacts the development project in nearby Gaobedian, in which the Group holds 10%.

The Group's 20%-owned associate companies, Rio Casa Venture Pte Ltd and Oxley Serangoon Pte Ltd, were successful in their tenders for the collective purchase of Rio Casa at Hougang Avenue 7 and Serangoon Ville at Serangoon North Avenue 1 respectively.

▲ Hexacube

INVESTMENT HOLDING AND DORMITORY BUSINESS

Investment Holding

The contribution from the Investment Holding business segment which comprises of the property portfolio in Singapore and Australia, and investment securities portfolio contributed S$10.2 million in revenue.

In November 2016, the Group completed the acquisition of four properties located at Ang Mo Kio Central, Bukit Merah Central, Clementi Central and Toa Payoh Central for an aggregate consideration of S$151 million to strengthen its investment portfolio.

The Group decided on a strategic move to dispose of 247-249 Collins Street in Melbourne Australia, to realise its capital appreciation.

The Group's 32%-owned associate company, Epic Land Pte. Ltd. also completed the disposal of the entire paid-up share capital of certain wholly-owned subsidiaries which held an aggregate of 17 strata office units in Prudential Tower. With that, Prudential Tower stands at 73% sold based on share value.

▲ Ang Mo Kio Central

▲ Clementi Central

▲ Toa Payoh Central

▲ Bukit Merah Central

OPERATIONS REVIEW

Dormitory Business

The Group's Dormitory segment achieved a revenue of S$22.9 million for FY2017. 55%-owned Westlite Mandai workers' dormitory has maintained high occupancy as at 30 June 2017. 49%-owned ASPRI - Westlite Papan workers' dormitory and training centre, built in partnership with the Association of Process Industry (ASPRI), has commenced its operations in May 2016 and its occupancy as at 30 June 2017 is close to full. Both are generating recurring rental income to the Group.

Our residents at our dormitories are an important aspect to our business. Apart from providing quality accommodation well-equipped with amenities and facilities to serve their daily requirements, we also organized many activities to enhance the quality of their stay.

We partner with external specialised agencies to extend the range of care and community for our residents such as pastoral counselling and free medical screenings. We also partner with HealthServe, a non-profit organization, to make healthcare accessible to migrant workers. HealthServe runs a community clinic which operates every weekend at Westlite Mandai.

Throughout the year, we also celebrate various events with our residents and engage the community-at-large to make our residents feel more welcome during their stay in Singapore. Some of these activities include excursion to the zoo, holiday trip to Malaysia, dragon boat competition and inter-dormitory street soccer competition.

▲ Inter-dormitory Street Soccer Competition

▲ Dragon Boat Competition

OUR PEOPLE, OUR ASSETS

At Lian Beng, we aspire to perform with excellence and passion, and aim to attract the talents who are of the right match with the Group's ideals. The Group sets policies to nurture our staff talents, motivate them and equip them with the right skills and knowledge to enable them to become more efficient and proficient.

We have consistently planned programmes and workshops for our staff to level up their skills and knowledge and take a step further to advance their leadership and management abilities. Apart from skills training, the Group also seeks to promote bonding and camaraderie for better communication and stronger mutual support through various activities.

The Group was lauded with various accolades in appreciation of our excellence in construction practices. The Building and Construction Authority ("BCA") awarded us the BCA Awards 2017 Quality Excellence Award - Quality Champion (Platinum) and the BCA Building Information Modelling (BIM) Award - Organisation Category (Gold). Additionally, BCI Asia also recognized the Group as one of the Top 10 Developers of 2017 in Singapore. The Charger Award 2017, which identifies 30 SGX companies viewed favourably by the investing community, has extolled the Group as a Bull Charger.

In addition, the Group also strives to be a responsible organisation and to give back to society. We kicked off this year's charity work with Twilight LOVE by sponsoring and helping with the distribution of groceries and other necessities to the elderly living in the Telok Blangah area. Some other corporate social responsibility projects include Cambodia house building and donating to the NTUC Education & Training Fund.

▲ Charity Work with Twilight LOVE ▲

▲ BCA Awards 2017 Quality Excellence Award - Quality Champion (Platinum)

▲ Charger Award 2017 - Bull Charger

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Pang Aik BBM
Chairman and Managing Director

Ong Lay Huan
Executive Director

Ong Lay Koon
Executive Director

Low Beng Tin BBM
Independent Director

Ko Chuan Aun
Independent Director

Ang Chun Giap PBM
(Appointed on 12th October 2016)
Independent Director

COMPANY SECRETARIES

Wee Woon Hong

Srikanth Rayaprolu

REGISTERED OFFICE

29 Harrison Road
Lian Beng Building
Singapore 369648
Tel: (65) 6283 1468
Fax: (65) 6280 9360
Email: lianbeng@singnet.com.sg
Website: www.lianbeng.com.sg

NOMINATING COMMITTEE

Low Beng Tin (Chairman)
Ko Chuan Aun
Ang Chuan Giap

REMUNERATION COMMITTEE

Ko Chuan Aun (Chairman)
Low Beng Tin
Ang Chuan Giap

AUDIT COMMITTEE

Low Beng Tin (Chairman)
Ko Chuan Aun
Ang Chun Giap

REGISTRAR AND SHARE TRANSFER OFFICE

M&C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

AUDITORS

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
Level 18 North Tower
Singapore 048583

Partner-In-Charge:
Sam Lo Geok Lim
(Since Financial Year Ended 31 May 2013)

SOLICITORS

Opal Lawyers LLC
30 Raffles Place
#19-04, Chevron House
Singapore 048622

PRINCIPAL BANKERS

Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

INVESTOR & MEDIA RELATIONS

Financial PR Pte Ltd
4 Robinson Road
#04-01 The House of Eden
Singapore 048543
Tel: (65) 6438 2990
Fax: (65) 6438 0064

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance, in line with the Code of Corporate Governance 2012 (the "Code"), to ensure continued growth and success, and to justify investor confidence. This report describes the corporate governance practices and procedures adopted by the Company, with reference to the principles of the Code and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 (the "Guide"). The Company has complied with the principles and guidelines as set out in the Code and the Guide where appropriate, and deviations from the Code and the Guide have been explained.

BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS
Principle 1: Effective Board to lead and control the Company

The Board of Directors (the "Board") oversees the management of the business and affairs of the Company and its subsidiaries (collectively, the "Group"). The Board's role is to:

1. Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
3. Review the management performance;
4. Identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;
5. Set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
6. Consider sustainability issues such as environmental and social factors, as part of its strategic formulation.

All Directors objectively take decisions in the interests of the Company. To facilitate effective management, certain functions have been delegated to various Board Committees, whose actions are reported to and monitored by the Board.

The Company has adopted internal guidelines setting forth matters that require board approval. The types of material transactions that require board approval under such guidelines are listed below:

a. Approval of financial statements' announcements;

b. Approval of interested parties' transactions;

c. Declaration of interim dividends and proposal of final dividends;

d. Convening of shareholders' meetings;

e. Approval of corporate strategy;

f. Authorisation of merger and acquisition transactions; and

g. Authorisation of major transactions.

CORPORATE GOVERNANCE

The Board meets regularly on a quarterly basis and as warranted. Ad hoc meetings will be arranged to deliberate on urgent substantive matters. Board meeting by telephone conference is allowed under the Company's Constitution. To ensure effective corporate governance, three key committees, namely the Nominating Committee (the "NC"), the Remuneration Committee (the "RC") and the Audit Committee (the "AC") were established. Their respective roles are further discussed in this report.

The details of Board meetings, NC, RC and AC meetings held during the financial year ended 31 May 2017 ("FY2017") as well as the attendance of each Board member at those meetings are disclosed below:

Name of Director	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Ong Pang Aik	4	4	–	–	–	–	–	–
Ong Lay Huan	4	4	–	–	–	–	–	–
Ong Lay Koon*	4	4	1	1	1	1	1	1
Low Beng Tin	4	4	1	1	1	1	4	4
Ko Chuan Aun	4	4	1	1	1	1	4	4
Ang Chun Giap**	3	3	–	–	–	–	3	3

* Ceased to be a member of the Audit, Nominating and Remuneration Committees on 12 October 2016

** Appointed as Independent Director and member of the Audit, Nominating and Remuneration Committees on 12 October 2016

As a general rule, Board papers are sent to Directors before the Board meeting so that members understand the matters before the Board meeting and discussion will be focused on questions that the Board has about the Board papers.

The duties and obligations of the Director are set out in writing upon his/her appointment. Apart from keeping the Board informed of all relevant new laws and regulations, the Company has an orientation programme for new Directors to ensure that the incoming Director is familiar with the Company's business and governance practices. He/she will be given a tour and briefing of key facilities and activities of the Company, as well as a detailed presentation by key senior management covering structure, business activities and growth strategies of the Group and an overview of the more significant business risks, issues and challenges it faces. Corporate materials and documents such as the latest Annual Report, minutes of recent Board meetings, and Constitution of the Company will also be given to him/her to facilitate his/her understanding of the structure and operations of the Group. Mr Ang Chun Giap was appointed as Independent Director of the Company on 12 October 2016.

The Board as a whole is updated quarterly during the Board and AC meetings on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board committee members. For first time Directors, the Company will arrange relevant training courses for them to familiarize with the duties and responsibilities as a Director of a listed company. The Company also encourages Directors to attend training courses organized by the Singapore Institute of Directors or other training institutions in connection with their duties as Directors.

During FY2017, the external auditor briefed the AC members on developments in accounting and governance standards. The Executive Directors also updated the Board at each Board meeting on business and strategic developments relating to the industry that the Group operates in.

BOARD COMPOSITION AND BALANCE
Principle 2: Strong and Independent Element on the Board

As at the date of this report, the Board comprises three Executive Directors and three Independent Directors, namely:

Executive Directors

1. Mr Ong Pang Aik
2. Ms Ong Lay Koon
3. Ms Ong Lay Huan

Independent & Non-Executive Directors

1. Mr Low Beng Tin
2. Mr Ko Chuan Aun
3. Mr Ang Chun Giap

Information regarding each Board member is provided under the Board of Directors section set out on pages 7 to 9 of this Annual Report.

The NC adopts the definition in the Code as to what constitutes an Independent Director in its review to ensure that there is strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in view of the Company's best interests.

The NC is of the view that Mr Low Beng Tin, Mr Ko Chuan Aun and Mr Ang Chun Giap are independent. They are well-qualified and experienced and have the ability to make impartial and well-balanced decisions and to act in the best interests of the Company and its shareholders.

As half (1/2) of the Board is independent, the current requirement of the Code that at least half of the Board comprises Independent Directors is satisfied. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

The Board through the NC, has examined its structure, size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The independence of each Director is reviewed annually by the NC, which ensures that Independent Directors make up at least half of the Board.

The Board and the Board Committees comprise of Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience. Hence, the NC is of the view that the current Board and Board Committees comprise of persons who as a group provide capabilities required for the Board and Board Committees to be effective.

CORPORATE GOVERNANCE

The Non-Executive Directors constructively challenge and help to develop proposals on strategy and also review the performance of the management in meeting agreed goals and objectives, and monitor the reporting of performance. Non-Executive Directors are encouraged to meet regularly without the presence of management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear Division of Responsibilities at the Top of the Company

Mr Ong Pang Aik currently assumes the roles of both the Chairman and Managing Director. His duties as the Chairman, among others, include:

a. Leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;

b. Ensuring that the Directors receive complete, adequate and timely information;

c. Ensuring effective communication with shareholders;

d. Encouraging constructive relations between the Board and management;

e. Facilitating the effective contribution of Non-Executive Directors;

f. Encouraging constructive relations within the Board and between the Board and management;

g. Promoting a culture of openness and debate at the Board; and

h. Promoting high standards of corporate governance.

Taking into account the current corporate structure and the scope of the Company's operations, the roles of the Chairman and Managing Director are not separated as the Board is of the view that there is adequate accountability and transparency within the Group. The Board is also of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence.

The Board concurs with the NC that as the size of the Board is relatively small with only 6 members of whom three are Independent Directors, there would not be a need for a Lead Independent Director. The Independent Directors collectively are and have been available to shareholders as a channel of communication between shareholders and the Board or management. The Independent Directors meet or communicate periodically without the presence of the other Directors and collectively provide feedback to the Chairman on matters arising from such meetings. During FY2017, the Independent Directors have met at least once in the absence of the management.

BOARD MEMBERSHIP

Principle 4: Formal and Transparent Process for Appointment and Re-Appointment of Directors to the Board

The NC, which has written terms of reference, was established to make recommendations to the Board on all board appointments. It currently comprises three Directors, namely:

1. Mr Low Beng Tin, Chairman
2. Mr Ko Chuan Aun
3. Mr Ang Chun Giap

CORPORATE GOVERNANCE

All members of the NC are Independent Directors and are not directly associated with any substantial shareholder. The NC's responsibilities include the following:

a. Annual review of skills required by the Board, and the size of the Board;

b. Reviewing and determining the independence of each Director to ensure that the Board comprises at least half Independent Directors;

c. Reviewing and evaluating a Director's ability and adequacy in carrying out his/her role as Director of the Company, particularly when he/she has multiple board representations;

d. Re-nomination of Directors, giving due regard to each Director's contribution and performance including, if applicable, as an Independent Director;

e. Assessing the effectiveness of the Board as a whole, and as well as each Director's contribution to the effectiveness of the Board;

f. Deciding how the Board's performance may be evaluated and proposing objective performance criteria; and

g. To make plans for succession, in particular for the Chairman of the Board and Managing Director.

The Directors (other than the Managing Director) submit themselves for re-nomination and re-election at least once every three years. Newly appointed Directors will submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company following their appointment.

In the nomination and selection process, the NC identifies the candidates and reviews the nominations for the appointments based on the following criteria:-

(i) at least half of Directors shall be Independent Directors; and

(ii) the candidate shall be a fit and proper person to hold such office, and the most qualified candidate nominated for the office, taking into account the candidate's track record, experience, capabilities and other relevant factors.

Each member of the NC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. Candidates may be suggested by Directors or management or sourced from external sources. The NC will interview the shortlisted candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his/her responsibilities, good decision-making track record, relevant experience and financial expertise. The NC then nominates the most suitable candidate to the Board for approval.

The NC meets at least once a year. Pursuant to Regulation 107 of the Company's Constitution, one third (1/3) of the Board (other than the Managing Director) is to retire by rotation and subject themselves to re-election by shareholders at every AGM. The NC will assess and evaluate whether Directors retiring at each AGM are properly qualified for re-appointment by virtue of their skills, experience and contributions. The NC recommended to the Board that Ms Ong Lay Huan and Mr Ko Chuan Aun be nominated for re-election under Regulation 107 at the forthcoming AGM.

CORPORATE GOVERNANCE

Ms Ong Lay Huan will, upon re-election as a Director of the Company, remain as an Executive Director of the Company. Mr Ko Chuan Aun will, upon re-election as a Director of the Company, remain as an Independent Director of the Company and the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company. Mr Ko Chuan Aun is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual.

Pursuant to Regulation 117 of the Company's Constitution, any new Director so appointed by the Directors shall hold office until the next annual general meeting of the Company and shall be eligible for re-election. The NC has recommended to the Board that Mr Ang Chun Giap be nominated for re-election under Regulation 117 at the forthcoming AGM. Mr Ang Chun Giap will, upon re-election as a Director of the Company, remain as an Independent Director of the Company and a member of the Audit, Nominating and Remuneration Committees of the Company. Mr Ang Chun Giap is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual.

In making the recommendations, the NC had considered the Directors' overall contributions and performance.

Each member of the NC has abstained from making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-election as a Director of the Company.

Notwithstanding that some of the Directors have multiple listed company board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his/her duties as a Director of the Company. The Board is of the view that the assessment of whether each Director is able to devote sufficient time to discharge his/her duties should not be restricted to the number of board representations. Holistically, the contributions by the Directors during the meetings and attendance at such meeting should also be taken into consideration. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. The NC will continue to review from time to time the listed company board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

The dates of appointment and re-election and Directorships of the current Directors in other listed companies are set out below:

Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies	
			Present	Last Three Years
Ong Pang Aik	16/12/1998	Not Required	Nil	Nil
Ong Lay Huan	20/03/1999	30/09/2015	Nil	Nil
Ong Lay Koon	20/03/1999	29/09/2016	Nil	Nil
Low Beng Tin	08/07/2015	29/09/2016	Cosmosteel Holdings Limited, Fuji Offset Plates Manufacturing Ltd and JP Nelson Holdings	China Yong Sheng Limited and OEL (Holdings) Limited
Ko Chuan Aun	10/07/2015	30/09/2015	Koon Holdings Ltd, KOP Limited, KSH Holdings Limited, Pavillon Holdings Ltd and San Teh Ltd	Brothers (Holdings) Limited and Super Group Ltd
Ang Chun Giap	12/10/2016	Not Applicable	Nil	Nil

Further details of the Directors, including their principal commitments, are provided under the Board of Directors section set out on pages 7 to 9 of the Annual Report.

BOARD PERFORMANCE

Principle 5: Formal Assessment of the Effectiveness of the Board and Contribution by Each Director

The NC decides on how the Board's and its Board Committees' performance and individual Directors' contributions are to be evaluated and to propose objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution from each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his/her performance or re-nomination as a Director.

In evaluating the Board's and the Board Committees' performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board and Board Committee's evaluation are in respect of:

a. Board size and composition;

b. Board processes;

c. Board information and accountability; and

d. Board Committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

The individual Director's performance criterion are in relation to the Director's:

a. Industry knowledge and/or functional expertise;

b. Contribution and workload requirements;

c. Sense of independence; and

d. Attendance at board and committee meetings.

During FY2017, all Directors are requested to complete a board evaluation questionnaire designed to seek their view on various aspects of the Board's and Individual Director's performance as described above. The Chairman, in consultation with the NC, acted on the results of the performance evaluations. Where appropriate, the Chairman will propose new members to be appointed to the Board or seek the resignation of Directors.

The NC has assessed the current Board's performance to-date and individual Director's contributions, and is of the view that the performance of the Board as a whole was satisfactory, the Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board. Accordingly, the Board has met its performance objectives.

CORPORATE GOVERNANCE

ACCESS TO INFORMATION
Principle 6: Board Members to Have Access to Complete, Adequate and Timely Information

In order to ensure that the Board is able to fulfil its responsibilities, the management provides all Directors with complete, adequate and timely information prior to Board meetings, and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. All Directors have separate and independent access to the Company's senior management, who together with the Company Secretaries, are responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

Information provided by the management to the Directors include background information or explanatory information relating to matters to be brought forward before the Board and copies of disclosure documents.

All Directors have separate and independent access to the Company Secretaries. The Company Secretaries administer, attend and prepare minutes of all Board and Committee meetings. They assist the Chairman in ensuring that board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's Constitution and relevant rules and regulations, including requirements of the Companies Act and the provisions in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are complied with. Under the direction of the Chairman, the Company Secretaries are responsible for ensuring good information flow within the Board and its committees, facilitating the Directors' orientation programme, and assisting with professional developments as required. They are also the primary channel of communication between the Company and the SGX-ST. The Company Secretaries and/or their representatives attend all quarterly Board meetings. The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

The Board engages independent professional advice, as and when necessary, to enable it to discharge its responsibilities effectively. Subject to the approval of the Chairman, Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

Changes to regulations and accounting standards are closely monitored by the management. The Directors are briefed either during Board and Board Committee meetings or by the Company Secretaries of these changes especially where these changes, inter alia, have an important bearing on the Directors' disclosure obligations.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
Principle 7: Formal and Transparent Procedure for Developing Policy on Executive Remuneration and for Fixing Remuneration Packages of Directors

The RC currently comprises three Directors, all of whom are Independent and Non-Executive Directors:

1. Mr Ko Chuan Aun, Chairman
2. Mr Low Beng Tin
3. Mr Ang Chun Giap

The RC met one time during the financial year under review.

CORPORATE GOVERNANCE

Members of the RC carry out their duties in accordance with the terms of reference, which include the following:

a. Recommending to the Board on the framework of remuneration policies for Directors and senior management;

b. Reviewing and approving specific remuneration packages for each Director and the Chairman, including Director's fees, salaries, allowances, bonuses, options and benefits-in-kind; and

c. Reviewing the remuneration of senior management.

The RC's recommendations are submitted for endorsement by the entire Board. No Director is involved in deciding his/her own remuneration. Each member of the RC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

The RC has full authority to obtain any external professional advice on matters relating to remuneration, as and when the need arises.

LEVEL AND MIX OF REMUNERATION
Principle 8: Remuneration of Directors Should Be Adequate but Not Excessive

The Company adopts a remuneration policy, which comprises fixed and variable components. The fixed and variable components comprise a base salary, variable bonus and/or profit sharing. In setting remuneration packages, the Company takes into account the Group's relative performance and the performance of individual Directors. The pay and employment conditions within the same industry and in comparable companies are also given due consideration.

The review of the remuneration of the executive officers takes into consideration the performance and the contributions of the officer to the Company and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully. The RC has full authority to obtain any external professional advice on matters relating to remuneration, as and when the need arises, at the expense of the Company.

The fees of the Independent Directors are determined by the Board according to the level of contribution, and taking into account factors such as the effort and time spent, and their respective responsibilities. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company. They do not have any service agreements with the Company. The RC is satisfied that the performance conditions were met for FY2017.

The Company has entered into separate service agreements with Mr Ong Pang Aik, Ms Ong Lay Huan and Ms Ong Lay Koon, effective from 1 June 2015, each of which is valid for an initial three year period and subject to automatic renewal every 3 years. The service agreement does not contain any onerous removal clauses. Notice periods are three months in the service agreements for Executive Directors.

CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

Principle 9: Disclosure on Remuneration Policy, Level and Mix of Remuneration and Procedure for Setting Remuneration

The Board has not included a separate annual remuneration report in its annual report for the current financial year as it is of view that the matters, which are required to be disclosed in the annual remuneration report, have already been sufficiently disclosed in this Corporate Governance Report and in the financial statements of the Company.

The Company does not have any employee share option scheme or other long-term employee incentive scheme.

The disclosure of specific competitive considerations and the reasons may affect the retention or recruitment of competent personnel in a highly competitive business environment the Company operates in as well as the competitive pressures in the talent market.

The Board is of the opinion that due to confidentiality and sensitivity issues attached to remuneration matters, it would not be in the best interests of the Company to disclose the remuneration of each individual Director to the nearest thousand as recommended by the Code. The RC has also reviewed the practice of the industry and considered the pros and cons of such disclosure.

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 May 2017 is as follows:

Remuneration Band	Name	Salary and CPF (%)	Bonus & Profit Sharing (%)	Other Benefits and Allowances (%)	Directors' Fees (%)[1]	Total (%)
S$3,000,001 – S$3,250,000	Ong Pang Aik	21	75	4	0	100
S$1,750,001 – S$2,000,000	Ong Lay Huan	26	70	4	0	100
S$1,750,001 – S$2,000,000	Ong Lay Koon	24	72	4	0	100
Below S$250,000	Low Beng Tin	–	–	–	100	100
Below S$250,000	Ko Chuan Aun	–	–	–	100	100
Below S$250,000	Ang Chun Giap[2]	–	–	–	100	100

1. Includes fee for Directorships held in the Company.
2. Appointed as Independent Director on 12 October 2016.

The remuneration of the top eight key executives comprises of fixed and variable components. Fixed component is in the form of fixed monthly salary whereas variable component is linked to the performance of the Group's businesses and individual performance.

The remuneration for FY2017 of the top eight key executives are as follows:

S$500,000 to below S$750,000	:	2
S$250,000 to below S$500,000	:	4
Below S$250,000	:	2

In view of the market competition and information sensitivity, the Board is of the opinion that disclosure of the remuneration of top eight key executives in remuneration bands of S$250,000 would not be in the interest of the Company.

The Board is of the opinion that disclosure of the remuneration of top eight key executives in remuneration bands of S$250,000 may affect the retention or recruitment of competent personnel in a highly competitive business environment the Company operates in as well as the competitive pressures in the talent market due to limited talent pool. The Company needs to maintain stability and business continuity and any attrition in the key management personnel team would not benefit the Company. Accordingly, due to confidentiality and sensitivity issues attached to remuneration matters, especially in the case where the key management team is small, it would not be in the best interests of the Company to disclose the remuneration of top eight key executives in remuneration bands of S$250,000 as recommended by the Code.

For the financial year ended 31 May 2017, the total remuneration paid to the top eight key executives (who are not Directors or the CEO) of the Company was S$3,114,751.

Ms Ong Sui Hui is the daughter of Mr Ong Pang Aik and niece of Ms Ong Lay Huan and Ms Ong Lay Koon, and Mr Ong Eng Keong, is the son of Mr Ong Pang Aik and nephew of Ms Ong Lay Huan and Ms Ong Lay Koon. Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui, are the siblings of Mr Ong Pang Aik, Ms Ong Lay Huan and Ms Ong Lay Koon. The remuneration of Ms Ong Sui Hui, Mr Ong Eng Keong, Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui exceed S$50,000 for FY2017. However, the Board is of the opinion that the remuneration details of Ms Ong Sui Hui, Mr Ong Eng Keong, Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui are confidential and disclosure of their remuneration in the bands of S$50,000 would not be in the interest of the Company.

The Board is of the opinion that disclosure of their remuneration in bands of S$50,000 may affect the retention or recruitment of them in a highly competitive business environment the Company operates in as well as the competitive pressures in the talent market due to limited talent pool. The Company needs to maintain stability and business continuity and any attrition of the above-mentioned persons would not benefit the Company. Accordingly, due to confidentiality and sensitivity issues attached to their remuneration matters, especially in the case where the key management team is small, it would not be in the best interests of the Company to disclose their remuneration in the bands of S$50,000 as recommended by the Code.

Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui are within the top eight key management personnel of the Company.

Save as disclosed above, there were no other employees who were immediate family members of any Director or the Managing Director, whose remuneration for FY2017 exceeds S$50,000. There are no termination, retirement or any post-employment benefits to Directors and key officers.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY
Principle 10: Presentation of a Balanced and Understandable Assessment of Company's Performance, Position and Prospects

The management provides Board members with management accounts that present a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. At present, the management prepares the management accounts on a monthly basis and provides the monthly management accounts to the Board whenever the Board requests for it. Board papers are given prior to the Board meeting to facilitate effective discussion and decision-making.

CORPORATE GOVERNANCE

The announcements for the quarterly, half-year and full-year financial results are released via the SGXNET. All material information relating to the Company is disseminated via SGXNET.

The Board will furnish, among others and whenever necessary, interim and other price sensitive public reports, and reports to the regulators with the aim of providing a balanced and understandable assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS
Principle 11: Maintenance of Sound System of Risk Management and Internal Controls

The Board believes that the system of risk management and internal controls maintained by the management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislations, regulations and best practices and the identification and management of business and strategic risks.

The Board has received assurance from the Chairman and Managing Director and the Financial Controller that the financial records have been properly maintained and the financial statements for the financial year ended 31 May 2017 give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems were adequate and effective ("Assurance").

The Board has put in place a risk governance and internal control framework manual to define the strategic objectives and determine the risk appetite, tolerance and risk mitigation measures to address potential impediments to achieving these business strategies. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the management and various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational, compliance and information technology controls risks, and risk management systems of the Company were adequate and effective as at 31 May 2017. The Board has also evaluated the internal control system against the COSO internal control framework for adequate and effective internal control. The Board's opinion is based collectively on the risk governance and internal control framework and assessment of internal control adequacy and effectiveness.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. The Group has also maintained a proper enterprise risk management programme which is in line with ISO:31000, an internationally accepted risk management standard. This allows the Board to be apprised of the key strategic, operational, financial and compliance risks.

The Group maintains the risk register and performs regular risk assessments to evaluate and identify any changes to the risk profile that could impact the performance and operations of the Group's diversified business interests. The Board is apprised of any changes in the Group's risk universe and risk exposure, and is therefore able to take measures to direct attention and resources to transfer, avoid or mitigate the risks.

The Board will continue to update the risk governance framework and re-assess the business risks on an ongoing basis. This ensures that the pertinent risks are properly addressed and the internal controls remain relevant and effective to address the Group's risk exposures.

CORPORATE GOVERNANCE

AUDIT COMMITTEE
Principle 12: Establishment of Audit Committee with Written Terms of Reference

The AC currently comprises of three Directors, all of whom are Independent and Non-Executive Directors:

1. Mr Low Beng Tin, Chairman
2. Mr Ko Chuan Aun
3. Mr Ang Chun Giap

The Board is of the view that the AC has sufficient financial management and accounting expertise and experience to discharge the AC's functions. Mr Low Beng Tin has more than 32 years of experience in business and management. Mr Ko Chuan Aun has more than 20 years of experience in business and management and Mr Ang Chun Giap has more than 16 years of experience in public accounting profession.

The AC has explicit authority to investigate all matters within its terms of reference, full access to and cooperation by management, full discretion to invite any Director or key executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC convened four meetings during the year. The AC has also met with the external auditors, without the presence of the Company's management at least once a year.

The key function of AC, which has written terms of reference, is to:

a. Review the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;

b. Review the nature and extent of non-audit services provided by the external auditors and its cost effectiveness;

c. Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

d. Review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;

e. Review the effectiveness of the Company's internal audit function;

f. Make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

g. Review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

h. Review the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and

i. Review the audit plans and reports of the internal auditors and ensure the adequacy of the Company's system of internal controls.

The AC meets with the external and internal auditors, without the presence of management, at least annually, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge its functions properly. The AC has met with the external and internal auditors, without the presence of management during FY2017. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

CORPORATE GOVERNANCE

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2017 are as follows:-

Audit fees	:	S$649,000 (FY2016: S$653,000)
Non-audit fees	:	S$270,000 (FY2016: S$299,000)
Total	:	S$919,000 (FY2016: S$952,000)

The AC reviews the independence of the external auditors annually. The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services do not affect the independence of the external auditors and has recommended to the Board for the re-appointment of Messrs Ernst & Young LLP as the auditors of the Company at the forthcoming AGM.

The external auditors present to the AC the audit plan and also relevant updates relating to any change in accounting standards which have a direct impact on the financial statements before commencing audit.

The Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to its external auditors.

In addition, the AC is given the task to commission investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings thereof.

Whistle-blowing Policy

The AC has put in place a whistle-blowing policy, whereby employees of the Group and external parties, may in confidence, raise concerns about possible improper financial reporting or other matters to Mr Low Beng Tin, the AC Chairman via email at whistleblowing@lianbenggroup.com.sg. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. The Company did not receive any whistle-blowing report during FY2017.

INTERNAL AUDIT
Principle 13: Establishment of an Independent Internal Audit Function

The AC is aware of the need to establish a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

In order to provide adequate assurance over the internal controls, the Group has appointed an independent internal audit function that is performed by RSM Risk Advisory Pte Ltd. The internal auditors report their findings based on the scope of review performed for FY2017 directly to the AC and administratively to the Executive Director.

The AC has reviewed with the internal auditors their risk-based internal audit plan and their evaluation of the system of internal controls, their audit findings and the management's responses to address the findings; the effectiveness of material internal controls, including financial, operational and compliance controls and overall risk management of the Company and the Group for FY2017. The AC is satisfied that the internal auditor is adequately qualified, resourced and has the appropriate standing within the Group to discharge its duties effectively.

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND RESPONSIBILITIES
Principle 14: Shareholder Rights

The Company recognizes and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Singapore Companies Act and the Company's Constitution. Information to all shareholders is disclosed to in a timely and transparent manner and in compliance with SGX disclosure requirements.

Shareholders are given ample opportunity to attend, participate and vote at the Company's general meetings.

COMMUNICATION WITH SHAREHOLDERS
Principle 15: Regular, Effective and Fair Communication with Shareholders

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. Where inadvertent disclosure has been made to a select group, the Company will make the same disclosure publicly to all others as soon as practicable. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via the quarterly announcements of results; and other ad hoc announcements as required by the SGX-ST. The Company's Annual Report is sent to all shareholders and is available on request. The Company's latest Annual Report is also accessible via the Company's website.

While the AGM of the Company is a principal forum for dialogue and interaction with all shareholders, the Company will consider use of other forums such as analyst briefings as and when applicable.

The Company does not have a dividend policy. For FY2017, the Board has declared an interim dividend of 1.0 cent per ordinary share and has also recommended final (tax exempt one-tier) dividend of 1.25 cents per ordinary share.

CONDUCT OF SHAREHOLDER MEETINGS
Principle 16: Encouragement of Greater Shareholder Participation at AGMs

The Board welcomes the view of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders.

Separate resolutions are proposed for substantially separate issues at shareholders' meetings. The Chairman of the Board and the Chairmen of the AC, RC and NC as well as the external auditors are usually available at the general meetings to answer those questions relating to the work of these committees. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company's Constitution allows for shareholders of the Company to appoint up to two proxies to attend and vote in place of the shareholder at a general meeting. In line with the amendments to the Companies Act, Chapter 50 of Singapore, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two proxies to attend and vote on their behalf at general meetings. The Company does not intend to implement absentia-voting methods such as email, fax or mail until security, integrity and other pertinent issues are satisfactorily resolved.

The Group puts all resolutions at general meeting to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings. The detailed results will be announced via SGXNET after the conclusion of the general meeting.

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

Dealings in Securities

The Company has adopted policies in line with the requirements of Rule 1207(19) of the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company, its Directors and officers are not allowed to deal in the Company's shares during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year and one month before the Company's full year financial statements, as the case may be, and ending on the date of the announcement of the relevant financial results.

Interested Person Transactions

The Group does not have a general mandate from shareholders for recurrent interested person transactions.

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such interested person transaction.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

There were no interested person transactions of S$100,000 and above during FY2017.

Material Contracts and Loans

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Directors' Statement and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of FY2017 or if not then subsisting, which were entered into since the end of the previous financial year.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Lian Beng Group Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 May 2017.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2017 and the financial performance and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Ong Pang Aik	(Chairman and Managing Director)	
Ong Lay Huan	(Executive Director)	
Ong Lay Koon	(Executive Director)	
Low Beng Tin	(Independent Director)	
Ko Chuan Aun	(Independent Director)	
Ang Chun Giap	(Independent Director)	(appointed on 12 October 2016)

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
The Company				
Ordinary shares				
Ong Pang Aik	23,170,800	25,170,800	140,190,400	147,614,800
Ong Lay Huan	11,583,200	11,583,200	140,190,400	147,614,800
Ong Lay Koon	8,539,200	8,539,200	–	–
Low Beng Tin	900,000	900,000	–	–
Ko Chuan Aun	205,000	205,000	–	–

There was no change in the above-mentioned interests between the end of the financial year and 21 June 2017.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr. Ong Pang Aik and Ms. Ong Lay Huan are deemed to have an interest in the ordinary shares of all the subsidiaries of the Company, at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Options

During the financial year, there were:

(a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(b) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

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

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;

DIRECTORS' STATEMENT

Audit Committee *(cont'd)*

- Reviewed the nature and extent of non-audit services provided by the external auditors and its cost effectiveness;
- Reviewed significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- Reviewed and reported to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- Reviewed the effectiveness of the Company's internal audit function;
- Make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;
- Reviewed interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- Reviewed the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- Reviewed the audit plans and reports of the internal auditors and ensure the adequacy of the Company's system of internal controls.

The AC reviews the independence of the external auditors annually. The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services does not affect the independence of the external auditors and has recommended to the Board for the re-appointment of Messrs Ernst & Young LLP as the auditors of the Company at the forthcoming Annual General Meeting.

The AC convened four meetings during the year. The AC has also met with the external auditors, without the presence of the Company's management at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Ong Pang Aik
Director

Ong Lay Huan
Director

Singapore
22 August 2017

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2017

TO THE MEMBERS OF LIAN BENG GROUP LTD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lian Beng Group Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 May 2017, the statements of comprehensive income and statements of changes in equity of the Group and the Company and the consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position, statement of comprehensive income and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2017 and of the financial performance and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2017

Key audit matters *(cont'd)*

1. Accounting for construction contracts

The Group is involved in construction projects for which it applies the percentage of completion method to recognise its contract revenue and cost in accordance with FRS 11 *Construction Contracts*. The recognition of contract revenue and profit in a year on these projects is dependent, amongst others, on the professional surveys of work performed for each project for the assessment of the percentage of completion and the total budgeted cost estimated for the project. The uncertainty and subjectivity involved in determining the percentage of completion and budgeted cost to complete each project may have a significant impact on the results of the Group. Accordingly, we have identified this as a key audit matter.

As part of our audit procedures, we obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues, costs and profit margin. For significant projects, we reviewed the contractual terms and conditions and verified the costs incurred against underlying documents. We checked whether the contract revenue was recognised according to the percentage of completion of each project measured by reference to the surveys of work performed as certified by the external surveyors. We assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects. We reviewed the appropriateness of inputs, amongst others, materials, subcontractor and labor costs used by management in their estimation of the total cost to complete and obtained supporting documentation on the major inputs. We also checked the arithmetic accuracy of the revenue, cost and profit recognised based on the percentage of completion computation for individually significant projects. In addition, we assessed the competency of the professional surveyors in their assessments of the value of works as of balance sheet date and corroborated the significant projects' progress to on-site observations during site visits and analysis with reference to the projects' budgets. We reviewed the project files and discussed with the management on the progress of significant projects to determine if there are any changes such as delays, penalties, overruns where it is probable that total contract costs will exceed total contract revenue and require the recognition of foreseeable losses on such projects.

We also assessed the adequacy of the Group's disclosures for construction contracts and contract work-in-progress in Notes 2.15 and 10.

2. Fair value measurement of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine their fair values as at 31 May 2017.

The valuation of the investment properties is a significant judgmental area and is underpinned by a number of assumptions including yield adjustments made for any difference in nature, location or condition of the specific property. The valuation exercise also relies upon the accuracy of the underlying lease and financial information provided to the valuation specialists by the management. Accordingly, we have identified this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2017

Key audit matters *(cont'd)*

2. Fair value measurement of investment properties *(cont'd)*

As part of our audit procedures, we assessed the Group's process relating to the selection of the external valuers, the determination of the scope of their work, and the review of the valuation reports issued by the external valuers. In addition, we assessed the objectivity and competency of the external valuers. We considered and held discussions with the external valuers to understand the valuation methodologies used in the valuation and the results of their work. We assessed the reasonableness of the key inputs and assumptions underlying the valuation.

These key assumptions include projected rental rates and capitalization, discount and terminal yield rates, and price per square metre. We also assessed the adequacy of the related disclosures in Notes 5 and 34 to the financial statements.

Other information

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

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

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

Responsibilities of Management and Directors for the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2017

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2017

Auditor's responsibilities for the audit of the financial statements *(cont'd)*

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Sam Lo.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

22 August 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current assets					
Property, plant and equipment	4	63,577	78,126	1	3
Investment properties	5	703,860	438,533	–	–
Investment in subsidiaries	6	–	–	75,299	68,799
Investment in joint ventures	7	34,540	69,855	6,220	6,220
Investment in associates	8	43,970	69,814	200	200
Investment securities	9	119,494	60,951	17,860	14,250
Amounts due from associates	15	45,000	45,000	–	–
Amounts due from third parties	14	3,357	10,405	–	3,604
Other assets		260	443	–	–
Deferred tax assets	22	249	648	–	–
		1,014,307	773,775	99,580	93,076
Current assets					
Construction work-in-progress in excess of progress billings	10	4,811	1,646	–	–
Development properties	11	161,431	163,392	–	–
Investment property held for sale	5	26,283	–	–	–
Inventories	12	4,297	4,429	–	–
Trade receivables	13	59,093	108,911	–	–
Other receivables and deposits	14	32,384	29,306	7,443	137
Prepayments		1,923	1,626	5	6
Amounts due from affiliated companies	15	1	1	–	–
Amounts due from subsidiaries	15	–	–	257,247	210,733
Amounts due from joint ventures	15	37,260	41,099	10,897	10,346
Amounts due from associates	15	100,095	118,032	18,843	9,660
Investment securities	9	7,515	31,685	–	5,714
Cash and cash equivalents	16	187,804	160,127	39,426	4,233
		622,897	660,254	333,861	240,829
Current liabilities					
Progress billings in excess of construction work-in-progress	10	59,704	98,392	–	–
Trade and other payables	18	173,565	189,585	39	96
Accruals		17,582	21,685	196	212
Amounts due to associates	15	1,361	16,346	76	76
Amounts due to joint ventures	15	17,817	30,121	–	–
Amounts due to subsidiaries	19	–	–	257,679	216,150
Bank loans	20	258,174	110,517	–	–
Obligations under hire purchase	21	3,780	5,942	–	–
Provision for taxation		8,673	5,785	19	2
		540,656	478,373	258,009	216,536
Net current assets		82,241	181,881	75,852	24,293

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current liabilities					
Refundable rental deposits		2,109	426	–	–
Amounts due to subsidiaries	19	–	–	10,103	14,314
Bank loans	20	422,325	317,543	–	–
Obligations under hire purchase	21	3,224	6,634	–	–
Deferred tax liabilities	22	1,240	1,473	–	–
		428,898	326,076	10,103	14,314
Net assets		667,650	629,580	165,329	103,055
Equity attributable to owners of the Company					
Share capital	23	82,275	82,275	82,275	82,275
Treasury shares	23	(17,777)	(17,777)	(17,777)	(17,777)
Reserves		523,721	480,801	100,831	38,557
		588,219	545,299	165,329	103,055
Non-controlling interests		79,431	84,281	–	–
Total equity		667,650	629,580	165,329	103,055

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 May 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Revenue	25	281,665	445,415	73,462	3,905
Cost of sales		(206,784)	(389,315)	–	–
Gross profit		74,881	56,100	73,462	3,905
Other operating income	26	14,275	13,692	1,098	965
Distribution expenses		(2,192)	(1,249)	(23)	(67)
Administrative expenses		(22,920)	(28,203)	(942)	(1,077)
Other operating expenses	26	(14,176)	(19,754)	(3,466)	(7,473)
Finance costs	28	(9,977)	(8,474)	(417)	(588)
Share of results of associates		10,171	62,063	–	–
Share of results of joint ventures		5,583	37,667	–	–
		55,645	111,842	69,712	(4,335)
Fair value gain/(loss) on investment properties	5	14,563	(127)	–	–
Profit/(loss) before taxation	26	70,208	111,715	69,712	(4,335)
Taxation	29	(7,427)	(3,395)	(17)	(2)
Profit/(loss) for the year, net of taxation		62,781	108,320	69,695	(4,337)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on fair value changes of available-for-sale financial assets		5,808	(8,905)	5,700	(8,329)
Net fair value changes of available-for-sale financial assets reclassified to profit or loss		1,869	7,470	1,869	7,470
Foreign currency translation loss		(2,918)	(98)	–	–
Other comprehensive income for the year, net of taxation		4,759	(1,533)	7,569	(859)
Total comprehensive income for the year		67,540	106,787	77,264	(5,196)
Profit attributable to:					
Owners of the Company		53,238	102,930	69,695	(4,337)
Non-controlling interests		9,543	5,390	–	–
		62,781	108,320	69,695	(4,337)
Total comprehensive income attributable to:					
Owners of the Company		57,910	101,430	77,264	(5,196)
Non-controlling interests		9,630	5,357	–	–
		67,540	106,787	77,264	(5,196)
Earnings per share (Cents)					
Basic and diluted	30	10.65	20.41		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2017

	Attributable to owners of the Company						
	Share capital (Note 23) $'000	**Treasury shares (Note 23)** $'000	**Retained earnings** $'000	**Other reserves (Note 24)** $'000	**Total reserves** $'000	**Non-controlling interests** $'000	**Total equity** $'000
2017							
Group							
Balance at 1 June 2016	82,275	(17,777)	483,256	(2,455)	480,801	84,281	629,580
Profit for the year, net of taxation	–	–	53,238	–	53,238	9,543	62,781
Other comprehensive income							
Net gain on fair value changes of available-for-sale financial assets	–	–	–	5,808	5,808	–	5,808
Net fair value changes of available-for-sale financial assets reclassified to profit or loss	–	–	–	1,869	1,869	–	1,869
Foreign currency translation (loss)/gain	–	–	–	(3,005)	(3,005)	87	(2,918)
Other comprehensive income for the year, net of taxation	–	–	–	4,672	4,672	87	4,759
Total comprehensive income for the year	–	–	53,238	4,672	57,910	9,630	67,540
Contribution by and distribution to owners							
Dividends on ordinary shares (Note 39)	–	–	(14,990)	–	(14,990)	–	(14,990)
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	(14,460)	(14,460)
Return of capital to non-controlling interests of a subsidiary	–	–	–	–	–	(20)	(20)
Total transactions with owners in their capacity as owners	–	–	(14,990)	–	(14,990)	(14,480)	(29,470)
Balance at 31 May 2017	82,275	(17,777)	521,504	2,217	523,721	79,431	667,650

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2017

	Attributable to owners of the Company						
	Share capital (Note 23) $'000	Treasury shares (Note 23) $'000	Retained earnings $'000	Other reserves (Note 24) $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
2016							
Group							
Balance at 1 June 2015	82,275	(12,781)	395,461	(956)	394,505	81,268	545,267
Profit for the year, net of taxation	–	–	102,930	–	102,930	5,390	108,320
Other comprehensive income							
Net loss on fair value changes of available-for-sale financial assets	–	–	–	(8,905)	(8,905)	–	(8,905)
Net fair value changes of available-for-sale financial assets reclassified to profit or loss	–	–	–	7,470	7,470	–	7,470
Foreign currency translation loss	–	–	–	(65)	(65)	(33)	(98)
Other comprehensive income for the year, net of taxation	–	–	–	(1,500)	(1,500)	(33)	(1,533)
Total comprehensive income for the year	–	–	102,930	(1,500)	101,430	5,357	106,787
Contribution by and distribution to owners							
Dividends on ordinary shares (Note 39)	–	–	(15,135)	–	(15,135)	–	(15,135)
Purchase of treasury shares	–	(4,996)	–	–	–	–	(4,996)
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	(2,343)	(2,343)
Changes in ownership interests in subsidiaries							
Acquisition and disposal of non-controlling interests without a change in control	–	–	–	1	1	(1)	–
Total transactions with owners in their capacity as owners	–	(4,996)	(15,135)	1	(15,134)	(2,344)	(22,474)
Balance at 31 May 2016	82,275	(17,777)	483,256	(2,455)	480,801	84,281	629,580

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2017

	Attributable to owners of the Company					
	Share capital (Note 23) $'000	**Treasury shares (Note 23)** $'000	**Fair value adjustment reserve (Note 24)** $'000	**Retained earnings** $'000	**Total reserves** $'000	**Total equity** $'000
2017						
Company						
Balance at 1 June 2016	82,275	(17,777)	(1,869)	40,426	38,557	103,055
Profit for the year, net of taxation	–	–	–	69,695	69,695	69,695
Other comprehensive income						
Net gain on fair value changes of available-for-sale financial assets	–	–	5,700	–	5,700	5,700
Net fair value changes of available-for-sale financial assets reclassified to profit or loss	–	–	1,869	–	1,869	1,869
Other comprehensive income for the year, net of taxation	–	–	7,569	–	7,569	7,569
Total comprehensive income for the year	–	–	7,569	69,695	77,264	77,264
Contribution by and distribution to owners						
Dividends on ordinary shares (Note 39)	–	–	–	(14,990)	(14,990)	(14,990)
Balance at 31 May 2017	82,275	(17,777)	5,700	95,131	100,831	165,329
2016						
Company						
Balance at 1 June 2015	82,275	(12,781)	(1,010)	59,898	58,888	128,382
Loss for the year, net of taxation	–	–	–	(4,337)	(4,337)	(4,337)
Other comprehensive income						
Net loss on fair value changes of available-for-sale financial assets	–	–	(8,329)	–	(8,329)	(8,329)
Net fair value changes of available-for-sale financial assets reclassified to profit or loss	–	–	7,470	–	7,470	7,470
Other comprehensive income for the year, net of taxation	–	–	(859)	–	(859)	(859)
Total comprehensive income for the year	–	–	(859)	(4,337)	(5,196)	(5,196)
Contribution by and distribution to owners						
Purchase of treasury shares	–	(4,996)	–	–	–	(4,996)
Dividends on ordinary shares (Note 39)	–	–	–	(15,135)	(15,135)	(15,135)
Balance at 31 May 2016	82,275	(17,777)	(1,869)	40,426	38,557	103,055

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 May 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit before taxation		70,208	111,715
Adjustments for:			
Depreciation of property, plant and equipment	4	15,465	16,776
Impairment loss on plant and machinery	26(c)	–	8,143
(Write back)/inventories written down	26(c)	(48)	48
Impairment loss on development property	26(b)	–	300
Fair value (gain)/loss on investment properties	5	(14,563)	127
Fair value loss on derivative instrument	18	449	–
Dividend income from investment securities		(1,085)	(913)
Gain on disposal of plant and equipment	26(a)	(412)	(761)
Fair value gain on investment securities	26(a)	(128)	(2)
Impairment loss on investment securities	26(b)	2,090	7,470
Loss on disposal of investment securities	26(b)	71	–
Amortisation of other assets	26(b)	183	107
Interest income		(9,368)	(9,073)
Interest expense	28	9,977	8,474
Unrealised exchange differences		(823)	(177)
Gain on disposal of an associate		(137)	–
Property, plant and equipment written off	26(b)	3	–
Goodwill written off	26(b)	–	1
Allowance for doubtful trade and non-trade receivables	26(b)	262	1,456
Bad debts written off	26(b)	1,751	–
Share of results of associates and joint ventures		(15,754)	(99,730)
Operating cash flows before changes in working capital		58,141	43,961
Changes in working capital:			
Development properties		4,629	(50,216)
Construction work-in-progress		(41,456)	(14,348)
Inventories		180	1,743
Trade receivables		48,109	50,437
Other receivables and deposits		1,158	(7,748)
Prepayments		(297)	73
Trade payables, other payables and accruals		(19,050)	(16,045)
Balances with joint ventures and associates		2,438	20,096
		(4,289)	(16,008)
Cash flows from operations		53,852	27,953
Interest paid and capitalised in development properties		(2,668)	(2,260)
Income tax paid		(4,368)	(8,084)
Net cash flows from operating activities		46,816	17,609

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 May 2017

	Note	2017 $'000	2016 $'000
Cash flows from investing activities			
Interest received		9,806	9,249
Dividend income from investment securities		1,085	913
Dividend income from associates		35,456	–
Dividend income from a joint venture		40,750	–
Additional investments in investment securities		(78,262)	(47,304)
Purchase of property, plant and equipment (Note A)		(1,404)	(9,659)
Additional investments in investment properties		(278,616)	(35,978)
Purchase of long term other asset		–	(550)
Repayment of loan by/(loan to) third parties		3,445	(10,405)
Proceeds from disposal of property, plant and equipment		1,367	1,841
Net cash outflow on acquisition of a subsidiary		–	(12,140)
Repayment of loan by/(loan to) associates		3,460	(54,240)
Investment in associates		–	(699)
Investment in joint ventures		–	(4,520)
Proceeds from liquidation of an associate		–	3
Proceeds from disposal of investment securities		48,462	44,750
Net cash flows used in investing activities		(214,451)	(118,739)
Cash flows from financing activities			
Interest paid		(9,977)	(8,474)
Proceeds from bank loans		313,846	135,870
Repayment of bank loans		(61,407)	(23,715)
Repayment of hire purchase creditors		(6,042)	(6,084)
Dividends paid on ordinary shares		(14,990)	(15,135)
Dividends paid to non-controlling interest of subsidiaries		(14,460)	(2,343)
Purchase of treasury shares		–	(4,996)
Repayment of loans to joint ventures		(12,851)	(2,782)
Loan from the non-controlling interests of subsidiaries		1,144	1,965
Return of capital to non-controlling interests of a subsidiary		(20)	–
Net cash flows from financing activities		195,243	74,306
Net increase/(decrease) in cash and cash equivalents		27,608	(26,824)
Cash and cash equivalents at beginning of the year		160,127	187,058
Effect of exchange rate changes on cash and cash equivalents		69	(107)
Cash and cash equivalents at end of the year	16	187,804	160,127

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 May 2017

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,874,000 (2016: $12,537,000) of which $470,000 (2016: $2,878,000) were acquired by means of hire purchase arrangements. Cash payments of $1,404,000 (2016: $9,659,000) were made to purchase property, plant and equipment.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

1. Corporate information

Lian Beng Group Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 29 Harrison Road, Lian Beng Building, Singapore 369648.

The principal activity of the Company is investment holding. The principal activities of the subsidiary corporations, joint arrangements and associates are disclosed respectively in Note 6, Note 7 and Note 8 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore Dollars (SGD or $), and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 June 2018.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 June 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to FRSs (December 2016)	
– Amendments to FRS 28 *Measuring on Associate or Joint* Venture at fair value	1 January 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

(a) *Classification and measurement*

The Group currently measures its available for sale financial assets at fair value through other comprehensive income, except for its unquoted equity instruments which are measured at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.3 ***Standards issued but not yet effective*** *(cont'd)*

FRS 109 *Financial Instruments* *(cont'd)*

(b) *Impairment*

FRS 109 requires the Group to record expected credit losses on all of its debt securities and loans and receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model to account for revenue arising from contracts with customer. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede current revenue recognition requirements including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate and the Accompanying Note on Application of INT FRS 115 in Singapore*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transaction Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

During 2017, the Group performed an initial assessment of the impact on the Group's financial statements focusing on construction revenue and sale of development properties. Based on its initial assessment, the Group expects the FRS 115 requirements on accounting for costs, contract modifications, variable considerations and the method for measuring the stage of completion may affect its revenue recognition and cost accounting. The Group is currently gathering data as part of a further detailed assessment to quantify the impact, if any, on its financial statements. The actual impact of adoption on FRS 115 is dependent on many factors including the stage of completion of the long term construction and development property projects on transition, the accounting elections and the judgements that the Group will make in the future.

The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on the statements of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) ***Business combinations and goodwill*** *(cont'd)*

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.6 *Foreign currency* *(cont'd)*

(a) *Transactions and balances (cont'd)*

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 *Property, plant and equipment*

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

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other assets is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold properties	–	50 years
Leasehold properties	–	4 to 22 years
Plant and machinery	–	3 to 10 years
Furniture, fittings and office equipment	–	3 to 5 years
Motor vehicles	–	3 to 5 years
Tugboats and barges	–	10 to 15 years
Workers' dormitory	–	3 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognised.

2. Summary of significant accounting policies *(cont'd)*

2.8 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use.

2.9 *Impairment of non-financial assets*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.10 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present locations and conditions are accounted for as follows:

Raw materials (construction)	–	Purchase costs on a first-in first-out basis
Raw materials (concrete and sands)	–	Determined on a weighted-average basis

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.12 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) *Joint operations*

The Group recognises in relation to its interest in a joint operation,

(i) its assets, including its share of any assets held jointly;
(ii) its liabilities, including its share of any liabilities incurred jointly;
(iii) its revenue from the sale of its share of the output arising from the joint operation;
(iv) its share of the revenue from the sale of the output by the joint operation; and
(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

2. Summary of significant accounting policies *(cont'd)*

2.12 ***Joint arrangements*** *(cont'd)*

(b) *Joint ventures*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.13.

2.13 ***Joint ventures and associates***

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

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

Under the equity method, the investment in associates or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

For financial statements of the associate or joint venture which are prepared as of the same reporting date of the Company, the most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the date of the audited financial statements used is not co-terminus with that of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the financial year.

In the Company's separate financial statements, investment in joint ventures and associates are accounted at cost, less impairment losses.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.14 *Affiliated company*

An affiliated company is a company, not being a subsidiary or an associate, in which one or more of the directors or shareholders of the Company have a significant equity interest or exercise significant influence.

2.15 *Construction contracts*

The Group principally operates fixed price contracts. Construction 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 end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on value of work performed as certified by the architects or quantity surveyors to the total contract sum.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2.16 *Development properties*

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are measured at the lower of cost, plus where appropriate, a portion of the attributable profit, and estimated net realisable value.

The cost of properties under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred. Show flats expenses are capitalised and amortised over the marketing period.

2. Summary of significant accounting policies *(cont'd)*

2.16 *Development properties* (cont'd)

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

The costs of development properties recognised in the profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Progress billings received from purchasers for development properties of the Group outside the scope of INT FRS 115 *Agreement for the Construction of Real Estates* are classified as progress billings received in advance in the statement of financial position.

2.17 *Financial instruments*

(a) ***Financial assets***

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.17 ***Financial instruments*** *(cont'd)*

(a) ***Financial assets*** *(cont'd)*

(ii) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

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

Regular way purchases and sales

All regular way purchases and sales of financial assets are recognised or de-recognised on the settlement date i.e. the date that the asset is delivered to or by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Summary of significant accounting policies *(cont'd)*

2.17 ***Financial instruments*** *(cont'd)*

(b) ***Financial liabilities***

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process. Derivative instruments are subsequently re-measured to their fair value at the end of each reporting period. Changes in fair value of derivative instruments are recognised in profit or loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.18 ***Impairment of financial assets*** *(cont'd)*

(a) *Financial assets carried at amortised cost (cont'd)*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.18 *Impairment of financial assets (cont'd)*

(c) *Available-for-sale financial assets (cont'd)*

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.19 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.20 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.22 *Employee benefits*

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2.23 *Leases*

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(i). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.24 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.25 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Construction contract revenue*

Revenue from construction contracts is recognised by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is determined by reference to value of work performed as certified by the architects or quantity surveyors to the total contract sum.

(b) *Provision of engineering and electrical works*

Revenue from provision of engineering and electrical works is recognised based on the percentage of completion method, measured by reference to the cost incurred to the total estimated cost. Foreseeable losses are provided for when the likelihood is anticipated.

(c) *Maintenance of construction machinery and equipment*

Revenue from maintenance of construction machinery and equipment is recognised when services are rendered.

(d) *Sale of development properties*

The Group recognises income on property development projects when the significant risks and rewards of ownership have been transferred to the purchasers. For development projects under progressive payment scheme in Singapore, whereby the legal terms in the sale contracts result in continuous transfer of work-in-progress to the purchasers, revenue is recognised based on the percentage of completion method. Under the percentage of completion method, profit is brought into profit or loss only in respect of sales procured and to the extent that such profit relates to the progress of construction work. The progress of construction work is measured by the proportion of the construction costs incurred to date to the estimated total construction costs for each project. For development projects under deferred payment scheme in Singapore and overseas development projects, the revenue will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.25 ***Revenue*** *(cont'd)*

(d) *Sale of development properties (cont'd)*

Revenue excludes goods and services or other sale taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of unit sold.

(e) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(f) *Rendering of services*

Revenue from rendering of services is recognised when the service is rendered.

(g) *Interest income*

Interest income is recognised using the effective interest method.

(h) *Dividend income*

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

(i) *Rental income*

Rental income arising from operating leases on investment properties, machineries and ship chartering are accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.26 ***Taxes***

(a) *Current income tax*

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

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

2. Summary of significant accounting policies *(cont'd)*

2.26 ***Taxes*** *(cont'd)*

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.26 ***Taxes*** *(cont'd)*

(c) *Sales tax*

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

– where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

2.27 ***Government grants***

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to income, it is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.28 ***Share capital and share issue expenses***

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

2.29 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

2. Summary of significant accounting policies *(cont'd)*

2.30 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.31 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sales, issue or cancellation of the Group's own equity instruments. Any difference between carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Impairment of available-for-sale investments

The Group reviews its investment securities classified as available-for-sale investments at the end of each reporting period to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. For the financial year ended 31 May 2017, impairment loss of $2,090,000 (2016: $7,470,000) was recognised for available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

3. Significant accounting estimates and judgements *(cont'd)*

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 35 to the financial statements.

(ii) Estimation of net realisable value of development properties

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

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount of development properties at the end of the reporting period is disclosed in Note 11 to the financial statements.

3. Significant accounting estimates and judgements *(cont'd)*

(b) *Key sources of estimation uncertainty (cont'd)*

(iii) Accounting for construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is determined by reference to value of work performed as certified by the architects or quantity surveyors to the total contract sum. Significant assumptions are required to estimate the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project specialists. Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, management relies on past experience and/or the work of the project specialists. Management has reviewed the status of all its projects and is satisfied that the estimates are realistic, and the estimates of total contract costs and construction work-in-progress of progress billings indicate full project recovery. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 10 to the financial statements. If the estimated total contract cost had been 2% higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been $787,000 (2016: $335,000) lower and $674,000 (2016: $8,906,000) higher respectively.

(iv) Fair value measurement of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 May 2017. The three valuation techniques adopted were the Comparative Method of Valuation, Income Approach Method and Residual Approach Method. The first involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the fair value of the property. The second involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The fair value of the property is arrived at by capitalising the net rent at a suitable rate of return. The third involves the estimation of the Gross Development Value of project by analysing the recent transacted prices of comparable properties in the vicinity and other comparable locations. From the value, various estimated costs of development, such as construction and demolition costs, professional and statutory fees and other expenses are deducted to arrive at the residual value that would represent the amount a prudent buyer would pay for the site.

The carrying amount of the Group's investment properties and investment property held for sale at 31 May 2017 was $703,860,000 (2016: $438,533,000) and $26,283,000 (2016: $Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

4. Property, plant and equipment

Group	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Tugboats and barges $'000	Tugboats and barges under construction $'000	Plant under construction $'000	Workers' dormitory $'000	Total $'000
Cost											
At 1 June 2015	6,185	7,531	19,828	90,337	8,178	8,783	12,880	940	6,410	493	161,565
Additions	–	–	–	4,200	455	637	3,760	–	3,485	–	12,537
Disposals	–	–	–	(6,252)	(5)	(558)	–	–	–	–	(6,815)
Written off	–	–	–	(130)	(42)	–	–	–	–	–	(172)
Reclassification	–	–	–	6,731	–	–	940	(940)	(6,731)	–	–
Exchange differences	–	–	–	–	(1)	–	–	–	–	–	(1)
At 31 May 2016 and 1 June 2016	6,185	7,531	19,828	94,886	8,585	8,862	17,580	–	3,164	493	167,114
Additions	–	–	–	589	380	905	–	–	–	–	1,874
Disposals	–	–	–	(4,169)	(14)	(510)	–	–	–	–	(4,693)
Written off	–	–	–	(268)	(176)	(66)	–	–	–	–	(510)
Reclassification	–	–	–	3,164	–	–	–	–	(3,164)	–	–
Exchange differences	–	–	–	–	(1)	–	–	–	–	–	(1)
At 31 May 2017	6,185	7,531	19,828	94,202	8,774	9,191	17,580	–	–	493	163,784

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

4. Property, plant and equipment *(cont'd)*

Group	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Tugboats and barges $'000	Tugboats and barges under construction $'000	Plant under construction $'000	Workers' dormitory $'000	Total $'000
Accumulated depreciation and impairment loss											
At 1 June 2015	–	689	7,363	49,382	5,756	4,197	2,096	–	–	493	69,976
Depreciation charge for the year	–	151	2,394	10,059	1,143	1,485	1,544	–	–	–	16,776
Disposals	–	–	–	(5,182)	(3)	(550)	–	–	–	–	(5,735)
Impairment loss	–	–	–	8,143	–	–	–	–	–	–	8,143
Written off	–	–	–	(130)	(42)	–	–	–	–	–	(172)
At 31 May 2016 and 1 June 2016	–	840	9,757	62,272	6,854	5,132	3,640	–	–	493	88,988
Depreciation charge for the year	–	151	1,210	10,054	822	1,500	1,728	–	–	–	15,465
Disposals	–	–	–	(3,239)	(6)	(493)	–	–	–	–	(3,738)
Exchange difference	–	–	–	–	(1)	–	–	–	–	–	(1)
Written off	–	–	–	(265)	(176)	(66)	–	–	–	–	(507)
At 31 May 2017	–	991	10,967	68,822	7,493	6,073	5,368	–	–	493	100,207
Net carrying amount											
At 31 May 2017	6,185	6,540	8,861	25,380	1,281	3,118	12,212	–	–	–	63,577
At 31 May 2016	6,185	6,691	10,071	32,614	1,731	3,730	13,940	–	3,164	–	78,126

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

4. Property, plant and equipment *(cont'd)*

	Office Equipment $'000
Company	
Cost	
At 1 June 2015	5
Additions	–
At 31 May 2016 and 1 June 2016	5
Additions	–
At 31 May 2017	5
Accumulated depreciation	
At 1 June 2015	–
Depreciation charge for the year	2
At 31 May 2016 and 1 June 2016	2
Depreciation charge for the year	2
At 31 May 2017	4
Net carrying amount	
At 31 May 2017	1
At 31 May 2016	3

The depreciation and impairment loss charged to the profit or loss for the year is derived as follows:

	Group	
	2017 $'000	**2016** $'000
Impairment loss for the year	–	8,143
Depreciation for the year	15,465	16,776
Depreciation included in construction work-in-progress	(82)	(1,894)
Impairment loss included in construction work-in-progress	–	(8,143)
Depreciation previously included in construction work-in-progress now charged to the profit or loss	82	1,894
Impairment loss previously included in construction work-in-progress now charged to the profit or loss	–	8,143
Depreciation and impairment loss charged to the profit or loss	15,465	24,919

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

4. Property, plant and equipment *(cont'd)*

Included in the carrying amount of property, plant and equipment are the following:

	Group	
	2017	**2016**
	$'000	$'000
Tugboats and barges mortgaged to banks for credit facilities granted to a subsidiary	11,088	13,296
Freehold land and freehold properties mortgaged to bank for credit facilities granted to a subsidiary	–	12,876
Plant, machinery, motor vehicles and office equipment held under hire purchase arrangements	15,447	22,236
Leasehold properties mortgaged to banks for credit facilities granted to subsidiaries	8,192	9,268

Details of the Group's properties are as follows:

Description and location	**Tenure**	**Site Area (square metre)**	**Gross Floor Area (square metre)**	**Interest held by the Group (%)**
An industrial flatted factory at Senoko Drive, Singapore	22 years (effective from 1 October 2000)	10,143	3,473	100
A 10-storey multi-user light industrial factory at 29 Harrison Road, Singapore	Freehold	1,007	2,519	100
A factory at 60 Sungei Kadut Street 1, Singapore	10 years (effective from 1 July 2006) and subsequent extension till June 2020	20,199	3,184	100
A 6-storey detached factory building at 2 Penjuru Close, Singapore	30 years (effective from 16 October 1995)	5,796	10,119	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

4. Property, plant and equipment *(cont'd)*

Impairment of plant and machinery

During the financial year, the Group carried out a review of the recoverable amount of its plant and machinery under the construction segment. An impairment loss of $Nil (2016: $8,143,000) was recognised, representing the write-down of certain plant and machinery, these plant and machinery were purchased specifically for use in certain construction projects which have been completed. The impairment loss in prior year was recognised in "cost of sales" line item of profit or loss. The recoverable amount of these plant and machinery was determined based on its value in use.

5. Investment properties/investment property held for sale

Statement of financial position:

		Group	
		2017	**2016**
		$'000	$'000
(a)	**Investment properties**		
	Beginning of financial year	438,533	351,277
	– Additions to investment properties	278,616	35,978
	– Acquisition of a subsidiary (Note 6(d)(i))	–	51,500
	– Net fair value gain/(loss) recognised in profit or loss	14,563	(127)
	– Reclassification to investment property held for sale*	(26,283)	–
	– Exchange differences	(1,569)	(95)
	End of financial year	703,860	438,533
(b)	**Investment property held for sale**		
	Reclassification from investment properties*	26,283	–

* During the year, the Group's wholly owned subsidiary, Lian Beng Ventures (Melbourne) Pty Ltd entered into a sales contract for the disposal of 247 and 249 Collins Street, Melbourne, Australia. In accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*, the investment property was classified as held for sale at year end. The disposal was completed subsequent to year end (Note 40 (i)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

5. Investment properties/investment property held for sale *(cont'd)*

Statement of comprehensive income:

	Group	
	2017 $'000	**2016** $'000
Revenue		
Rental income from investment properties/investment property held for sale:		
– Minimum lease payments	32,082	24,338
Other operating income		
Rental income from investment properties:		
– Minimum lease payments	381	414
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	14,913	8,770
– Non-rental generating properties	46	–
	14,959	8,770

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties/investment property held for sale

Investment properties/investment property held for sale are stated at fair value, which has been determined based on valuations performed as at 31 May 2017 and 31 May 2016. The valuations were performed by independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 34.

Properties pledged as security

Investment properties/investment property held for sale with carrying amount of $699,731,000 (2016: $408,590,000) are mortgaged to banks for credit facilities granted to subsidiaries.

Capitalisation of borrowing costs

The Group's investment properties under construction include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of the properties. During the financial year, the borrowing costs capitalised as investment property under construction amounted to $1,330,000 (2016: $1,044,000). The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 2.22% to 2.56% (2016: 2.30% to 3.23%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

5. Investment properties/investment property held for sale *(cont'd)*

Details of the Group's investment properties/investment property held for sale as at 31 May 2017 are as follows:

Description and location	Tenure	Existing use	Gross Floor Area (square metre)	Interest held by the Group (%)
Investment properties				
25 Playfair Road, Singapore	Freehold	Offices	1,659	100
32, 34 & 36 Mandai Estate, Singapore	Freehold	Dormitory	29,056	55
111 Emerald Hill Road #05-02, 111 Emerald Hill, Singapore	Freehold	Residential	224	100
111 Emerald Hill Road #03-03, 111 Emerald Hill, Singapore	Freehold	Residential	183	100
38 Cairnhill Road #15-06 The Laurels, Singapore	Freehold	Residential	51	100
76 Dakota Crescent #18-13 Waterbank at Dakota, Singapore	Leasehold	Residential	58	100
134 Serangoon Avenue 3 #15-15 The Scala, Singapore	Leasehold	Residential	97	100
1 Khiang Guan Avenue #22-02 Lincoln Suites, Singapore	Freehold	Residential	150	100
4190 Ang Mo Kio Avenue 6 Broadway Plaza, Singapore	Leasehold	Retail	5,142	100
20 Mactaggart Road Khong Guan Industrial Building, Singapore	Freehold	Office	5,297	100
712 Ang Mo Kio Avenue 6, #01-4056, Singapore	Leasehold	Retail	2,228	100
166 Bukit Merah Central, #01-3527, Singapore	Leasehold	Retail	2,800	100
451 Clementi Avenue 3, #01-309, Singapore	Leasehold	Retail	2,483	100
192 Lorong 4 Toa Payoh, #01-674 & #02-674, Singapore	Leasehold	Retail	2,226	100
50 Franklin Street, Melbourne, Australia	Freehold	Retail/office	11,232	100
Investment property held for sale				
247 - 249 Collins Street, Melbourne, Australia	Freehold	Retail/office	2,084	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

5. Investment properties/investment property held for sale *(cont'd)*

Details of the Group's investment properties under construction as at 31 May 2017 are as follows:

Description and location	Tenure	Existing use	Gross Floor Area (square metre)	Interest held by the Group (%)
24 Leng Kee Road, Singapore	Leasehold	Industrial	16,265	80
16 Spottiswoode Park Road #36-07 Spottiswoode Suites, Singapore	Freehold	Residential	117	100

6. Investment in subsidiaries

	Company	
	2017 $'000	**2016** $'000
Unquoted equity investments, at cost	75,299	68,799

(a) Composition of the Group

Details of the subsidiaries are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2017 (%)	**2016** (%)	**2017** $'000	**2016** $'000
Held by the Company						
Lian Beng Construction (1988) Pte Ltd [(1)]	General building construction and civil engineering works	Singapore	100	100	10,539	10,539
L.S. Construction Pte Ltd [(1)]	General building construction and civil engineering works	Singapore	100	100	3,308	3,308
Lian Beng Engineering & Machinery Pte Ltd [(1)]	Provision of engineering works and sale, rental and maintenance of construction machinery and equipment	Singapore	100	100	17,027	17,027

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

6. Investment in subsidiaries *(cont'd)*

(a) Composition of the Group *(cont'd)*

Details of the subsidiaries are as follows: *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2017 (%)	2016 (%)	2017 $'000	2016 $'000
***Held by the Company** (cont'd)*						
Sinmix Pte Ltd (1)	Manufacture and supply of concrete	Singapore	90	90	16,129	16,129
Tradewin Engineering Pte Ltd (1)	Sale, rental and maintenance of construction machinery and equipment, and the provision of electrical works	Singapore	100	100	358	358
Lian Beng Investment Pte Ltd (1)	Property investment holding	Singapore	100	100	1,353	1,353
Lian Beng Realty Pte Ltd (1)	Property developer	Singapore	100	100	1,000	1,000
Rocca Investments Pte Ltd (1)	Property developer	Singapore	100	100	1,400	1,400
Deenn Engineering Pte Ltd (1)	General building construction and civil engineering works	Singapore	100	100	8,500	8,500
Smooth Venture Pte Ltd (1)	Property investment holding	Singapore	100	100	501	1
CH Development Pte Ltd (1)	Property investment holding	Singapore	100	100	# –	# –
Kovan Land Pte Ltd (1)	Investment holding	Singapore	100	100	# –	# –
LB Property Pte Ltd (1)	Provision of management services	Singapore	100	100	# –	# –

6. Investment in subsidiaries *(cont'd)*

(a) Composition of the Group *(cont'd)*

Details of the subsidiaries are as follows: *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2017 (%)	2016 (%)	Cost of investment 2017 $'000	2016 $'000
Held by the Company *(cont'd)*						
Goldprime Investment Pte Ltd [1]	Investment holding	Singapore	100	100	# –	# –
LB Land Pte Ltd [1]	Property investment holding	Singapore	100	100	# –	# –
Millennium International Builders Pte Ltd [1]	General building construction and civil engineering works	Singapore	100	100	600	600
Lian Beng Resources Pte Ltd [1]	Trading of construction materials	Singapore	100	100	8,000	2,000
Lian Beng-Centurion (Mandai) Pte Ltd [1]	Property developer	Singapore	55	55	550	550
Lian Beng Land Pte Ltd [1]	Investment holding	Singapore	100	100	# –	# –
Millennium Marine & Shipping Pte Ltd [1]	Shipping operations including chartering of ships	Singapore	100	100	50	50
Luxe Development Pte Ltd [1]	Investment holding	Singapore	100	100	# –	# –
Sin Lian Holding Ltd [5]	Investment holding	Cayman Islands	–	100	# –	# –
Lian Beng (M) Pte Ltd [1]	Investment holding	Singapore	100	100	# –	# –
Starview Investment Pte Ltd [1]	Investment holding	Singapore	100	100	# –	# –
Lian Beng Bliss Pte Ltd [1]	Investment holding	Singapore	100	100	# –	# –

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

6. Investment in subsidiaries *(cont'd)*

(a) Composition of the Group *(cont'd)*

Details of the subsidiaries are as follows: *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2017 (%)	**2016** (%)	**2017** $'000	**2016** $'000
Held by the Company *(cont'd)*						
Wealth Property Pte Ltd (1)	Property developer	Singapore	65	65	650	650
Wealth Land Pte Ltd (1)	Investment holding	Singapore	100	100	# –	# –
Lian Beng (China) Pte Ltd (1)	Property developer and investment holding	Singapore	100	100	# –	# –
Goldprime Property Pte Ltd (1)	Investment holding	Singapore	100	100	# –	# –
Wealth Assets Pte Ltd (1)	Investment holding and automotive business	Singapore	80	80	# –	# –
Lian Beng Capital Pte Ltd (1)	Investment holding	Singapore	100	100	# –	# –
Associated KHL Industries Pte Ltd (1)	Engineering, automation and technical services, rental income	Singapore	100	100	3,824	3,824
Goldprime (M) Pte Ltd (1)	Investment holding	Singapore	100	100	# –	# –
Goldprime Land Pte Ltd (1)	Property developer	Singapore	51	51	510	510
Goldprime Realty Pte Ltd (1)	Investment holding	Singapore	80	80	# –	# –
Goldprime Dormitory Pte Ltd (1)	Investment holding	Singapore	100	100	# –	# –
LB Property (S) Pte Ltd (1)	Investment holding	Singapore	100	100	# –	# –
Lian Beng Ventures Pte Ltd (1)	Investment holding	Singapore	100	100	# –	# –

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

6. Investment in subsidiaries *(cont'd)*

(a) Composition of the Group *(cont'd)*

Details of the subsidiaries are as follows: *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2017 (%)	**2016** (%)	**2017** $'000	**2016** $'000
Held by the Company *(cont'd)*						
Great Development Pte Ltd [1]	Investment holding	Singapore	100	100	# –	# –
LB Gold Land Pte Ltd [1]	Investment holding	Singapore	100	100	1,000	1,000
Goldprime Development Pte Ltd [1]	Investment holding	Singapore	100	100	# –	# –
Oriental Investment Pte Ltd [1]	Investment holding	Singapore	100	100	# –	# –
Ang Mo Kio (LB) Pte Ltd [1]	Property investment holding	Singapore	100	–	# –	–
Bukit Merah (LB) Pte Ltd [1]	Property investment holding	Singapore	100	–	# –	–
Clementi (LB) Pte Ltd [1]	Property investment holding	Singapore	100	–	# –	–
Toa Payoh (LB) Pte Ltd [1]	Property investment holding	Singapore	100	–	# –	–
Lian Beng (BL) Pte Ltd [1]	Property investment holding	Singapore	100	–	# –	–
LB Asset Management Pte Ltd [1]	Investment holding	Singapore	100	–	# –	–
Lian Beng (Franklin) Pte Ltd [1]	Investment holding	Singapore	100	–	# –	–
Lian Beng (8) Pte Ltd [4]	Property investment holding	Singapore	100	–	# –	–
Wellprime Pte Ltd [4]	Property developer	Singapore	100	–	# –	–

NOTES
TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

6. Investment in subsidiaries *(cont'd)*

(a) Composition of the Group *(cont'd)*

Details of the subsidiaries are as follows: *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2017 (%)	2016 (%)	2017 $'000	2016 $'000
Held by subsidiaries						
Lian Beng (Bangladesh) Training and Testing Centre Pte Ltd (3)	Provision of training for construction workers	Bangladesh	70	70	–	–
Lian Beng Training & Testing Centre Pte Ltd (1)	Provision of management services	Singapore	70	70	–	–
Mountbatten Development Pte Ltd (1)	Property developer	Singapore	100	100	–	–
TAC System Formwork (S) Pte Ltd (5)	Provision of formwork services	Singapore	–	60	–	–
Sim Hup Co Pte Ltd (5)	Installation, repair and maintenance of machinery and equipment and engineering works	Singapore	–	100	–	–
Lian Beng-Centurion (Dormitory) Pte Ltd (1)	Property investment holding and provision of dormitory services	Singapore	55	55	–	–
Lian Beng Resources Sdn Bhd (2)	Provision of administrative service	Malaysia	100	100	–	–
Lian Beng (St Kilda) Pty Ltd (2)	Property developer	Australia	80	80	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

6. Investment in subsidiaries *(cont'd)*

(a) *Composition of the Group (cont'd)*

Details of the subsidiaries are as follows: *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2017 (%)	2016 (%)	2017 $'000	2016 $'000
***Held by subsidiaries** (cont'd)*						
State Rich International Limited [(1)]	Property investment holding	Singapore*	100	100	–	–
Lian Beng Ventures (Melbourne) Pty Ltd [(2)]	Property investment holding	Australia	100	100	–	–
Lian Beng Franklin Investment Pty Ltd [(4)]	Property investment holding	Australia	100	–	–	–
					75,299	68,799

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global in the respective countries
(3) Audited by Dewan Nazrul Islam & Co
(4) Not required to be audited as it was dormant/exempted by country of incorporation
(5) Struck off during the year/in the process of being struck off
# Denotes less than $1,000
* Incorporated in British Virgin Islands

NOTES
TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

6. Investment in subsidiaries *(cont'd)*

(b) *Interest in subsidiaries with material non-controlling interest ("NCI")*

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Proportion of profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
			$'000	$'000	$'000
31 May 2017:					
Lian Beng-Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng - Centurion (Dormitory) Pte Ltd)	Singapore	45%	4,949	76,411	11,120
31 May 2016:					
Lian Beng-Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng - Centurion (Dormitory) Pte Ltd)	Singapore	45%	6,053	82,582	1,723

Significant restrictions

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

(c) *Summarised financial information about subsidiaries with material NCI*

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

6. Investment in subsidiaries *(cont'd)*

(c) Summarised financial information about subsidiaries with material NCI *(cont'd)*

Summarised statement of financial position

	Lian Beng - Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng - Centurion (Dormitory) Pte Ltd)	
	2017 $'000	**2016** $'000
Current		
Assets	21,380	33,732
Liabilities	(15,323)	(15,747)
Net current assets	6,057	17,985
Non-current		
Assets	327,277	336,828
Liabilities	(163,532)	(171,298)
Net non-current assets	163,745	165,530
Net assets	169,802	183,515

Summarised statement of comprehensive income

	2017 $'000	**2016** $'000
Revenue	23,015	23,226
Other operating income	1,965	2,447
Fair value loss on investment property	(1,800)	–
Profit before taxation	13,536	16,080
Taxation	(2,538)	(2,629)
Profit for the year, net of taxation, representing total comprehensive income for the year	10,998	13,451

Other summarised information

	2017	2016
Net cash flows from operations	14,558	13,764
Acquisition of property, plant and equipment	188	144

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

6. Investment in subsidiaries *(cont'd)*

(d) *Acquisition of subsidiaries*

(i) On 29 April 2016, a subsidiary of the Company acquired 100% equity interest in State Rich International Limited ("State Rich") for a purchase consideration of $12,257,000. State Rich is a company incorporated in British Virgin Islands and owns a five-storey recreation centre, known as Broadway Plaza, located at 4190 Ang Mo Kio Avenue 6, Singapore. Broadway Plaza is being rented out to generate rental income.

The fair values of the identifiable assets and liabilities of State Rich as at the acquisition date were:

	Fair value recognised
	2016
	$'000
Assets	
Investment property	51,500
Trade and other receivables	75
Cash and cash equivalents	117
Prepayments	227
	51,919
Liabilities	
Trade and other payables	634
Provision for taxation	285
Bank loan	38,743
	39,662
Total identifiable net assets at fair value, representing consideration paid for the acquisition of State Rich	12,257
Effect of the acquisition of State Rich on cash flow:	
Total consideration paid	12,257
Less: Cash and cash equivalents of subsidiary acquired	(117)
Net cash outflow on acquisition	12,140

Impact of acquisition on profit or loss

From the acquisition date, State Rich has contributed $222,000 of revenue and $131,000 of net profit to the Group for the financial year ended 31 May 2016. If the business combination had taken place at the beginning of the previous financial year, the Group's revenue would have been $447,805,000 and the Group's profit net of taxation would have been $107,149,000 for the financial year ended 31 May 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

6. Investment in subsidiaries *(cont'd)*

(d) *Acquisition of subsidiaries (cont'd)*

(ii) On 18 March 2016, the Company acquired additional 75% equity interest in Great Development Pte Ltd ("Great Development") for a purchase consideration of $75. Following the acquisition, Great Development became a wholly-owned subsidiary of the Company.

The fair values of the identifiable assets and liabilities of Great Development as at the acquisition date were:

	Fair value recognised 2016 $'000
Assets	–
Liabilities	
Other payables	1
Total identifiable net liabilities at fair value	(1)
Goodwill on purchase	1
Consideration paid for the acquisition of Great Development	–
Effect of the acquisition of Great Development on cash flow:	
Total consideration paid	–
Less: Cash and cash equivalents of subsidiary acquired	–
Net cash outflow on acquisition	–

(e) *Impairment testing of investment in subsidiaries*

There was no impairment loss (2016: $Nil) recognised during the financial year.

7. Investment in joint arrangements

(a) *Joint ventures*

The Group's material investment in joint ventures are summarised below:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Oxley – Lian Beng Pte Ltd	22,969	64,057	–	–
Spottiswoode Development Pte Ltd	8,909	2,864	500	500
Other joint ventures	2,662	2,934	5,720	5,720
	34,540	69,855	6,220	6,220

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

7. Investment in joint arrangements *(cont'd)*

(a) Joint ventures *(cont'd)*

Details of the investment in joint ventures are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2017 (%)	2016 (%)
Held by the Company				
United E & P Pte Ltd [(1)]	Manufacture of asphalt premix for construction industry	Singapore	40	40
Spottiswoode Development Pte Ltd [(2)]	Property developer	Singapore	50	50
Oxley – Lian Beng Venture Pte Ltd [(2)]	Investment holding	Singapore	*	50
Lian Beng – KSH Pte Ltd [(3)]	Property developer	Singapore	50	50
Held by subsidiaries				
Lian Beng – Amin Joint Venture PVT Ltd [(4)]	General building construction and civil engineering works	Republic of Maldives	50	50
Phileap Pte Ltd [(1)]	Property developer	Singapore	25	25
Oxley – Lian Beng Pte Ltd [(2)]	Property developer	Singapore	50	50
Paul Y. – Lian Beng JV Pte. Ltd. [(1)]	General building construction and civil engineering works	Singapore	50	50

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by RSM Chio Lim LLP

(3) Not required to be audited as the joint venture is dormant

(4) Not required to be audited as the joint venture is dormant. It is currently undergoing voluntary liquidation

* The Group reduced its ownership interest in Oxley-Lian Beng Venture Pte Ltd during the financial year to 20% and accounts for it as an associate (Note 8).

The above joint ventures are strategic to the Group's activities. The Group jointly controls the above ventures with partners under the contractual agreements and requires unanimous consent for all major decisions over the relevant activities.

There was dividend of $40,750,000 (2016: $Nil) received from a joint venture during the financial year.

7. Investment in joint arrangements *(cont'd)*

(a) Joint ventures *(cont'd)*

There is no significant restriction in the ability of the Group's joint ventures to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

Aggregate information about the Group's share in joint ventures (adjusted for the percentage of ownership held by the Group) that are not individually material are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Loss for the year, net of taxation, representing total comprehensive income for the year	(273)	(519)

The summarised financial information in respect of material investment in a joint venture, based on its FRS financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised statement of financial position

	Oxley – Lian Beng Pte Ltd	
	2017	**2016**
	$'000	$'000
Cash and cash equivalents	4,462	6,650
Other current assets	44,152	230,723
Total current assets	48,614	237,373
Non-current assets	–	–
Total assets	48,614	237,373
Current liabilities	2,562	109,204
Non-current financial liabilities	–	–
Total liabilities	2,562	109,204
Net assets	46,052	128,169
Proportion of the Group's ownership	50%	50%
Group's share of net asset	23,026	64,085
Other adjustments [1]	(57)	(28)
Carrying amount of the investment	22,969	64,057

[1] Other adjustments comprise unrealised profit on the intercompany transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

7. Investment in joint arrangements *(cont'd)*

(a) Joint ventures *(cont'd)*

Summarised statement of comprehensive income

	Oxley – Lian Beng Pte Ltd	
	2017 $'000	**2016** $'000
Revenue	–	217,589
Other income	137	71
Interest income	–	1,856
Other operating expenses	(416)	(132,244)
Finance costs	(153)	(2,321)
(Loss)/profit before taxation	(432)	84,951
Taxation	(185)	(14,408)
(Loss)/profit for the year, net of taxation	(617)	70,543
Other comprehensive income for the year, net of taxation	–	–
Total comprehensive income for the year	(617)	70,543
Proportion of the Group's ownership	50%	50%
Group's share of net results	(309)	35,272

Summarised statement of financial position

	Spottiswoode Development Pte Ltd	
	2017 $'000	**2016** $'000
Cash and cash equivalents	35,370	35,495
Other current assets	129,218	114,151
Total current assets	164,588	149,646
Non-current assets	–	–
Total assets	164,588	149,646
Current liabilities	142,706	28,880
Non-current financial liabilities (excluding trade and other payable and provisions)	–	113,500
Other non-current liabilities	3,585	1,299
Total non-current liabilities	3,585	114,799
Total liabilities	146,291	143,679
Net assets	18,297	5,967
Proportion of the Group's ownership	50%	50%
Group's share of net asset	9,149	2,984
Other adjustments [1]	(240)	(120)
Carrying amount of the investment	8,909	2,864

[1] Other adjustments comprise unrealised profit on the intercompany transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

7. Investment in joint arrangements *(cont'd)*

(a) Joint ventures *(cont'd)*

Summarised statement of comprehensive income

	Spottiswoode Development Pte Ltd	
	2017 $'000	**2016** $'000
Revenue	116,503	40,502
Other income	3	1
Interest income	206	226
Other operating expenses	(101,245)	(32,616)
Finance costs	(851)	(919)
Profit before taxation	14,616	7,194
Taxation	(2,286)	(1,366)
Profit for the year, net of taxation	12,330	5,828
Other comprehensive income for the year, net of taxation	–	–
Total comprehensive income for the year	12,330	5,828
Proportion of the Group's ownership	50%	50%
Group's share of net results	6,165	2,914

(b) Joint operation

Details of the Group's joint operation are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2017 (%)	2016 (%)
Held by subsidiary				
LB – RD JV	General building construction and civil engineering works	Singapore	50	50

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

8. Investment in associates

The Group's material investment in associates are summarised below:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Centurion – Lian Beng (Papan) Pte Ltd	8,488	6,040	–	–
Epic Land Pte Ltd and its subsidiaries	10,821	8,589	–	–
Oxley Bliss Pte Ltd	15,821	13,974	–	–
Oxley Sanctuary Pte Ltd	5,922	20,705	–	–
Other associates	2,918	20,506	200	200
	43,970	69,814	200	200

Details of the investment in associates are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2017 (%)	Proportion of ownership interest 2016 (%)
Held by the Company				
Millennium Land Pte Ltd (3)	Investment holding	Singapore	38	38
Wealth Development Pte Ltd (1)	Property developer	Singapore	40	40
Oxley – Lian Beng Venture Pte Ltd (3)	Property developer	Singapore	20	*
Held by subsidiaries				
Oxley Viva Pte Ltd (3)	Property developer	Singapore	10	10
Oxley YCK Pte Ltd (3)	Property developer	Singapore	10	10
Oxley Sanctuary Pte Ltd (3)	Property developer	Singapore	15	15
Oxley Bliss Pte Ltd (3)	Property developer	Singapore	30	30
Action Property Pte Ltd (3)	Property developer	Singapore	19	19
Centurion Kovan Pte Ltd (3)	Property developer	Singapore	19	19

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

8. Investment in associates *(cont'd)*

Details of the investment in associates are as follows: *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2017 (%)	Proportion of ownership interest 2016 (%)
***Held by subsidiaries** (cont'd)*				
KAP Holdings (China) Pte Ltd [(4)]	Investment holding	Singapore	20	20
Epic Land Pte Ltd [(1)]	Property dealing and property rental business	Singapore	32	32
Centurion – Lian Beng (Papan) Pte Ltd [(5)]	Provision of dormitory services	Singapore	49	49
Wickham Invesco Pte Ltd [(1)]	Investment holding	Singapore	30	30
Prospere Holdings Pte Ltd [(1)]	Investment holding	Singapore	30	30
Grand Millennium Development Sdn Bhd [(7)]	Property developer	Malaysia	–	49
LGB – NB Pte Ltd [(6)]	Investment holding	Singapore	15	15
Prospere Hotels Pte Ltd [(1)]	Investment holding	Singapore	40	40
Fairmont Land Pte Ltd [(1)]	Investment holding	Singapore	15	15

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by member firms of EY Global in the respective countries

(3) Audited by RSM Chio Lim LLP

(4) Audited by Deloitte & Touche LLP

(5) Audited by PricewaterhouseCoopers LLP, Singapore

(6) Audited by KPMG LLP

(7) Disposed during the year

* The Group held 50% ownership in Oxley-Lian Beng Venture Pte Ltd in 2016 and it was accounted for as a joint venture (Note 7) in the previous financial year ended 31 May 2016.

The above associates are strategic to the Group's activities. The Group has the power to participate in the financial and operating policy decisions of the associates but does not have control or joint control of these policies.

There were dividends of $35,456,000 (2016: $Nil) received from associates during the financial year.

There is no significant restriction in the ability of the Group's associates to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

8. Investment in associates *(cont'd)*

Aggregate information about the Group's share in associates (adjusted for the percentage of ownership held by the Group) that are not individually material are as follows:

	Group	
	2017 $'000	**2016** $'000
Loss for the year, net of taxation	(1,693)	(592)
Other comprehensive income for the year, net of taxation	(602)	280
Total comprehensive income for the year	(2,295)	(312)

The summarised financial information in respect of material investment in associates, based on their FRS financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised statement of financial position

	Centurion – Lian Beng (Papan) Pte Ltd		Epic Land Pte Ltd and its subsidiaries		Oxley Sanctuary Pte Ltd		Oxley Bliss Pte Ltd	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000	**2017** $'000	**2016** $'000	**2017** $'000	**2016** $'000
Current assets	14,019	6,901	168,129	375,644	81,307	379,699	11,462	4,168
Non-current assets	199,071	200,873	–	–	–	–	200,001	200,001
Total assets	213,090	207,774	168,129	375,644	81,307	379,699	211,463	204,169
Current liabilities	25,237	19,875	34,312	168,803	41,786	10,280	158,726	57,718
Non-current liabilities	170,531	174,528	100,000	180,000	–	230,408	–	99,870
Total liabilities	195,768	194,403	134,312	348,803	41,786	240,688	158,726	157,588
Net assets	17,322	13,371	33,817	26,841	39,521	139,011	52,737	46,581
Proportion of the Group's ownership	49%	49%	32%	32%	15%	15%	30%	30%
Group's share of net assets	8,488	6,552	10,821	8,589	5,928	20,852	15,821	13,974
Other adjustments [(1)]	–	(512)	–	–	(6)	(147)	–	–
Carrying amount of the investment	8,488	6,040	10,821	8,589	5,922	20,705	15,821	13,974

[(1)] Other adjustments comprise unrealised profit on the intercompany transactions.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2017

8. Investment in associates *(cont'd)*

Summarised statement of comprehensive income

	Centurion – Lian Beng (Papan) Pte Ltd		**Epic Land Pte Ltd and its subsidiaries**		**Oxley Sanctuary Pte Ltd**		**Oxley Bliss Pte Ltd**	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000	**2017** $'000	**2016** $'000	**2017** $'000	**2016** $'000
Revenue	16,214	11	36,416	106,833	124,162	319,923	10,480	8,865
Other income	47	76	5,813	5,633	1,911	5,122	22	20
Rental income	–	–	9,269	15,996	–	–	–	–
Fair value gain on investment properties	1,251	12,241	–	–	–	–	2,933	61,718
Profit for the year, net of taxation	4,996	11,963	6,976	16,352	33,909	106,199	6,992	62,741
Other comprehensive income for the year, net of taxation	–	–	–	–	–	–	–	–
Total comprehensive income for the year	4,996	11,963	6,976	16,352	33,909	106,199	6,992	62,741
Proportion of the Group's ownership	49%	49%	32%	32%	15%	15%	30%	30%
Group's share of results	2,448	5,862	2,232	5,233	5,086	15,930	2,098	18,822

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

9. Investment securities

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
(a) **Current**				
Held for trading investments				
– Quoted equity investments (SGD)	615	1,725	–	–
– Quoted index linked notes (SGD)	1,000	985	–	–
– Structured notes (SGD)	–	504	–	–
	1,615	3,214	–	–
Available-for-sale financial assets				
– Quoted equity investments (SGD)	–	5,714	–	5,714
– Quoted non-equity investments (SGD)	5,012	22,757	–	–
– Structured notes (SGD)	200	–	–	–
– Structured notes (USD)	688	–	–	–
	5,900	28,471	–	5,714
Total current investment securities	7,515	31,685	–	5,714
(b) **Non-current**				
Available-for-sale financial assets				
– Quoted equity investments (SGD)	18,629	15,025	17,860	14,250
– Quoted non-equity investments (SGD)	57,279	40,492	–	–
– Quoted non-equity investments (USD)	43,436	5,284	–	–
– Unquoted equity investments (SGD)	150	150	–	–
Total non-current investment securities	119,494	60,951	17,860	14,250

The quoted non-equity investments denominated in Singapore Dollars and United States Dollars include corporate bonds, which bear coupon rates ranging from 2.06% to 7.25% (2016: 2.95% to 7.25%) per annum.

Investments pledged as security

The Group's investment securities amounting to $105,149,000 (2016: $68,219,000) have been pledged as security for bank loans (Note 20).

Impairment loss

During the financial year, there was an impairment loss of $2,090,000 (2016: $7,470,000) recognised on a non-current available-for-sale quoted equity investment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

10. Construction work-in-progress

	Group	
	2017 $'000	**2016** $'000
Construction costs	2,119,111	2,119,118
Attributable profits less recognised losses	353,526	320,103
	2,472,637	2,439,221
Progress billings	(2,527,530)	(2,535,967)
	(54,893)	(96,746)
Represented by:		
Construction work-in-progress in excess of progress billings	4,811	1,646
Progress billings in excess of construction work-in-progress	(59,704)	(98,392)
	(54,893)	(96,746)
Retention monies on construction contracts included in trade receivables	22,845	47,268

The following were capitalised in construction costs during the year:

	Group	
	2017 $'000	**2016** $'000
Depreciation of plant and machinery (Note 4)	82	1,894
Impairment loss on plant and machinery (Note 4)	–	8,143
Staff costs	24,848	30,510
Operating lease expenses	1,233	2,723

11. Development properties

		Group	
		2017 $'000	**2016** $'000
(a)	Properties under development, units for which revenue is recognised using completion of contract method:		
	Cost incurred	147,463	149,424
	Allowance for foreseeable losses	–	–
	Properties under development, net	147,463	149,424
(b)	Completed development properties	14,768	14,768
	Allowance for foreseeable losses	(800)	(800)
	Completed development properties, net	13,968	13,968
	Total development properties	161,431	163,392

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

11. Development properties *(cont'd)*

Assets pledged as security

Development properties with carrying amount of $147,463,000 (2016: $149,424,000) are pledged to banks for loans granted to subsidiaries (Note 20).

Capitalisation of borrowing costs

The interest on bank borrowings capitalised in the current financial year amounted to $2,668,000 (2016: $2,260,000). The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 1.85% to 3.06% (2016: 2.22% to 3.29%) per annum. Interest ceases to be capitalised when the Temporary Occupation Permit ("TOP") has been obtained.

Details of the Group's development properties are as follows:

Description and Location	**Tenure**	**Site area/ floor area (square metre)**	**Stage of development/ expected completion date**	**Interest held by the Group**	
				2017 (%)	**2016** (%)
Properties under development					
Proposed 7 storey ramp up strata industrial building on Lot 2964N at Mukim 29 Tampines North Drive 1, Singapore	Leasehold	27,395 (site area)	Under construction and expected completion date 31 August 2018	51	51
Vacant land at 596 St Kilda Road, Melbourne, Australia	Freehold	1,804 (site area)	Obtained development and planning permit	80	80
Completed development properties					
221 Balestier Road #02-05, #03-04 & #04-01, Rocca Balestier, Singapore	Freehold	605 (floor area)	Certificate of Statutory Completion issued on 21 December 2005	100	100
65 Cairnhill Road #06-01, The Ritz-Carlton Residences, Singapore	Freehold	263 (floor area)	Certificate of Statutory Completion issued on 29 August 2011	100	100
Proposed 11 storey ramp up food factory on Lot 1718L Mukim 14 at Mandai Link, Singapore	Leasehold	6,891 (site area)	Temporary Occupation Permit issued on 5 April 2017	65	65

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

12. Inventories

	Group	
	2017	**2016**
	$'000	$'000
Statement of financial position:		
Raw materials (at cost)	4,297	4,429
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	52,831	72,004

13. Trade receivables

	Group	
	2017	**2016**
	$'000	$'000
Trade receivables	37,839	63,641
Retention monies on construction contracts	22,845	47,268
	60,684	110,909
Less: Allowance for doubtful receivables	(1,591)	(1,998)
	59,093	108,911

Trade receivables are non-interest bearing and are normally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

All trade receivables are denominated in Singapore Dollars.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $14,976,000 (2016: $23,320,000), that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017	**2016**
	$'000	$'000
Trade receivables past due but not impaired:		
Less than 30 days	5,737	4,828
30 to 60 days	1,773	8,394
61 to 90 days	2,211	1,043
91 to 120 days	685	1,221
More than 120 days	4,570	7,834
	14,976	23,320

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

13. Trade receivables *(cont'd)*

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		**Individually impaired**	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Trade receivables – nominal amounts	–	–	1,591	1,998
Less: Allowance for impairment	–	–	(1,591)	(1,998)
	–	–	–	–
Movement in allowance accounts:				
At 1 June	–	–	1,998	1,542
Charge for the year	–	–	262	456
Bad debt written off	–	–	(669)	–
At 31 May	–	–	1,591	1,998

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

14. Other receivables and deposits

	Group		**Company**	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
(a) **Current**				
Other receivables and deposits				
Other receivables (Note A)	23,501	20,097	128	137
Amount due from a shareholder of a subsidiary (Note B)	134	8,246	–	–
Amount due from a director of a joint venture (Note C)	3,815	–	3,815	–
Deposits	1,472	1,001	–	–
Land tender deposit	3,500	–	3,500	–
	32,422	29,344	7,443	137
Allowance for doubtful receivables	(38)	(38)	–	–
	32,384	29,306	7,443	137

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

14. Other receivables and deposits *(cont'd)*

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
(b) **Non-Current**				
Amounts due from third parties				
Amount due from a shareholder of a subsidiary (Note B)	3,357	6,801	–	–
Amount due from a director of a joint venture (Note C)	–	3,604	–	3,604
	3,357	10,405	–	3,604

Note A

The amounts relating to other receivables are unsecured, repayable on demand, expected to be settled in cash and interest-free except for an amount of $2,037,000 (2016: $2,037,000) which bears interest at 5% (2016: 5%) per annum.

Other receivables denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
British Pounds	2,237	2,158	–	–
Malaysian Ringgit	10,475	8,552	–	–
Australian Dollars	343	–	–	–
United States Dollars	306	–	–	–

Note B

The amount due from a shareholder of a subsidiary is denominated in Singapore Dollars, unsecured, interest-free, repayable on demand and is expected to be settled in cash, except for an amount of $3,357,000 (2016: $13,577,000) which bears interest at 1.5% (2016: 1.5%) per annum over the bank's prevailing 3-month SIBOR rate and is repayable in 14 instalments commencing from 1 February 2016 and a final instalment payable on 1 May 2019.

Note C

The amount due from a director of a joint venture is denominated in Singapore Dollars, unsecured, interest-free, repayable on demand and is expected to be settled in cash, except for an amount of $3,520,000 (2016: $3,520,000) which bears interest at 3% (2016: 3%) per annum, repayable on 4 August 2017 and is expected to be settled in cash.

The amount is secured by a charge over the interest in 2,000 shares (representing approximately 66.6%) held by the director of the joint venture in United E & P Holdings Pte Ltd, which is also one of the shareholders of the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

15. Amounts due from/to affiliated companies, subsidiaries, joint ventures and associates

(a) *Amounts due from affiliated companies*

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Amounts due from affiliated companies	1	1	–	–

Amounts due from affiliated companies are interest-free, unsecured, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars.

(b) *Amounts due from subsidiaries*

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Amounts due from subsidiaries	–	–	258,607	210,733
Less: Allowance for doubtful receivables	–	–	(1,360)	–
	–	–	257,247	210,733

Amounts due from subsidiaries are interest-free, unsecured, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars.

(c) *Amounts due from joint ventures*

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Trade	13,377	17,015	–	–
Non-trade	23,883	24,084	10,897	10,346
	37,260	41,099	10,897	10,346

The trade amounts due from joint ventures are interest-free, are normally on 35 days' term and are denominated in Singapore Dollars. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The non-trade amounts due from joint ventures are unsecured, repayable on demand, expected to be settled in cash, denominated in Singapore Dollars and are interest-free except for an amount of $12,864,000 (2016: $13,529,000) which bears interest at 2.3% (2016: 2.3%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

15. Amounts due from/to affiliated companies, subsidiaries, joint ventures and associates *(cont'd)*

(c) *Amounts due from joint ventures (cont'd)*

Trade amounts due from joint ventures that are past due but not impaired

The Group has trade amounts due from joint ventures of $4,136,000 (2016: $2,632,000), that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017	**2016**
	$'000	$'000
Amounts past due but not impaired:		
Less than 30 days	568	318
30 to 60 days	367	48
61 to 90 days	499	4
91 to 120 days	252	14
More than 120 days	2,450	2,248
	4,136	2,632

There are no trade amounts due from joint ventures that are impaired at the end of the reporting period.

(d) *Amounts due to joint ventures*

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Trade	107	12	–	–
Non-trade	17,710	30,109	–	–
	17,817	30,121	–	–

The trade amounts due to joint ventures are unsecured, interest-free, normally settled on 30 days' term, expected to be settled in cash and are denominated in Singapore Dollars.

The non-trade amounts due to joint ventures are unsecured, repayable on demand, expected to be settled in cash, denominated in Singapore Dollars and are interest-free except for an amount of $Nil (2016: $28,250,000) which bears interest at Nil% (2016: 3%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

15. Amounts due from/to affiliated companies, subsidiaries, joint ventures and associates *(cont'd)*

(e) *Amounts due from associates*

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Current				
Trade (Note A)	6,270	4,975	–	–
Non-trade (Note B)	93,825	114,057	18,843	9,660
	100,095	119,032	18,843	9,660
Less: Allowance for doubtful receivables	–	(1,000)	–	–
	100,095	118,032	18,843	9,660
Non-current				
Non-trade (Note C)	45,000	45,000	–	–

Note A

The trade amounts due from associates are interest-free, are normally on 30 days' term and are denominated in Singapore Dollars. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade amounts due from associates that are past due but not impaired

The Group has no trade amounts due from associates that are past due at the end of the reporting period.

There are no trade amounts due from associates that are impaired at the end of the reporting period.

Note B

The non-trade amounts due from associates are unsecured, repayable on demand, expected to be settled in cash and are interest-free, except for an amount of $36,833,000 (2016: $69,404,000) which bears interest at 2.37% to 5.00% (2016: 2.73% to 5.35%) per annum.

The non-trade amounts due from associates denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
British Pounds	13,306	17,057	–	–
China Renminbi	4,048	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

15. Amounts due from/to affiliated companies, subsidiaries, joint ventures and associates *(cont'd)*

(e) *Amounts due from associates (cont'd)*

Note C

The amount due from associates is unsecured, bears interest at 1.5% (2016: 1.5%) per annum over the bank's prevailing 3-month SIBOR rate, repayable in 28 quarterly instalments commencing from 1 May 2019, expected to be settled in cash and is denominated in Singapore Dollars.

(f) *Amounts due to associates*

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Non-trade	1,361	16,346	76	76

The amounts due to associates are unsecured, repayable on demand, expected to be settled in cash, denominated in Singapore Dollars and are interest-free except for an amount of $Nil (2016: $11,359,000) which bears interest at Nil% (2016: 5.35%) per annum.

16. Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise only cash and short term deposits at the end of the reporting period.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Fixed deposits (Note 17)	47,023	87,452	20,016	1,000
Cash on hand and at banks	140,781	72,675	19,410	3,233
Cash and cash equivalents	187,804	160,127	39,426	4,233

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Included in cash and cash equivalents are amounts of $16,727,000 (2016: $13,179,000) maintained in Project Accounts. The funds in the Project Accounts can only be applied in accordance with the Housing Developers (Project Account) Rules.

Cash and cash equivalents denominated in foreign currencies as at 31 May are as follows:

	Group	
	2017	**2016**
	$'000	$'000
United States Dollars	1,509	734
Malaysia Ringgit	3,810	86
British Pounds	1,616	96
Australia Dollars	6,718	3,631
	13,653	4,547

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

17. Fixed deposits

Fixed deposits earn interest of 0.10% to 3.10% (2016: 0.10% to 2.00%) per annum and have maturities ranging between 7 days and 12 months (2016: 7 days and 12 months), depending on the immediate cash requirements of the Group and the Company. Fixed deposits can be readily converted into known amount of cash and are subject to insignificant risk of change in values.

18. Trade and other payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Trade payables	111,368	131,039	–	–
Other payables	62,197	58,546	39	96
	173,565	189,585	39	96

Trade payables

Trade payables include amounts due to non-controlling interests of a subsidiary of $Nil (2016: $115,000). Trade payables are non-interest bearing and normally settled on 30 to 90 days' terms.

Other payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Derivative liability	449	–	–	–
Progress billings received in advance	33,248	33,452	–	–
Deferred income	337	1,320	–	–
Refundable deposits	3,950	4,666	–	–
Deposit received for disposal of investment property	3,607	–	–	–
Other payables	2,611	2,257	39	96
Amounts due to non-controlling interests of subsidiaries (non-trade)	17,995	16,851	–	–
	62,197	58,546	39	96

Other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Progress billings received in advance relates to payments received for sale of development properties recognised in accordance with the completion of contracts method.

Deferred income pertains to unrealised income capitalised within the development properties of associates and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

18. Trade and other payables *(cont'd)*

Amounts due to non-controlling interests of subsidiaries (non-trade) are denominated in Singapore Dollars, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

Trade and other payables denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
United States Dollars	43	58	–	–
Malaysian Ringgit	–	67	–	–
Australian Dollars	3,885	71	–	–
	3,928	196	–	–

19. Amounts due to subsidiaries

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Non-trade				
Current	–	–	257,679	216,150
Non-current	–	–	10,103	14,314

The amounts due to subsidiaries are unsecured, repayable on demand, expected to be settled in cash and are interest-free, except for an amount of $10,103,000 (2016: $22,595,000) which bears interest at 1.5% (2016: 1.5%) per annum over the bank's prevailing 3-month SIBOR rate and is repayable in 20 instalments commencing from 1 February 2016 and a final instalment payable on 1 November 2020.

20. Bank loans

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Current liabilities				
Short-term bank loans	243,833	98,656	–	–
Current portion of long-term bank loans	14,341	11,861	–	–
	258,174	110,517	–	–
Non-current liabilities				
Long-term bank loans	422,325	317,543	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

20. Bank loans *(cont'd)*

(a) The Group's loans are denominated mainly in Singapore Dollars, United State Dollars and Australian Dollars. During the financial year, the effective interest rates for bank loans ranged from 1.10% to 4.25% (2016: 1.18% to 4.25%) per annum.

(b) There are no unsecured loan for the years ended 31 May 2017 and 2016. The Group's loans are generally secured by corporate guarantee provided by the Group and the assignment of rights, titles and benefits with respect to property, plant and equipment (Note 4), investment properties (Note 5), development properties (Note 11) and investment securities (Note 9).

21. Obligations under hire purchase

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		
	Minimum lease payments $'000	**Interest** $'000	**Present value of payments** $'000
2017			
Not later than one year	3,926	(146)	3,780
Later than one year but not later than five years	3,291	(67)	3,224
	7,217	(213)	7,004
2016			
Not later than one year	6,214	(272)	5,942
Later than one year but not later than five years	6,821	(187)	6,634
	13,035	(459)	12,576

Lease terms range from 2 to 8 years (2016: 2 to 8 years) with options to purchase at the end of the lease terms. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. Interest is charged at rates ranging from 2.42% to 6.00% (2016: 2.42% to 5.24%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

22. Deferred tax assets/liabilities

	Group			
	Consolidated statement of financial position		**Consolidated statement of comprehensive income**	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Deferred tax assets				
Provision	1	10	9	(9)
Differences in depreciation	(677)	(692)	(15)	261
Productivity and Innovation Credit	925	1,330	405	(263)
Total deferred tax assets	249	648		
Deferred tax liabilities				
Differences in depreciation	(1,620)	(2,056)	(436)	(1,438)
Provisions	16	16	–	–
Productivity and Innovation Credit	431	567	136	359
Fair value gain on investment property held for sale	(134)	–	134	–
Unabsorbed capital allowance	67	–	(67)	–
Total deferred tax liabilities	(1,240)	(1,473)		
Deferred income tax expense/(credit) (Note 29)			166	(1,090)

Unrecognised tax losses

The Group has deferred tax assets that have not been recognised due to uncertainty of their recoverability. The use of these balances is subject to the agreement of the relevant tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies in the Group operates, as follows:

	Group	
	2017 $'000	**2016** $'000
Deductible temporary differences	5,651	5,341
Tax losses	3,507	2,978
	9,158	8,319

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

22. Deferred tax assets/liabilities *(cont'd)*

Unrecognised temporary differences relating to investments in subsidiaries, joint ventures and associates

At the end of the reporting period, no deferred tax liability (2016: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas subsidiaries, joint ventures and associates as:

– The Group has determined that undistributed earnings of its overseas subsidiaries will not be distributed in the foreseeable future; and

– There are no overseas joint ventures and associates with undistributed earnings.

The undistributed earnings have been subjected to tax at a headline tax rates of more than 15% in the respective jurisdictions and are therefore tax exempted in accordance with Section 13(8) of the Singapore Income Tax Act.

Deferred income tax related to other comprehensive income

There is no (2016: $Nil) deferred income tax related to other comprehensive income for the financial year ended 31 May 2017.

23. Share capital and treasury shares

(a) ***Share capital***

	Group and Company			
	2017		2016	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At beginning and end of financial year	529,760	82,275	529,760	82,275

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

23. Share capital and treasury shares *(cont'd)*

(b) ***Treasury shares***

	Group and Company			
	2017		2016	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 June	(30,071)	(17,777)	(19,895)	(12,781)
Purchased during the year	–	–	(10,176)	(4,996)
At 31 May	(30,071)	(17,777)	(30,071)	(17,777)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired Nil (2016: 10,176,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $Nil (2016: $4,996,000) and this was presented as a component within shareholders' equity.

24. Other reserves

(a) ***Foreign currency translation reserve***

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At 1 June	(97)	(32)	–	–
Foreign currency translation	(3,005)	(65)	–	–
At 31 May	(3,102)	(97)	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

24. Other reserves *(cont'd)*

(b) ***Fair value adjustment reserve***

Fair value adjustment reserve represents the cumulative fair value changes, net of taxation, of available-for-sale financial assets until they are disposed of or impaired.

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
At 1 June	(2,138)	(703)	(1,869)	(1,010)
Net gain/(loss) on fair value changes of available-for-sale financial assets	5,808	(8,905)	5,700	(8,329)
Net fair value changes of available-for-sale financial assets reclassified to profit or loss	1,869	–	1,869	–
Impairment loss on available-for-sale financial assets reclassified to profit or loss	–	7,470	–	7,470
At 31 May	5,539	(2,138)	5,700	(1,869)

(c) ***Capital reserve***

Capital reserve represents the difference between consideration and the carrying value of the additional interest acquired from/disposed to non-controlling interests.

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
At 1 June	(220)	(221)	–	–
Acquisition and disposal of non-controlling interests without a change in control	–	1	–	–
At 31 May	(220)	(220)	–	–
Total other reserves	2,217	(2,455)	5,700	(1,869)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

25. Revenue

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Construction contract revenue	103,286	346,353	–	–
Revenue from sale of goods	54,103	70,348	–	–
Revenue from rendering of services	403	1,103	–	–
Rental and service income from dormitories	22,867	23,226	–	–
Rental income				
– Third parties	11,654	3,739	–	–
– Joint venture	30	26	–	–
– Affiliated companies	8	8	–	–
Revenue from civil engineering and other works				
– Third parties	573	527	–	–
– Joint venture	110	85	–	–
Interest income from corporate bonds	960	–	–	–
Dividend income from investment securities	37	–	–	–
Sale of development properties	87,630	–	–	–
Maintenance of plant and machinery	4	–	–	–
Dividend income from unquoted subsidiaries	–	–	73,462	3,905
	281,665	445,415	73,462	3,905

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

26. Profit/(loss) before taxation

Profit/(loss) before taxation includes the following:

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
(a) ***Other operating income:***				
Dividend income				
– short-term quoted equity investments	63	1	–	–
– long-term quoted equity investments	802	902	760	890
– other securities	183	10	–	–
Interest income				
– fixed deposits	651	1,434	39	45
– bank balances	188	186	34	25
– associates	3,528	3,423	–	–
– joint ventures	952	488	–	–
– a director of a joint venture	211	–	211	–
– bonds	2,544	2,994	–	–
– others	334	548	–	–
Gain on disposal of plant and equipment	412	761	–	–
Rental income from investment properties (Note 5)	381	414	–	–
Other operating lease income	1,061	1,256	–	–
Management fee	201	201	–	–
Storage handling charges	45	120	–	–
Government grants and incentives	525	271	–	–
Gain on disposal of an associate	137	–	–	–
Gain on foreign exchange, net	–	284	50	–
Gain on disposal of investment securities	–	–	4	–
Fair value gain on investment securities	128	2	–	–
Others	1,929	397	–	5
	14,275	13,692	1,098	965

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

26. Profit/(loss) before taxation *(cont'd)*

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
(b) ***Other operating expenses:***				
Loss on disposal of investment securities	71	–	–	–
Amortisation of other assets	183	107	–	–
Impairment loss on development property	–	300	–	–
Depreciation of property, plant and equipment	5,401	6,870	2	2
Loss on foreign exchange, net	1,009	–	–	–
Allowance for doubtful receivables				
– trade	262	456	–	–
– non-trade	–	1,000	–	–
– subsidiary	–	–	1,360	–
Bad debts written off	1,751	–	13	–
Property, plant and equipment written off	3	–	–	–
Management fees	1,022	1,034	–	–
Impairment loss on investment securities	2,090	7,470	2,090	7,470
Goodwill written off	–	1	–	–
Loss on disposal/liquidation of a subsidiary	–	–	1	1
Fair value loss on derivative instrument	449	–	–	–
Property tax	1,552	1,551	–	–
Others	383	965	–	–
	14,176	19,754	3,466	7,473

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

26. Profit/(loss) before taxation *(cont'd)*

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
(c) ***Other expenses:***				
Non-audit fees				
– auditors of the Company	270	299	67	146
– other auditors	57	62	44	42
Depreciation of property, plant and equipment – others	10,064	9,906	–	–
Directors' fees to directors of the Company	142	113	142	113
Operating lease expenses	4,583	7,048	–	–
Utility charges	2,680	3,098	2	2
Transportation charges	919	1,753	1	1
Legal and other professional fees	4,336	3,405	241	348
Impairment loss on plant and machinery	–	8,143	–	–
(Write back)/inventory written down	(48)	48	–	–
Staff costs (Note 27)	50,456	63,545	–	–

27. Staff costs

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Wages and salaries	40,582	52,265	–	–
Contributions to defined contribution plans	2,483	2,690	–	–
Others	7,391	8,590	–	–
	50,456	63,545	–	–
Included in staff costs are directors' remuneration payable to:				
– directors of the Company	6,739	11,610	–	–
– directors of the subsidiaries	3,159	3,107	–	–
	9,898	14,717	–	–

The directors' remuneration payable to directors of the Company excluded other benefits of $174,000 (2016: $132,000) and directors' fees of $142,000 (2016: $113,000). The directors' remuneration payable to directors of the subsidiaries excluded other benefits of $148,000 (2016: $131,000).

NOTES
TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2017

28. Finance costs

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Interest expense on:				
– bank loans	13,442	9,731	–	–
– hire purchase	278	395	–	–
– loan from associates	255	634	–	–
– loan from joint ventures	–	1,018	–	–
– loan from subsidiary	–	–	417	588
	13,975	11,778	417	588
Less: Interest expense capitalised in:				
– Development properties (Note 11)	(2,668)	(2,260)	–	–
– Investment property under construction (Note 5)	(1,330)	(1,044)	–	–
	9,977	8,474	417	588

29. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 May 2017 and 2016 are:

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Current taxation				
– Current income taxation	8,616	4,644	19	2
– Over provision in respect of previous years	(1,405)	(159)	(2)	–
Deferred taxation				
– Origination and reversal of temporary differences	158	(1,090)	–	–
– Under provision in respect of previous years	8	–	–	–
Withholding tax	50	–	–	–
Income tax expense recognised in the statement of comprehensive income	7,427	3,395	17	2

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

29. Taxation *(cont'd)*

Relationship between income tax expense and accounting profit

The reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 May 2017 and 2016 are as follows:

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Profit/(loss) before taxation	70,208	111,715	69,712	(4,335)
Tax at the domestic rates applicable to profits in the countries where the Group operates	12,057	18,924	11,851	(737)
Non-deductible expenses	3,080	3,312	431	1,460
Effect of partial tax exemption and tax relief	(956)	(790)	(28)	(8)
Deferred tax assets not recognised	143	271	–	–
Over provision in respect of previous years, net	(1,397)	(159)	(2)	–
Withholding tax	50	–	–	–
Effects of tax incentive				
– Productivity and Innovation Credit*	(238)	(719)	–	–
– Others	(115)	(93)	–	–
Share of results of associates	(1,729)	(10,551)	–	–
Share of results of joint ventures	(949)	(6,403)	–	–
Income not subject to taxation	(2,493)	(508)	(12,235)	(713)
Others	(26)	111	–	–
Income tax expense recognised in the statement of comprehensive income	7,427	3,395	17	2

* The Productivity and Innovation Credit ("PIC") was introduced in the Singapore Budget 2010 and was enhanced to provide tax benefits for investments by businesses in a broad range of activities along the innovation value chain. Under the scheme, all businesses can enjoy additional allowances at 300% on up to $400,000 of their expenditure each qualifying year on qualifying activities, subject to the agreement by the Inland Revenue Authority of Singapore.

Tax consequences of proposed dividends

There are no income tax consequences (2016: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39).

30. Earnings per share – basic and diluted

Earnings per share is calculated based on the Group's net profit attributable to equity holders of the Company for the year of $53,238,000 (2016: $102,930,000) over 499,689,000 (2016: 504,244,000) shares, being the weighted average number of shares in issue during the year.

As there were no share options and warrants granted during the year and no share options and warrants outstanding as at the end of the financial year, the basic and fully diluted earnings per share are the same.

31. Significant related party transactions

(a) ***Sale and purchase of goods and services***

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

(i) Staff costs of $1,981,000 (2016: $1,900,000) of the Group were paid to individuals who are close members of the family of certain directors.

(ii) A subsidiary, Lian Beng Investment Pte Ltd, leased office space, with rental amounting to $4,320 (2016: $4,320) each to Evergrande Realty & Development Pte Ltd and Ong Sek Chong & Sons Pte Ltd. Certain directors of the Group have equity interests in these companies and are also directors of these companies.

(iii) A subsidiary, LB Property Pte Ltd, provided development management service amounting to $26,000 (2016: $Nil) to ROL Development Pte Ltd. The major shareholder of this company is a close family member of one of the directors of the Group.

(iv) The Group earned construction revenue of $26,796,000 (2016: $62,651,000) and $207,000 (2016: $1,666,000) from joint ventures and associates respectively. In addition, the Group earned project management fee of $89,000 (2016: $772,000) from joint ventures.

(b) ***Compensation of key management personnel***

	Group	
	2017	**2016**
	$'000	$'000
Short-term employee benefits	9,963	14,821
Contributions to defined contribution plans	207	190
	10,170	15,011
Comprise amounts paid to:		
– Directors of the Company	7,055	11,855
– Other key management personnel	3,115	3,156
	10,170	15,011

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

32. Commitments

(a) ***Capital commitment***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2017 $'000	**2016** $'000
Capital commitments in respect of:		
– Plant and equipment	522	815
– Freehold and leasehold properties	4,042	1,588

(b) ***Operating lease commitment – as lessee***

The Group has entered into commercial leases on certain land and equipment. These non-cancellable leases, including certain leases with renewal options, have remaining lease terms of between 2 months to 101 months (2016: 1 month to 113 months). Contingent rent provision is not included in the contracts.

Future minimum rentals payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2017 $'000	**2016** $'000
Not later than one year	4,549	3,780
Later than one year but not later than five years	2,978	5,357
Later than five years	1,002	1,625
	8,529	10,762

32. Commitments *(cont'd)*

(c) ***Operating lease commitment – as lessor***

The Group has entered into commercial leases on its development properties, investment properties, leasehold property, tugboats and barges. These non-cancellable leases have remaining lease terms of between 1 month to 58 months (2016: 1 month to 87 months).

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2017 $'000	**2016** $'000
Not later than one year	24,846	20,658
Later than one year but not later than five years	25,635	16,521
Later than five years	–	6,828
	50,481	44,007

33. Financial support to subsidiaries

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to operate as going concerns at least through twelve months from the date of the Directors' statements of the subsidiaries.

34. Fair value of assets and liabilities

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs are obtained from various sources including market participants, dealers, fund managers and brokers, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

34. Fair value of assets and liabilities *(cont'd)*

(b) ***Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) ($'000)	Significant observable inputs other than quoted prices (Level 2) ($'000)	Significant unobservable inputs (Level 3) ($'000)	Total ($'000)
Group				
2017				
Financial assets measured at fair value:				
Held for trading investments (Note 9)				
– Quoted equity investments (SGD)	615	–	–	615
– Quoted index linked notes (SGD)	–	1,000	–	1,000
Available-for-sale financial assets (Note 9)				
– Quoted equity investments (SGD)	18,629	–	–	18,629
– Quoted non-equity investments (SGD & USD)	–	105,727	–	105,727
– Structured notes (SGD & USD)	–	888	–	888
	19,244	107,615	–	126,859
Financial liability measured at fair value:				
Derivative liability (Note 18)	–	449	–	449
	–	449	–	449

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

34. Fair value of assets and liabilities *(cont'd)*

(b) ***Assets and liabilities measured at fair value*** *(cont'd)*

	Quoted prices in active markets for identical instruments (Level 1) ($'000)	**Significant observable inputs other than quoted prices** (Level 2) ($'000)	**Significant unobservable inputs** (Level 3) ($'000)	**Total** ($'000)
Group				
2016				
Financial assets measured at fair value:				
Held for trading investments (Note 9)				
– Quoted equity investments (SGD)	1,725	–	–	1,725
– Quoted index linked notes (SGD)	–	985	–	985
– Structured notes (SGD)	–	504	–	504
Available-for-sale financial assets (Note 9)				
– Quoted equity investments (SGD)	20,739	–	–	20,739
– Quoted non-equity investments (SGD & USD)	–	68,533	–	68,533
	22,464	70,022	–	92,486

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

34. Fair value of assets and liabilities *(cont'd)*

(b) ***Assets and liabilities measured at fair value*** *(cont'd)*

	Quoted prices in active markets for identical instruments (Level 1) ($'000)	Significant observable inputs other than quoted prices (Level 2) ($'000)	Significant unobservable inputs (Level 3) ($'000)	Total ($'000)
Company				
2017				
Financial assets measured at fair value:				
Available-for-sale financial assets (Note 9)				
– Quoted equity investments (SGD)	17,860	–	–	17,860
	17,860	–	–	17,860
2016				
Financial assets measured at fair value:				
Available-for-sale financial assets (Note 9)				
– Quoted equity investments (SGD)	19,964	–	–	19,964
	19,964	–	–	19,964
Group				
2017				
Non-financial assets measured at fair value:				
Investment properties (Note 5)				
– Commercial	–	–	713,130	713,130
– Residential	–	–	17,013	17,013
	–	–	730,143	730,143
2016				
Non-financial assets measured at fair value:				
Investment properties (Note 5)				
– Commercial	–	–	421,990	421,990
– Residential	–	–	16,543	16,543
	–	–	438,533	438,533

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

34. Fair value of assets and liabilities *(cont'd)*

(c) ***Level 2 fair value measurements***

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Quoted index linked notes, Quoted non-equity investments, Structured notes and Derivative liability: Fair values are determined using quoted market prices in less active markets or quoted prices for similar assets/liabilities at the end of the reporting period.

(d) ***Level 3 fair value measurements***

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

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

Location	Valuation method	Key unobservable inputs	Commercial	Residential	Inter-relationship between key unobservable inputs and fair value measurement
Singapore	Direct comparison method	Floor area	-25% to +10%	-11% to +8%	The estimated fair value increases with higher comparable price.
		Location	-30% to +20%	-3% to +6%	
		Condition	-15% to +10%	-2% to +7%	
		Tenure	-20% to +10%	–	
		Usage	-20% to +10%	–	
	Income method	Capitalisation rate	7.5%	–	The estimated fair value would increase if the capitalisation rate and discount rate decreased.
		Discount rate	6.3%	–	
	Residual value method	Gross development value ($'000)	113,500	–	The estimated fair value increases with higher gross development value and decreases with higher cost to complete.
		Estimated cost to complete ($'000)	1,006	–	
Australia	Income method	Capitalisation rate	5.5% to 6.8%	–	The estimated fair value would increase if the capitalisation rate and discount rate decreased.
		Discount rate	7.5%	–	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

34. Fair value of assets and liabilities *(cont'd)*

(d) ***Level 3 fair value measurements*** *(cont'd)*

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

The following table presents the reconciliation for investment properties which are measured at fair value based on significant unobservable inputs (Level 3):

	Group	
	2017	**2016**
	$'000	$'000
Beginning of financial year	438,533	351,277
– Additions to investment properties	278,616	35,978
– Acquisition of a subsidiary	–	51,500
– Net fair value gain/(loss) recognised in profit or loss	14,563	(127)
– Exchange differences	(1,569)	(95)
End of financial year	730,143	438,533

(iii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance.

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

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

34. Fair value of assets and liabilities *(cont'd)*

(e) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		Group			
		2017		2016	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
		$'000	$'000	$'000	$'000
Financial assets					
Unquoted equity investments, at cost	9	150	*	150	*
Financial liabilities					
Obligations under hire purchase	21	7,004	7,269	12,576	12,571

* Unquoted equity investments carried at cost (Note 9)

Fair value information has not been disclosed for the Group's unquoted equity investments that are carried at cost because fair value cannot be measured reliably. These equity investments represent ordinary shares in a computer software company that are not quoted on any market.

Obligations under hire purchase (Note 21)

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

(f) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts approximate fair value***

Trade receivables (Note 13), Other receivables and deposits (Note 14), Amounts due from affiliated companies, subsidiaries, joint ventures and associates (Note 15), Cash and cash equivalents (Note 16), Trade and other payables (Note 18), Accruals and Amounts due to joint ventures and associates (Note 15)

The carrying amounts of the above financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature.

Bank loans (Note 20), Amounts due from associates (non-current) (Note 15) and Amounts due from third parties (non-current) (Note 14)

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values as they are floating rate instruments that re-priced to market interest rates on or near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

35. Classification of financial assets and liabilities

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Fair value through profit or loss				
Investment securities	1,615	3,214	–	–
Available-for-sale financial assets				
Investment securities	125,394	89,422	17,860	19,964
Loans and receivables				
Trade receivables	57,643	108,911	–	–
Other receivables and deposits	35,741	39,711	7,443	3,741
Amounts due from affiliated companies	1	1	–	–
Amounts due from subsidiaries	–	–	257,247	210,733
Amounts due from joint ventures	37,260	41,099	10,897	10,346
Amounts due from associates	145,095	163,032	18,843	9,660
Cash and cash equivalents	187,804	160,127	39,426	4,233
	463,544	512,881	333,856	238,713
Financial liabilities at amortised cost				
Trade and other payables	137,971	155,239	39	96
Accruals	17,582	21,685	196	212
Amounts due to subsidiaries	–	–	267,782	230,464
Amounts due to joint ventures	17,817	30,121	–	–
Amounts due to associates	1,361	16,346	76	76
Bank loans	680,499	428,060	–	–
	855,230	651,451	268,093	230,848
Obligations under hire purchase	7,004	12,576	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and Executive Director. The Audit Committee provides independent oversight to the effectiveness of the risk management process. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, amounts due from affiliated companies, subsidiaries, joint ventures and associates. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation by the management. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the management.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position as disclosed in Note 35.
- A nominal amount of $262,662,000 (2016: $383,844,000) relating to corporate guarantee provided by the Group to the banks on joint ventures and associates' bank loans.
- A nominal amount of $547,843,000 (2016: $272,031,000) relating to corporate guarantee provided by the Group to the banks on subsidiaries' bank loans.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

36. Financial risk management objectives and policies *(cont'd)*

(a) ***Credit risk*** *(cont'd)*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables, amounts due from joint ventures and associates (trade), on an on-going basis. The credit risk concentration profile of the Group's trade receivables from third parties, joint ventures and associates at the end of the reporting period is as follows:

	Group			
	2017		**2016**	
	$'000	% of total	$'000	% of total
Trade receivables from third parties:				
By country:				
Singapore	59,093	100	108,911	100
By industry sectors:				
Construction	31,451	53	84,885	78
Engineering and leasing of construction machinery	177	–	106	–
Property development	11,072	19	2,832	3
Investment holding	976	2	686	–
Manufacturing of concrete and asphalt	15,327	26	20,279	19
Dormitory	90	–	123	–
	59,093	100	108,911	100
Amounts due from joint ventures and associates (trade):				
By country:				
Singapore	19,647	100	21,990	100
By industry sectors:				
Construction	16,995	87	21,519	98
Property development	–	–	12	–
Manufacturing of concrete and asphalt	2,603	13	346	2
Engineering and leasing of construction machinery	49	–	113	–
	19,647	100	21,990	100

36. Financial risk management objectives and policies *(cont'd)*

(a) ***Credit risk*** *(cont'd)*

Credit risk concentration profile *(cont'd)*

At the end of the reporting period, approximately:

– 38% (2016: 64%) of the Group's trade receivables from third parties were due from 5 major customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 13 and 15.

(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 Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the end of the reporting period, approximately 38% (2016: 26%) of the Group's loans and borrowings (Notes 20 and 21) will mature in less than one year based on the carrying amount reflected in the financial statements. The Company has no (2016: $Nil) loans and borrowings at the end of the reporting period.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2017

36. Financial risk management objectives and policies *(cont'd)*

(b) ***Liquidity risk*** *(cont'd)*

	2017				2016			
	1 year or less $'000	**1 to 5 years** $'000	**Over 5 years** $'000	**Total** $'000	**1 year or less** $'000	**1 to 5 years** $'000	**Over 5 years** $'000	**Total** $'000
Group								
Financial assets:								
Trade receivables	57,643	–	–	57,643	108,911	–	–	108,911
Other receivables and deposits	32,549	3,357	–	35,906	29,803	10,616	–	40,419
Cash and cash equivalents	187,804	–	–	187,804	160,127	–	–	160,127
Amounts due from affiliated companies	1	–	–	1	1	–	–	1
Amounts due from joint ventures	37,555	–	–	37,555	41,398	–	–	41,398
Amounts due from associates	102,291	21,065	29,104	152,460	121,326	14,219	37,782	173,327
Investment securities	7,515	119,494	–	127,009	31,685	51,028	9,923	92,636
Total undiscounted financial assets	425,358	143,916	29,104	598,378	493,251	75,863	47,705	616,819
Financial liabilities:								
Trade and other payables	135,862	2,109	–	137,971	154,813	426	–	155,239
Amounts due to joint ventures	17,817	–	–	17,817	30,121	–	–	30,121
Amounts due to associates	1,361	–	–	1,361	16,695	–	–	16,695
Accruals	17,582	–	–	17,582	21,685	–	–	21,685
Bank loans	272,480	254,066	227,577	754,123	120,860	197,314	175,303	493,477
Obligations under hire purchase	3,926	3,291	–	7,217	6,214	6,821	–	13,035
Total undiscounted financial liabilities	449,028	259,466	227,577	936,071	350,388	204,561	175,303	730,252
Total net undiscounted financial (liabilities)/assets	(23,670)	(115,550)	(198,473)	(337,693)	142,863	(128,698)	(127,598)	(113,433)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2017

36. Financial risk management objectives and policies *(cont'd)*

(b) ***Liquidity risk*** *(cont'd)*

	2017				2016			
	1 year or less $'000	**1 to 5 years** $'000	**Over 5 years** $'000	**Total** $'000	**1 year or less** $'000	**1 to 5 years** $'000	**Over 5 years** $'000	**Total** $'000
Company								
Financial assets:								
Other receivables and deposits	7,462	–	–	7,462	243	3,623	–	3,866
Cash and cash equivalents	39,426	–	–	39,426	4,233	–	–	4,233
Amounts due from subsidiaries	257,247	–	–	257,247	210,733	–	–	210,733
Amounts due from joint ventures	10,897	–	–	10,897	10,346	–	–	10,346
Amounts due from associates	18,843	–	–	18,843	9,660	–	–	9,660
Investment securities	–	17,860	–	17,860	5,714	14,250	–	19,964
Total undiscounted financial assets	333,875	17,860	–	351,735	240,929	17,873	–	258,802
Financial liabilities:								
Trade and other payables	39	–	–	39	96	–	–	96
Accruals	196	–	–	196	212	–	–	212
Amounts due to associates	76	–	–	76	76	–	–	76
Amounts due to subsidiaries	257,879	10,211	–	268,090	216,668	14,996	–	231,664
Total undiscounted financial liabilities	258,190	10,211	–	268,401	217,052	14,996	–	232,048
Total net undiscounted financial assets	75,685	7,649	–	83,334	23,877	2,877	–	26,754

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

36. Financial risk management objectives and policies *(cont'd)*

(b) ***Liquidity risk*** *(cont'd)*

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	One year or less $'000	**One to five years** $'000	**Over five years** $'000	**Total** $'000
2017				
Group and Company				
Financial guarantees	349,728	250,359	210,418	810,505
2016				
Group and Company				
Financial guarantees	196,435	281,636	177,804	655,875

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bank loans.

As at 31 May 2017, the Group has an interest rate swap instrument with notional amount totalling $25,750,000 (2016: $Nil). The negative fair value is recognised as derivative liability of $449,000 (2016: $Nil) (Note 18).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD, AUD and USD interest rates had been 75 (2016: 75) basis points lower/higher with all other variables held constant, the Group's profit net of taxation would have been $3,374,000 (2016: $1,712,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The interest capitalised in development properties and investment properties under construction would have been $602,800 (2016: $618,000) and $72,800 (2016: $331,000) lower/higher respectively. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) ***Foreign currency risk***

The Group has minimal transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and AUD. It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, namely Australia, Cayman Islands, Malaysia, China and United Kingdom. The Group's net investments in Australia, Cayman Islands, Malaysia, China and United Kingdom are not hedged as currency positions in AUD, USD, MYR, RMB and GBP are considered to be long-term in nature.

36. Financial risk management objectives and policies *(cont'd)*

(d) ***Foreign currency risk*** (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, USD, MYR, RMB and GBP exchange rates (against SGD), with all other variables held constant, on the Group's profit net of taxation and equity.

		2017		2016	
		$'000	$'000	$'000	$'000
		Profit net of taxation	Equity	Profit net of taxation	Equity
AUD	– strengthened 5% (2016: 5%)	99	4,126	105	1,194
	– weakened 5% (2016: 5%)	(99)	(4,126)	(105)	(1,194)
USD	– strengthened 5% (2016: 5%)	(2,030)	141	49	49
	– weakened 5% (2016: 5%)	2,030	(141)	(49)	(49)
MYR	– strengthened 5% (2016: 5%)	713	713	4	4
	– weakened 5% (2016: 5%)	(713)	(713)	(4)	(4)
RMB	– strengthened 5% (2016: 5%)	202	616	–	432
	– weakened 5% (2016: 5%)	(202)	(616)	–	(432)
GBP	– strengthened 5% (2016: 5%)	858	1,032	966	966
	– weakened 5% (2016: 5%)	(858)	(1,032)	(966)	(966)

(e) ***Market price risk***

Market price risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity investments. The quoted equity investments are quoted on the SGX-ST in Singapore and are classified as held for trading and available-for-sale financial assets.

Sensitivity analysis for equity price risk

At the end of reporting period, if the prices for the quoted equity investments had been 5% (2016: 5%) higher/lower with all other variables held constant, the Group's other reserve in equity would have been $931,000 (2016: $1,037,000) higher/lower, arising as a result of an increase/decrease in the fair value of quoted equity investments classified as available-for-sale. The Group's profit before taxation would have been $31,000 (2016: $86,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as held for trading.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 May 2017 and 31 May 2016. The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt.

The Group includes within total debt, loans and borrowings, trade and other payables and other liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve.

The Group is in compliance with externally imposed financial covenants as at 31 May 2017 and 31 May 2016.

	Group	
	2017	**2016**
	$'000	$'000
Amounts due to joint ventures (Note 15)	17,817	30,121
Amounts due to associates (Note 15)	1,361	16,346
Bank loans (Note 20)	680,499	428,060
Obligations under hire purchase (Note 21)	7,004	12,576
Trade and other payables (Note 18)	173,565	189,585
Accruals	17,582	21,685
Less: Cash and cash equivalents (Note 16)	(187,804)	(160,127)
Net debt	710,024	538,246
Equity attributable to the owners of the parent	588,219	545,299
Add: Fair value adjustment reserve (Note 24)	(5,539)	2,138
Total capital	582,680	547,437
Capital and net debt	1,292,704	1,085,683
Gearing ratio	54.9%	49.6%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

38. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has six operating segments as follows:

(i) The construction segment is in the business of constructing residential, institutional, industrial and commercial properties as the main contractor. To a lesser extent, it also undertakes civil engineering projects in both private and public sectors.

(ii) The dormitory segment is involved in the rental of dormitory units and provision of dormitory service.

(iii) The engineering and leasing of construction machinery segment is involved in the provision of construction related services, such as scaffolding, electrical installations, leasing of metal formworks, as well as leasing of construction machinery and equipment.

(iv) The property development segment is involved in the development and sale of properties (residential, commercial and industrial), as well as the provision of property management services.

(v) The investment holding segment holds investments in quoted and unquoted securities and properties for long-term capital appreciation, rental, as well as dividend yields.

(vi) The manufacturing of concrete and asphalt segment is involved in the manufacture and supply of ready-mixed concrete and asphalt, as well as the sale of sand.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

38. Segment information *(cont'd)*

	Construction		Dormitory		Engineering and leasing of construction machinery	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000	**2017** $'000	**2016** $'000
Revenue:						
External customers	103,464	348,930	22,866	23,226	1,092	652
Inter-segment	100,913	27,148	148	–	14,912	22,883
Total revenue	204,377	376,078	23,014	23,226	16,004	23,535
Results:						
Interest income	2,996	4,273	267	182	107	83
Dividend income	288	23	–	–	–	–
Finance cost	780	800	2,534	2,546	24	31
Depreciation and amortisation	5,202	8,441	274	275	2,435	2,542
Share of results of joint ventures	(22)	53	–	–	–	–
Share of results of associates	–	–	2,449	5,862	–	–
Fair value (loss)/gain on investment properties	(60)	(135)	(1,800)	–	–	–
Other non-cash expenses:						
Impairment loss on investment securities	–	–	–	–	–	–
Impairment loss on plant and machinery	–	8,143	–	–	–	–
Impairment loss on development property	–	300	–	–	–	–
Amortisation of other assets	183	107	–	–	–	–
(Write back)/inventories written down	–	–	–	–	–	–
Allowance for doubtful trade and non-trade receivables	175	402	–	–	–	54
Bad debts written off	1,448	–	–	–	–	–
Segment profit/(loss)	24,425	10,743	17,771	21,825	829	1,892
Assets:						
Investment in joint ventures	433	455	–	–	–	–
Investment in associates	–	–	8,488	6,040	–	–
Additions to non-current assets	1,483	1,867	186	(207)	312	650
Segment assets	468,180	529,975	285,139	290,454	37,450	37,937
Segment liabilities	223,239	306,376	183,439	107,528	5,350	6,621

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

Property development		Investment holding		Manufacturing of concrete and asphalt		Adjustments and eliminations		Notes	Per consolidated financial statements	
2017	2016	2017	2016	2017	2016	2017	2016		2017	2016
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
87,809	249	10,212	1,111	56,222	71,247	–	–	A	281,665	445,415
518	–	74,139	4,582	4,390	5,666	(195,020)	(60,279)		–	–
88,327	249	84,351	5,693	60,612	76,913	(195,020)	(60,279)		281,665	445,415
3,427	3,758	2,951	1,865	37	4	(417)	(1,092)		9,368	9,073
–	–	797	890	–	–	–	–		1,085	913
2,269	3,830	4,200	1,223	586	633	(416)	(589)		9,977	8,474
140	150	24	31	7,417	5,893	(27)	(556)		15,465	16,776
3,940	38,312	(1)	(2)	1,666	(696)	–	–		5,583	37,667
2,773	32,067	4,949	24,134	–	–	–	–		10,171	62,063
–	–	7,144	(343)	–	–	9,279	351		14,563	(127)
–	–	2,090	7,470	–	–	–	–		2,090	7,470
–	–	–	–	–	–	–	–		–	8,143
–	–	–	–	–	–	–	–		–	300
–	–	–	–	–	–	–	–		183	107
–	–	–	–	(48)	48	–	–		(48)	48
–	1,000	15	–	72	–	–	–		262	1,456
303	–	–	–	–	–	–	–		1,751	–
18,109	67,354	15,505	17,063	(5,609)	(6,653)	(822)	(509)	B	70,208	111,715
28,830	65,787	(4)	(2)	5,281	3,615	–	–		34,540	69,855
8,479	41,162	27,003	22,612	–	–	–	–		43,970	69,814
3	12	286,907	36,653	558	10,108	(8,959)	(568)	C	280,490	48,515
345,040	352,188	870,368	449,092	61,627	67,415	(430,600)	(293,032)	D	1,637,204	1,434,029
242,406	342,506	693,155	346,463	44,053	49,822	(422,088)	(354,867)	E	969,554	804,449

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

38. Segment information *(cont'd)*

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Inter-segment revenues are eliminated on consolidation.

B. The following items are deducted from segment profit to arrive at "Profit before taxation" presented in the consolidated statement of comprehensive income:

	Group	
	2017 $'000	**2016** $'000
Profit from inter-segment sales	(822)	(509)

C. Additions to non-current assets consist of additions to property, plant and equipment, investment property and investment properties under construction and development.

D. The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2017 $'000	**2016** $'000
Investment in associates	43,970	69,814
Investment in joint ventures	34,540	69,855
Inter-segment assets	(509,359)	(433,349)
Deferred tax assets	249	648
	(430,600)	(293,032)

E. The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2017 $'000	**2016** $'000
Deferred tax liabilities	1,240	1,473
Provision for taxation	8,673	5,785
Inter-segment liabilities	(432,001)	(362,125)
	(422,088)	(354,867)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

38. Segment information *(cont'd)*

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Singapore	280,156	444,804	711,251	492,734
Australia	1,509	611	56,186	23,923
Malaysia	–	–	–	2
	281,665	445,415	767,437	516,659

Non-current assets information presented above consists of property, plant and equipment, investment properties as presented in the consolidated statement of financial position.

Information about major customers

Revenue from one (2016: three) major customers arising from the construction segment amounted to $31,352,000 (2016: $238,031,000).

39. Dividends

	Group and Company	
	2017 $'000	**2016** $'000
Declared and paid during the year		
Dividends on ordinary shares:		
– Exempt (one-tier) dividend for 2016: Final dividend of 1.00 cent and special dividend of 1.00 cent per share (2015: Final dividend of 1.00 cent and special dividend of 1.00 cent per share)	9,994	10,089
– Exempt (one-tier) dividend for 2017: Interim dividend of 1.00 cent (2016: Interim dividend of 1.00 cent per share)	4,996	5,046
	14,990	15,135
Proposed but not recognised as a liability as at 31 May		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Exempt (one-tier) dividend for 2017: Final dividend of 1.25 cent (2016: Final dividend of 1.00 cent and special dividend of 1.00 cent, exempt (one-tier) per share)	6,246	9,994

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2017

40. Events occurring after the reporting period

Subsequent to the financial year end:

(i) On 23 June 2017, the Group's wholly owned subsidiary, Lian Beng Ventures (Melbourne) Pty Ltd ("LBVM") completed the disposal of 247 and 249 Collins Street, Melbourne, Australia. The aggregate sale consideration was $36 million.

(ii) On 30 June 2017, the Company and Apricot Capital Pte. Ltd., an unrelated third party, have subscribed for 40 and 50 ordinary shares respectively in the Company's subsidiary, Lian Beng (8) Pte. Ltd. ("LB8") at $1 a share. Following this subscription, each party holds 50% of the share capital in LB8 and LB8 was subsequently reclassified as a joint venture.

On 3 July 2017, LB8 entered into a sale and purchase agreement to acquire Wilkie Edge, a commercial investment property for a consideration of $280 million.

(iii) On 11 July 2017, the Group's 80% owned subsidiary, Wealth Assets Pte. Ltd., incorporated a wholly-owned subsidiary, Wealth Asset (LK) Management Pte. Ltd. ("WALKM"). WALKM will be principally engaged in the business of providing repair and maintenance of motor vehicles and general warehousing.

(iv) On 22 July 2017, the Group's 80% owned subsidiary, Lian Beng (St Kilda) Pty Ltd, entered into a sales contract for the disposal of its development property at 596 St Kilda Road, Melbourne, Australia. The aggregate sale consideration was $35 million.

(v) On 26 July 2017, the Company incorporated a subsidiary, Lian Beng (Serangoon) Pte. Ltd. ("LBS") and LBS subscribed for 20 ordinary shares in Oxley Serangoon Pte. Ltd. ("OSPL"). Following the aforesaid subscription, LBS holds 20% of the paid up capital of OSPL.

On the same day, OSPL submitted a tender to purchase a former HUDC estate, Serangoon Ville, at Serangoon North Avenue 1, Singapore for $499 million. The tender was accepted on the same day and the completion of the purchase is subject to the approval of the relevant authorities.

41. Authorisation of financial statements

The financial statements for the year ended 31 May 2017 were authorised for issue in accordance with a resolution of the directors on 22 August 2017.

STATISTICS OF SHAREHOLDINGS

As at 15 August 2017

SHARE CAPITAL

Issued and fully paid-up capital	–	S$83,666,121.52
Number of shares (excluding treasury shares)	–	499,689,200
Number of Treasury Shares held	–	30,070,800 (5.68%)
Subsidiary holdings	–	Nil
Class of shares	–	Ordinary shares
Voting rights	–	1 vote per share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 59.38% of the issued ordinary shares of the Company (excluding 30,070,800 treasury shares) were held in the hands of the public as at 15 August 2017 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	6	0.12	148	0.00
100 - 1,000	230	4.56	206,401	0.04
1,001 - 10,000	2,787	55.27	17,736,079	3.55
10,001 - 1,000,000	1,988	39.42	110,937,574	22.20
1,000,001 and above	32	0.63	370,808,998	74.21
Total	**5,043**	**100.00**	**499,689,200**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No	Name of Shareholder	Number of Shares Held	Percentage
1	Ong Sek Chong & Sons Pte Ltd	92,614,800	18.53
2	DBS Nominees Pte Ltd	50,963,600	10.20
3	HSBC (Singapore) Nominees Pte Ltd	33,615,800	6.73
4	Citibank Nominees Singapore Pte Ltd	27,075,300	5.42
5	Ong Pang Aik	25,170,800	5.04
6	UOB Kay Hian Pte Ltd	23,112,900	4.62
7	United Overseas Bank Nominees Pte Ltd	21,952,500	4.39
8	Ong Bee Dee	12,437,000	2.49
9	Maybank Kim Eng Securities Pte Ltd	11,732,905	2.35
10	Ong Lay Huan	11,583,200	2.32

STATISTICS OF SHAREHOLDINGS

As at 15 August 2017

No	Name of Shareholder	Number of Shares Held	Percentage
11	Ong Lay Koon	8,539,200	1.71
12	OCBC Securities Private Limited	6,258,029	1.25
13	Raffles Nominees (Pte) Ltd	4,642,351	0.93
14	Teo Kee Bock	4,478,100	0.89
15	Ang Mui Geok	4,428,799	0.89
16	DBS Vickers Securities (S) Pte Ltd	3,196,800	0.64
17	Yeo Wei Huang	2,590,000	0.52
18	Phillip Securities Pte Ltd	2,554,300	0.51
19	Sik Soo Ching Susan	2,359,000	0.47
20	Sik Pei Shan (Xue Peishan)	2,336,600	0.47
		351,641,984	70.37

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	No. of Shares	% [1]	No. of Shares	% [1]
Ong Sek Chong & Sons Pte Ltd [2]	92,614,800	18.53	55,000,000	11.01
Ong Pang Aik [3]	25,170,800	5.04	147,614,800	29.54
Ong Lay Huan [4]	11,583,200	2.32	147,614,800	29.54

Notes:

(1) Based on total issued and paid-up ordinary share capital (excluding 30,070,800 treasury shares) comprising 499,689,200 Shares.

(2) Ong Sek Chong & Sons Pte. Ltd. is deemed to be interested in 55,000,000 ordinary shares registered in the name of nominee accounts.

(3) Ong Pang Aik's deemed interest refer to 147,614,800 shares held by Ong Sek Chong & Sons Pte. Ltd. by virtue of Section 7 of the Companies Act.

(4) Ong Lay Huan's deemed interest refer to 147,614,800 shares held by Ong Sek Chong & Sons Pte. Ltd. by virtue of Section 7 of the Companies Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of LIAN BENG GROUP LTD (the "**Company**") will be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on Wednesday, 27 September 2017 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 May 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final (tax exempt one-tier) dividend of 1.25 cents per ordinary share for the financial year ended 31 May 2017. **(Resolution 2)**

3. To re-elect the following Directors retiring under Regulation 107 of the Company's Constitution:

   Ms Ong Lay Huan *[see explanatory note 1]* **(Resolution 3)**

   Mr Ko Chuan Aun *[see explanatory note 2]* **(Resolution 4)**

4. To re-elect Mr Ang Chun Giap as a Director, who is retiring under Regulation 117 of the Company's Constitution. *[see explanatory note 3]* **(Resolution 5)**

5. To approve the payment of Directors' fees of S$141,868 for the financial year ended 31 May 2017 (2016: S$113,436). **(Resolution 6)**

6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS:-

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

7. **General Share Issue Mandate** **(Resolution 8)**

   "That, authority be and is hereby given to the Directors of the Company to:

   (i) (aa) allot and issue shares, whether by way of rights, bonus or otherwise; and/or

   (bb) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of such authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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

   (ii) issue Shares in pursuance of any Instrument made or granted by the Board while such authority was in force (notwithstanding that such issue of the Shares pursuant to the Instruments may occur after the expiration of the authority contained in this Resolution);

NOTICE
OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph 2 below) of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph 2 below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 1 above, the percentage of issued shares shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(aa) 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 this Resolution is passed; and

(bb) any subsequent consolidation or subdivision of shares;

(3) 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;

(4) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." *[see explanatory note 4]*

8. **Renewal of Share Buy Back Mandate** **(Resolution 9)**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

NOTICE OF ANNUAL GENERAL MEETING

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the "**Share Buy Back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

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

(i) the date on which the next AGM of the Company is held or is required by law to be held;

(ii) the date on which the share buy back is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(d) for purposes of this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

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

NOTICE OF ANNUAL GENERAL MEETING

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

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

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

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

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

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution; and

(f) Shareholders by voting to approve the Share Buy Back Mandate are waiving their rights to a general offer at a required price from Ong Directors (as defined in the Addendum) and parties acting in concert with them." *[see explanatory note 5]*

9. To transact any other business that may be properly transacted at the AGM of the Company.

BY ORDER OF THE BOARD

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries
Singapore

11 September 2017

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. Ms Ong Lay Huan will, upon re-election as a Director of the Company, remain as Executive Director of the Company. Further information on Ms Ong Lay Huan can be found in the Company's Annual Report 2017.

2. Mr Ko Chuan Aun will, upon re-election as a Director of the Company, remain as Independent Director of the Company and the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company. Mr Ko Chuan Aun holds 205,000 ordinary shares of the Company. Mr Ko Chuan Aun is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Ko Chuan Aun does not have any relationships including immediate family relationships between himself and the Directors, the Company, its related corporations, its 10% shareholders or its officers. Further information on Mr Ko Chuan Aun can be found in the Company's Annual Report 2017.

3. Mr Ang Chun Giap will, upon re-election as a Director of the Company, remain as Independent Director of the Company and a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. Mr Ang Chun Giap is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Ang Chun Giap does not have any relationships including immediate family relationships between himself and the Directors, the Company, its related corporations, its 10% shareholders or its officers. Further information on Mr Ang Chun Giap can be found in the Company's Annual Report 2017.

4. The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to issue shares up to 50% of the Company's issued share capital, with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

5. The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company from the date of the AGM until the date of the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the source of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum accompanying this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two (2) proxies to attend and vote instead of him.

(ii) Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

(iv) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 29 Harrison Road, Lian Beng Building, Singapore 369648 not less than 48 hours before the time appointed for holding the above Meeting.

(vi) All resolutions put to vote at the AGM shall be decided by way of poll.

(vii) A Depositor's name must appear on the Depositor Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the above Meeting in order for the Depositor to be entitled to attend and vote at the above Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) 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. You and your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

LIAN BENG GROUP LTD
Registration No. 199802527Z
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 September 2017.

"Personal data" in the proxy form has the same meaning as "personal data" in the Personal Data Protection Act 2012 ("PDPA"), which includes your and your proxy's and/or representative's name, address and NRIC/Passport No.

I/We, ______________________________ (Name)

NRIC/Passport number/Company Registration No.* ______________________________

______________________________ (Address)

being a member/members of **LIAN BENG GROUP LTD** (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or *

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the AGM of the Company to be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on Wednesday, 27 September 2017 at 10.00 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion.

	Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Ordinary Resolutions relating to:-	Number of Votes For **	Number of Votes Against**
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 May 2017		
2.	Payment of proposed final dividend of 1.25 cents per ordinary share for the financial year ended 31 May 2017		
3.	Re-election of Ms Ong Lay Huan as a Director of the Company		
4.	Re-election of Mr Ko Chuan Aun as a Director of the Company		
5.	Re-election of Mr Ang Chun Giap as a Director of the Company		
6.	Approval of Directors' fees amounting to S$141,868 for the financial year ended 31 May 2017		
7.	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company		
8.	Authority to allot and issue shares pursuant to the General Share Issue Mandate		
9.	Renewal of Share Buy Back Mandate		

* *Delete accordingly*
** *If you wish to exercise all your votes "For" or "Against", please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ______________ 2017.

Total Number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

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 the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at an AGM of the Company. Where such member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at an AGM of the Company, 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 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 the a proxy or proxies must be deposited at the Company's registered office at 29 Harrison Road, Lian Beng Building, Singapore 369648 not less than 48 hours before the time appointed for 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 appointor or his/her 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 its attorney or a duly authorised officer.

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 authorise 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 if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. 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.

SINGAPORE ◢ CHINA ◢ AUSTRALIA ◢ UNITED KINGDOM

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