



LUM CHANG HOLDINGS LIMITED

ANNUAL REPORT 2019



## OUR VISION

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

## OUR MISSION

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

## OUR CORE VALUES

We are a progressive company built upon seven decades of traditional values and cooperative team work which shape our business framework.

Our core values represented by the acronym, **IMPRESS**, are:

### **INTEGRITY**

Uncompromising honesty, fairness and accountability in everything we do

### **MARK**

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

### **PASSION**

Doing whatever it takes to deliver what we promise

### **RESOURCEFULNESS**

Pioneering creative solutions for business and operational transformation

### **EXCEPTIONAL VALUE**

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

### **SAFETY**

Committing to a Zero Accident policy, upholding respect for life

### **SERVICE EXCELLENCE**

Exceeding expectations, building trust to keep our clients returning

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# HIGHLIGHTS

## 2018

### SEPTEMBER

- Kampung Admiralty conferred the Housing Development Board (HDB) Construction Award at the HDB Awards 2018

### OCTOBER

- Launched One Tree Hill Collection
- Launched new phase of 19 Westiara bungalows at Twin Palms Sungai Long
- Obtained Temporary Occupation Permit (TOP) for Northpoint City's community club and residential development



### NOVEMBER

- Kampung Admiralty accorded the prestigious World Building of the Year 2018 Award at the World Architecture Festival in Amsterdam

### DECEMBER

- Secured a \$799 million contract from the Land Transport Authority (LTA) for the design and construction of the North-South Corridor (tunnel) between Ang Mo Kio Ave 3 and Ang Mo Kio Ave 9
- Secured the contract for the conservation/addition and alteration works to St James Power Station, a national monument gazetted in 2009
- Secured the architectural works contract for Bedok South MRT Station



## 2019

### MARCH

- Tekka Place marks structural completion with topping out ceremony
- Completion of sale of the freehold interest in the student accommodation component of Kelaty House

### APRIL

- Launched new phase of 21 Latania semi-detached homes and bungalows at Twin Palms Sungai Long

### JUNE

- Kampung Admiralty conferred double awards at the Building and Construction Authority (BCA) of Singapore Awards 2019 :
  - Construction Excellence (Commercial/Mixed Development Buildings Category)
  - Construction Productivity (Projects – Platinum)
- Won the Gold Award in the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health & Safety Awards 2019
- Completed the construction of 12 Latania semi-detached homes at Twin Palms Sungai Long

### JULY

- At the Workplace Safety and Health (WSH) Awards 2019, LCBC won the
  - WSH Performance (Silver) Award
  - Safety and Health Award Recognition for Projects (SHARP) for three projects
    - Tanah Merah Station (Contract T315)
    - Tekka Place
    - Northpoint City

### AUGUST

- For works on the existing Tanah Merah Station (Contract T315), LCBC was lauded at the LTA Annual Safety Award Convention (ASAC) 2019 with
  - LTA Contractors Challenge Shield - Champion
  - Safety & Health Certificate of Excellence & Finalist (Category A)
  - Accident-Free Recognition Award (Category 1)

# CORPORATE PROFILE



From its modest beginnings as a sole proprietorship in the 1940s, Lum Chang has grown to become a leading construction firm listed on the Singapore Exchange, backed by a portfolio of projects valued at over \$10.5 billion.

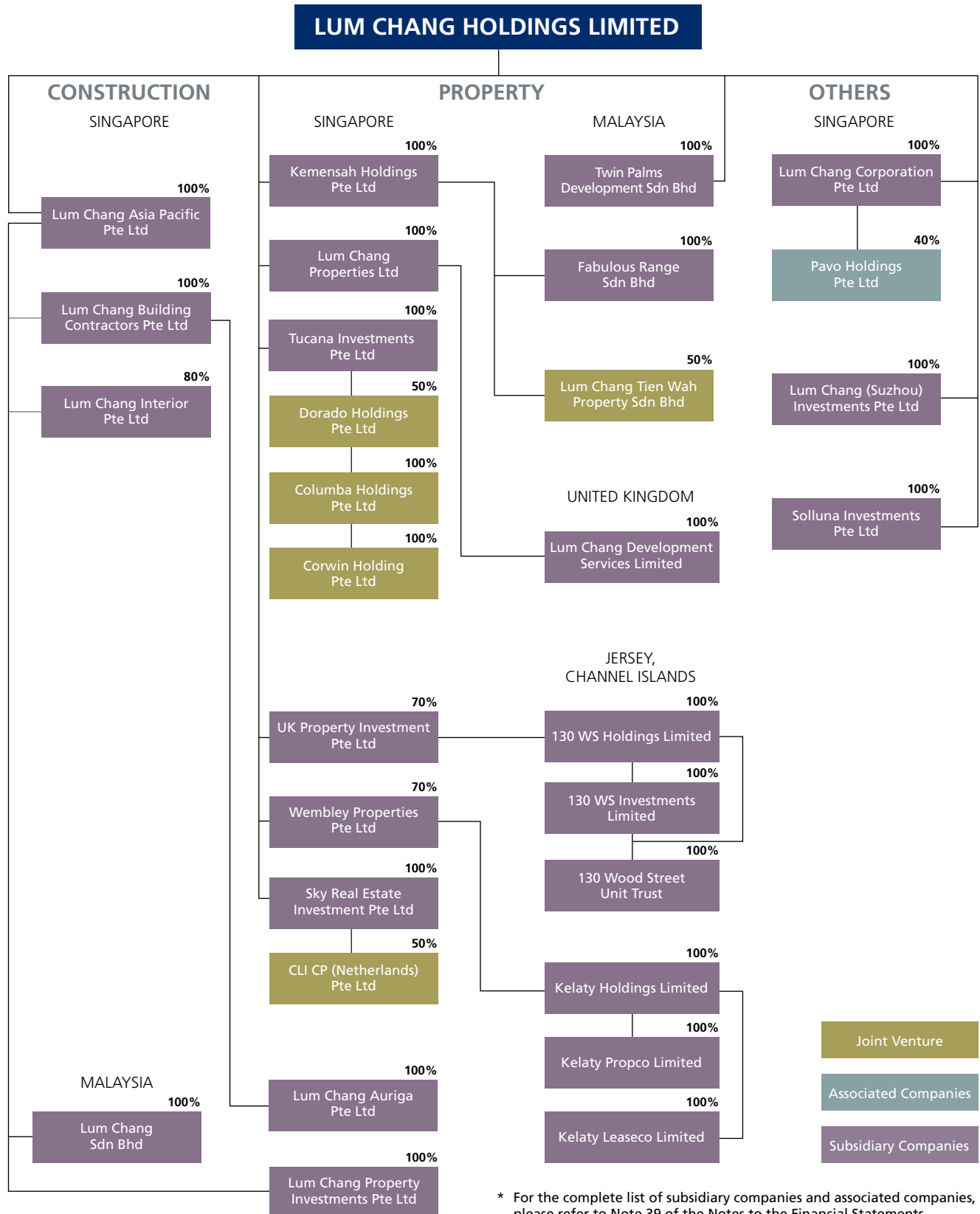
With firm foundations built upon more than seven decades in construction, the Group has evolved and expanded its businesses to include property development, investment and interior finishing works. The success of the Group is recognised through its impressive diversity of award-winning residential and commercial developments in Singapore and Malaysia.

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

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

# CORPORATE STRUCTURE

As at 12 September 2019



# BOARD OF DIRECTORS



From left to right: Mr Clement Leow Wee Kia, Mr Andrew Chua Thiam Chwee, Mr Raymond Lum Kwan Sung (seated, left), Mr Tony Fong, Mr Kelvin Lum Wen Sum, Mr David Lum Kok Seng (seated, right), Dr Willie Lee Leng Ghee, Mr Daniel Soh Chung Hian and Mr Peter Sim Swee Yam

**MR RAYMOND LUM KWAN SUNG** is the Executive Chairman of Lum Chang Holdings Limited (LCH), a position he has held since 1984.

With more than 40 years of business experience, Mr Lum's visionary leadership has seen the Group through diversification, successful business alliances and timely corporate moves, leading to its present focus on construction and property development, both locally and overseas. In particular, Mr Lum has been instrumental in growing Lum Chang into a foremost and well-regarded construction firm in Singapore.

Mr Lum is active in community work and was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 1982. He had served on the boards of public institutions and quasi-government organisations such as the Singapore Trade Development Board (now known as International Enterprise Singapore), Singapore Police Association for National Servicemen and Civil Defence Association for National Servicemen. He was also a board member of the Commercial & Industrial Security Corporation (CISCO). He relinquished his duties as Honorary Consul-General of Ghana to Singapore on 28 February 2017.

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

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

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

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

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

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

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

**MR KELVIN LUM WEN SUM** is a non-independent non-executive Director of LCH, appointed in November 2016. He has been engaged as a consultant to the Group since November 2015 to provide advice on strategy, business development and operations.

Mr Lum is the Chief Executive Officer of mainboard-listed Ellipsiz Ltd. He is responsible for charting its corporate directions and implementing growth strategies, including managing its investment activities.

Mr Lum previously held the position of Group Managing Director of another mainboard-listed company, the then LCD Global Investments Ltd, where he oversaw its group operations focusing on strategic planning, investments and business development. He was with the financial sector prior to joining the LCD group.

Mr Lum currently sits on the School Management Committees of Nanyang Kindergarten and Nanyang Primary School. He holds a Bachelor of Commerce from the University of Western Australia.

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

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

He also serves as an independent director of the following listed companies namely Haw Par Corporation Limited, Mun Siong Engineering Limited, Singapore Reinsurance Corporation Ltd and ST Group Food Industries Holdings Limited. He is also a director of the Singapore Heart Foundation.

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

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

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

A fellow member of the Institute of Singapore Chartered Accountants, Mr Soh began his career in 1977 with Ernst & Young LLP, Singapore, and was a partner from 1990 till his retirement in December 2012.

Mr Soh also serves as an independent director of the following companies namely Agency for Integrated Care Pte Ltd, British and Malayan Holdings Limited, British and Malayan Trustees Limited, Vicom Ltd and Sunright Limited. He is also a member of the Board of Governors of Raffles Girls' School.

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

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

Mr Chua has extensive experience in banking and finance, having made his career in the course of over 32 years in three international and renowned banks in functional areas of corporate banking and general management. Before striking out on his own in 2009, Mr Chua was the Managing Director of Enterprise Banking at DBS Bank Ltd, where he had spent more than 20 years. He also serves as an independent director of GKE Corporation Limited.

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

**MR CLEMENT LEOW WEE KIA** is a non-executive independent Director of LCH, appointed in May 2018. He serves on the Audit and Risk Committee.

Mr Leow is the CEO and Executive Director of Allied Technologies Limited. Prior to that, he served as the CEO and Executive Director of Crowe Horwath Capital Pte Ltd and has previously held various senior positions in corporate finance and banking in Singapore. He has more than 18 years of corporate finance experience, primarily in initial public offerings, mergers and acquisitions, and corporate advisory transactions.

Mr Leow also serves as an independent director of catalyst-listed MSM International Limited and mainboard-listed Ellipsiz Ltd and Overseas Education Limited.

Mr Leow graduated from Cornell University with a Bachelor of Science in Applied Economics and also holds a Master in Business Administration and a Postgraduate Diploma in Financial Strategy from the University of Oxford. He completed the Governance as Leadership Program at Harvard University and is a member of the Singapore Institute of Directors.

Mr Leow is also the President of the Singapore Tennis Association and was awarded the Singapore Armed Forces Good Service Medal in 2007.

# PRESENT AND PAST DIRECTORSHIPS

As at 12 September 2019

## RAYMOND LUM KWAN SUNG

### Present Directorships

Lum Chang Holdings Limited \*

Lum Chang Asia Pacific Pte Ltd

Lum Chang Auriga Pte Ltd

Lum Chang Building Contractors Pte Ltd

Lum Chang Corporation Pte Ltd

Lum Chang Properties Ltd

Lum Chang Property Investments Pte Ltd

Lum Chang (Suzhou) Investments Pte Ltd

Binjai Holdings Pte Ltd

Singapore-Suzhou Township Development Pte Ltd #

Sky Real Estate Investment Pte Ltd

UK Property Investment Pte Ltd

Lum Chang Sdn Bhd

Arandeur Holdings Pte Ltd

Lum Chang Investments Pte Ltd

SG Link Pte Ltd

### Past Directorships over the Preceding Five Years

Glaxton Trading Pte Ltd

River Springs Pte Ltd

Edu Genus Pte Ltd

RDL Investments Pte Ltd

London Property Investment Pte Ltd

Lum Chang Realty Pte Ltd

Lum Chang Orion Pte Ltd

Kwong Wai Shiu Hospital & Nursing Home

## DAVID LUM KOK SENG

### Present Directorships

Lum Chang Holdings Limited \*

Lum Chang Asia Pacific Pte Ltd

Lum Chang Auriga Pte Ltd

Lum Chang Building Contractors Pte Ltd

Lum Chang Corporation Pte Ltd

Lum Chang Properties Ltd

Lum Chang Property Investments Pte Ltd

Lum Chang (Suzhou) Investments Pte Ltd

Binjai Holdings Pte Ltd

Kemensah Holdings Pte Ltd

Singapore-Suzhou Township Development Pte Ltd

Tucana Investments Pte Ltd

Wembley Properties Pte Ltd

Lum Chang Tien Wah Property Sdn Bhd

FCL Compassvale Pte Ltd

Pavo Holdings Pte Ltd

Arandeur Holdings Pte Ltd

Beverian Holdings Pte Ltd

Bevrian Pte Ltd

DML London Pte Ltd

Nanyang Girls' High School Ltd

### Past Directorships over the Preceding Five Years

Draycott Garden Pte Ltd

Hillgate Investment Pte Ltd

L.C. Hotels Pte Ltd

L.C. Logistics Pte Ltd

LCD Global Investments Ltd

LCD Property Management Pte Ltd

LCD Property Pte Ltd

Richful China Investments Limited

Corpus Five Sdn Bhd

LCD Management Sdn Bhd

Xuzhou RE Sales Co Ltd

Xuzhou YinJian LumChang Real Estate Development Co Ltd

Glaxton Trading Pte Ltd

Edu Genus Pte Ltd

RDL Investments Pte Ltd

Lum Chang Realty Pte Ltd

Sungei Long Holdings Pte Ltd

Lum Chang Orion Pte Ltd

Lum Chang Sdn Bhd

Fabulous Range Sdn Bhd

Uptown Viewpoint Sdn Bhd

Urban Assignment Sdn Bhd

Venus Capital Corporation Sdn Bhd

Kwong Wai Shiu Hospital & Nursing Home

Nanyang International Education (Holdings) Limited

The DL Grind Pte Limited

**TONY FONG****Present Directorships**

Lum Chang Holdings Limited \*  
 Lum Chang Asia Pacific Pte Ltd  
 Lum Chang Auriga Pte Ltd  
 Lum Chang Building Contractors Pte Ltd  
 Lum Chang Corporation Pte Ltd  
 Lum Chang Interior Pte Ltd  
 Lum Chang Properties Ltd  
 Lum Chang Property Investments Pte Ltd  
 Lum Chang (Suzhou) Investments Pte Ltd  
 Binjai Holdings Pte Ltd  
 Kemensah Holdings Pte Ltd  
 Solluna Investments Pte Ltd  
 Sky Real Estate Investment Pte Ltd  
 Tucana Investments Pte Ltd  
 UK Property Investment Pte Ltd  
 Wembley Properties Pte Ltd  
 Lum Chang Sdn Bhd  
 Fabulous Range Sdn Bhd  
 Nexus Sdn Bhd  
 PJBOX Sdn Bhd  
 Twin Palms Development Sdn Bhd  
 Uptown Viewpoint Sdn Bhd<sup>+</sup>  
 Urban Assignment Sdn Bhd<sup>+</sup>  
 Venus Capital Corporation Sdn Bhd  
 Lum Chang Development Services Limited  
 130 WS Holdings Limited  
 130 WS Investments Limited  
 Kelaty Holdings Limited  
 Kelaty Propco Limited  
 Kelaty Leaseco Limited  
 CLI CP (Netherlands) Pte Ltd  
 Columba Holdings Pte Ltd  
 Corwin Holding Pte Ltd  
 Dorado Holdings Pte Ltd  
 Dorado Retail Holdco Pte Ltd  
 Dorado Retail Pte Ltd  
 Xin Tekka Pte Ltd  
 Lum Chang Tien Wah Property Sdn Bhd  
 Daehan Rehabilitation Services Sdn Bhd  
 CLI CP (Netherlands) B.V.  
 FCL Admiralty Pte Ltd <sup>#</sup>  
 Pavo Holdings Pte Ltd

**Past Directorships over the Preceding Five Years**

SG Link Pte Ltd  
 Old Court House Propco Limited  
 Lum Chang Investments Pte Ltd  
 Edu Genus Pte Ltd  
 Glaxton Trading Pte Ltd  
 River Springs Pte Ltd  
 London Property Investment Pte Ltd  
 Lum Chang UK Properties Limited  
 Lum Chang Realty Pte Ltd  
 Sungei Long Holdings Pte Ltd  
 Pembridge Palace Holdco Limited  
 Pembridge Palace Propco Limited  
 Lum Chang Orion Pte Ltd

**KELVIN LUM WEN SUM****Present Directorships**

Lum Chang Holdings Limited \*  
 UK Property Investment Pte Ltd  
 Ellipsiz Ltd \*  
 Ellipsiz DSS Pte Ltd  
 EIR Investments Pte Ltd  
 iNETest Resources Pte Ltd  
 Kalms Investment Pte Ltd  
 CrystalTech Scientific Inc  
 iNETest Malaysia Sdn Bhd  
 Ellipsiz iNETest Co Ltd  
 Ellipsiz Taiwan Inc  
 Beverian Holdings Pte Ltd  
 Bevrian Pte Ltd  
 LS Investments Pte Ltd  
 Nanyang Kindergarten  
 Nanyang Primary School  
 Nanyang Girls' High School Ltd  
 Nanyang International Education (Holdings) Limited

**Past Directorships over the Preceding Five Years**

Richful China Investments Limited  
 Lum Chang (Hong Kong) Investments Limited  
 TCNB (Thailand) Limited  
 AF Global Limited  
 Bon (38) Investment Pte Ltd  
 Bon 88 Investment Pte Ltd  
 Cheong Hock Chye & Co (Pte) Ltd  
 Cityview Property Investment & Trading Limited  
 Draycott Garden Pte Ltd  
 Gateway Enterprise Company Limited

Hillgate Investment Pte Ltd  
 Knight Frank Pte Ltd  
 L.C. (London) Ltd  
 L.C. Hotels Pte Ltd  
 L.C. Logistics Pte Ltd  
 LCD Property Management Pte Ltd  
 LCD Property Pte Ltd  
 LCD (Indochina) Pte Ltd  
 LCD (Vietnam) Pte Ltd  
 Rawai (38) Investment Pte Ltd  
 Rawai 88 Investment Pte Ltd  
 ZONE X Leisure Pte Ltd  
 MKHT (Thailand) Limited  
 Phuket Island Property Fund  
 HIRP (Thailand) Limited  
 RP (Thailand) Limited  
 Corpus Five Sdn Bhd  
 LCD Management Sdn Bhd  
 AF Global (Phuket) Limited  
 Xuzhou RE Sales Co Ltd  
 Xuzhou YinJian LumChang Real Estate Development Co Ltd  
 RDL Investments Pte Ltd  
 London Property Investment Pte Ltd  
 SV Probe Pte Ltd  
 Veight Investments Pte Ltd  
 Tokyo Cathode Laboratory (S) Pte Ltd  
 Ellipsiz Taiwan Second Source Inc  
 SV Technology Inc  
 Kalms (Singapore) Pte Ltd

## **PETER SIM SWEE YAM**

### **Present Directorships**

Lum Chang Holdings Limited \*  
 Gravitas Alliance International Pte Ltd  
 Haw Par Corporation Limited \*  
 Mun Siong Engineering Limited \*  
 Sim Law Practice LLC  
 Singapore Heart Foundation  
 Singapore Reinsurance Corporation Ltd \*  
 SKB & Associates Pte Ltd  
 ST Group Food Industries Holdings Limited \*

### **Past Directorships over the Preceding Five Years**

Young Men's Christian Association of Singapore  
 Infinity Capital Partners (S) Pte Ltd  
 Marco Polo Marine Ltd

## **DR WILLIE LEE LENG GHEE**

### **Present Directorships**

Lum Chang Holdings Limited \*  
 Clinic @ T3 Hotel LLP

## **DANIEL SOH CHUNG HIAN**

### **Present Directorships**

Lum Chang Holdings Limited \*  
 Agency for Integrated Care Pte Ltd  
 British and Malayan Holdings Limited \*  
 British and Malayan Trustees Limited \*  
 Sunright Limited \*  
 Vicom Ltd \*

### **Past Directorships over the Preceding Five Years**

QAF Limited  
 Eu Yan Sang International Ltd  
 JDJ Investment Pte Ltd

## **ANDREW CHUA THIAM CHWEE**

### **Present Directorships**

Lum Chang Holdings Limited \*  
 GKE Corporation Limited \*  
 Le-Kai Investment Holding Co Pte Ltd  
 SME Care Pte Ltd  
 SME Care Holdings Pte Ltd

## **CLEMENT LEOW WEE KIA**

### **Present Directorships**

Lum Chang Holdings Limited \*  
 Allied Technologies Limited \*  
 Ellipsiz Ltd \*  
 Grand Team Technologies Limited  
 MSM International Limited \*  
 Overseas Education Limited \*

### **Past Directorships over the Preceding Five Years**

JB Foods Limited  
 Crowe Horwath Capital Pte Ltd

\* Public-listed company

# Alternate Director

+ In members' voluntary liquidation

## SENIOR MANAGEMENT



### TAN WEY PIN

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Mr Tan Wey Pin joined Lum Chang Building Contractors (LCBC) in 2003 and was subsequently appointed Executive Director in 2007. Mr Tan was promoted to Managing Director of LCBC in 2010 and as Head of Construction, is responsible for its overall management and strategy development to spearhead its growth.

Mr Tan holds a Bachelor of Engineering (Civil) from the University of New South Wales, Australia. He has more than 30 years of construction industry experience, during which he managed a number of complex and largescale projects in infrastructure, civil and building works.

### ADRIAN LUM WEN HONG

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

Prior to joining Lum Chang, Mr Lum held management positions whilst working locally and abroad. Mr Lum is currently a non-independent non-executive Director of Ellipsiz Ltd and was recently appointed as a Director of Kwong Wai Shiu Hospital in July 2019.

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





### RINTU CHAKRAVARTHY

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

Mr Chakravarthy has over 30 years of experience with core competencies in almost every facet of construction and holds a Bachelor of Civil Engineering from the Andhra University, India.

### LIM THIAM HOOI

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Mr Lim Thiam Hooi is the Managing Director of Lum Chang Interior (LC Interior), a subsidiary of LCH set up in February 2018. He oversees the day-to-day operations of the business and is responsible for developing and executing business strategies to achieve profitability and drive sustainable growth.

Mr Lim has over 30 years of experience in the building industry, with nearly 20 years managing projects in the specialised fields of interior-retrofitting, conservation, and additions and alterations. Prior to joining Lum Chang, Mr Lim was with Shanghai Chong Kee Furniture & Construction Pte Ltd for 16 years, where he last held the position of director.

Mr Lim graduated with a Bachelor of Engineering (Civil) from National University of Singapore.



### FOO YOKE HENG

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

With over 40 years of working experience to date, she has held numerous appointments in her career beginning with the Ministry of Education. At the former DBS Land, she was responsible for corporate human resources of the Group and its subsidiaries with operations across Singapore and the Asia-Pacific. Mrs Foo graduated with a Bachelor of Arts degree from the then University of Singapore.



# CORPORATE DATA

## BOARD OF DIRECTORS

Raymond Lum Kwan Sung  
*Executive Chairman*

David Lum Kok Seng  
*Managing Director*

Tony Fong  
*Executive Director*

Kelvin Lum Wen Sum  
*Non-independent  
Non-executive Director*

Peter Sim Swee Yam  
*Lead Independent Director*

Dr Willie Lee Leng Ghee  
*Independent Director*

Daniel Soh Chung Hian  
*Independent Director*

Andrew Chua Thiam Chwee  
*Independent Director*

Clement Leow Wee Kia  
*Independent Director*

## REGISTERED OFFICE

14 Kung Chong Road  
#08-01 Lum Chang Building  
Singapore 159150  
Tel: (65) 6273 8888  
Fax: (65) 6933 6688  
Email: lch@lumchang.com.sg  
www.lumchang.com.sg

## REGISTRARS & TRANSFER OFFICE

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

## COMPANY REGISTRATION NO.

198203949N

## AUDIT AND RISK COMMITTEE

Daniel Soh Chung Hian  
*Chairman*

Peter Sim Swee Yam  
Dr Willie Lee Leng Ghee  
Andrew Chua Thiam Chwee  
Clement Leow Wee Kia

## NOMINATING COMMITTEE

Dr Willie Lee Leng Ghee  
*Chairman*

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

## REMUNERATION COMMITTEE

Peter Sim Swee Yam  
*Chairman*

Dr Willie Lee Leng Ghee  
Andrew Chua Thiam Chwee

## COMPANY SECRETARIES

Tony Fong  
Tan Eng Chan Gerald

## INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP  
Public Accountants  
and Chartered Accountants  
Singapore  
Audit Partner  
Lam Hock Choon  
(effective from the financial year ended  
30 June 2017)

## PRINCIPAL BANKERS

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

# NETWORK OF OPERATIONS

## SINGAPORE

14 Kung Chong Road  
#08-01 Lum Chang Building  
Singapore 159150  
Tel: (65) 6273 8888  
Fax: (65) 6933 6688

- Lum Chang Holdings Limited
- Lum Chang Asia Pacific Pte Ltd
- Lum Chang Auriga Pte Ltd
- Lum Chang Building Contractors Pte Ltd
- Lum Chang Corporation Pte Ltd
- Lum Chang Properties Ltd
- Lum Chang Property Investments Pte Ltd
- Lum Chang (Suzhou) Investments Pte Ltd
- Binjai Holdings Pte Ltd
- Columba Holdings Pte Ltd
- Corwin Holding Pte Ltd
- Dorado Holdings Pte Ltd
- Kemensah Holdings Pte Ltd
- Sky Real Estate Investment Pte Ltd
- Solluna Investments Pte Ltd
- Tucana Investments Pte Ltd
- UK Property Investment Pte Ltd
- Wembley Properties Pte Ltd

1 Commonwealth Lane  
#06-34, One Commonwealth  
Singapore 149544  
Tel: (65) 6716 9200  
Fax: (65) 6716 9211

- Lum Chang Interior Pte Ltd

## WEST MALAYSIA

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

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

## JERSEY, CHANNEL ISLANDS

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

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

## UNITED KINGDOM

8 Sackville Street  
London, W1S 3DG  
United Kingdom  
Tel: 44 20 7205 7100

- Lum Chang Development Services Limited

# CHAIRMAN'S STATEMENT

## REVIEW OF BUSINESS OPERATIONS

On behalf of the Board of Directors, it is my pleasure to present the financial report of Lum Chang for the financial year ended 30 June 2019.

After a positive start in 2018, the global economy slowed notably in the second half due to a confluence of trade tensions and geopolitical concerns. Reflecting the slowdown in global economic activity, Singapore's GDP growth slowed to 3.1% in 2018 down from the 3.7% experienced in 2017. The local construction sector contracted by 3.7%, comparatively at a slower rate than the previous year's 11.5%, with support coming mainly from public sector demand.

Against the backdrop of continued challenging market conditions and uncertain political climate, the Group managed to deliver a creditable performance for the financial year ended 30 June 2019.

For the year under review, the Group reported an 8.4% drop in revenue to \$240.3 million from \$262.3 million in FY2018. Concurrently, net profit attributable to shareholders decreased 5.3% to \$23.3million from \$24.6 million over the same period.

## DIVIDENDS

In appreciation of the continued trust and support of the shareholders, the Board is pleased to recommend a final dividend payout of 1.5 cents per share to be approved by Shareholders at the forthcoming Annual General Meeting. If approved, the total dividend paid out for the financial year including the 0.3 cents per share paid out in March 2019, is 1.8 cents per share.

## PROPERTY & INVESTMENT

To mark its structural completion, Tekka Place, the Group's joint venture redevelopment project at Serangoon Road, held a topping out ceremony in March earlier this year. The integrated development comprises 320 serviced residences and a retail mall with approximately 69,000 square feet of net lettable area. Leasing activities for the retail mall is underway and Tekka Place is expected to complete in the fourth quarter of 2019.

Construction for One Tree Hill Collection – the Group's prestigious residential project, is progressing according to schedule. The development, located at the junction of One Tree Hill and Jalan Arnap, comprises 12 semi-detached and two bungalows. To date, three semi-detached units have been sold and the project is expected to complete in the second half of next year.

Subdued consumer sentiment, tightening of housing loans by banks and oversupply issues continued to impact the Malaysian property market during the year under review. The Group continued to focus on marketing efforts, selling seven units at Twin Palms Sungai Long during the year under review, bringing the total number of units sold to date to 398, or 90% of the 444 units launched so far. Twin Palms Sungai Long has a total of 573 units.

Due to market sentiment, the Group has put development plans of the Petaling Jaya mixed-use project on hold. We will continue to monitor market conditions while concurrently exploring other development options.

In March 2019, the Group completed the disposal of part of the land at Kelaty House, intended to accommodate the student hostel component of the development. The transaction yielded a gain of approximately \$8.9 million. Construction on the serviced residences component of the project started in first quarter 2019 and is expected to complete in 2021. The Group also divested its minority stake in Main Airport Centre, the freehold multi-tenanted office building in Frankfurt, realising a gain of approximately \$1.1 million. The completion of the sale is expected by the later part of September 2019.

## CONSTRUCTION

Our Construction arm continued to remain the Group's major revenue driver, reporting revenue of \$222.8 million, marking a decrease of 8.4% over the last financial year.

The Division clinched a major contract from the Land Transport Authority and a couple of interior contracting projects, strengthening our order book from \$648.3 million at the end of the last financial year to \$1.3 billion as at 30 June 2019. The \$799 million LTA contract entails the design and construction of the North-South Corridor in Ang Mo Kio, while our new Division, LC Interior, was awarded contracts for conservation works at St James Power Station and architectural works for two MRT stations, namely the T311 Bedok South station project along the Thomson East Coast Line and the T315 Tanah Merah station, worth a total of \$79.2 million.

During the financial year, we obtained TOP for the residences and the community club of Northpoint City while construction for ongoing projects are progressing according to schedule. These include the Tanah Merah Station Contract T315, PSA's corporate headquarters and JTC's industrial development at Woodlands North Coast.

Despite being completed in 2017, Kampung Admiralty continued to garner a slew of industry awards, both local and international. These include the prestigious World Building of the Year 2018 Award at the World Architecture Festival in Amsterdam, the Housing Development Board (HDB) Construction Award 2018, the Building and Construction Authority (BCA) Construction Excellence and the BCA Construction Productivity Platinum Awards.

Attesting to our efforts to promote and uphold workplace safety, LCBC was also recognised at the Workplace Safety and Health (WSH) Awards 2019, with the Silver WSH Performance award, while three of its projects were lauded with the Safety and Health Award Recognition for Projects. To cap off an exciting year, the Tanah Merah Station project was crowned with the LTA Challenge Shield, the highest accolade at the Authority's Annual Safety, Health and Environmental Award Convention (ASAC).

In line with the Government's push for digitalisation within the sector, LCBC will continue investing in technologies and training, and increasingly use modular and digital solutions. With proper application, enhanced BIM modelling, virtual reality and drones will lower cost, improve quality and productivity, and enhance safety.

## SHARE BUY-BACK AND EMPLOYEE SHARE OPTION SCHEME

The Company purchased 1,994,000 of its own shares during the financial year ended 30 June 2019. The 2007 Employee Share Option Scheme has expired and the Group does not intend to set up a new scheme in the near future.

## CONCLUSION

The Ministry of Trade and Industry on 13 August 2019, cut its full-year growth forecast, now expecting Singapore's GDP to come in between 0% and 1%. This downgrade suggests that Singapore is anticipating its slowest full-year growth in a decade. In addition, with the protracted trade tensions between the United States and China, political unrest in Hong Kong, and uncertain global economic conditions, the Group expects the business outlook in FY2020 to remain challenging.

That said, the BCA expects a steady improvement in construction demand over the next two years. Demand is projected to reach between \$27 billion and \$34 billion per year in 2020 and 2021, boosted by major infrastructure projects like the Cross Island Lines, the North-South Corridor, Jurong Lake District developments and various Changi Airport projects.

And while we are cognizant that we operate in a highly competitive market marked by rising costs and manpower shortage, LCBC's strong market credibility and depth of expertise, puts us in a strong position to pursue viable projects. We will nonetheless, continue to be selective and strategic in our tender bids.

Despite cautious sentiment in the local property market amidst low economic growth and cooling measures, we remain on the lookout for suitable property development and investment opportunities that align with the Group's risk appetite. In parallel with these efforts, the Group will continue to review overall cost structure and remain disciplined in capital management.

On behalf of the Board, our heartfelt appreciation goes out to our shareholders, clients and business associates for the unwavering support they have shown the Group over the years. I would also like to thank my fellow Board colleagues for their wisdom, guidance and continued advice, and our management team and staff for their dedicated efforts in a challenging market.



**Raymond Lum Kwan Sung**

Executive Chairman  
12 September 2019

# PROPERTY & INVESTMENT

## CREATING QUALITY AND DISTINCTIVE LIVING SPACES



The Group has through the years, amassed an impressive and diversified portfolio of property developments comprising luxurious homes and premium condominiums, prime commercial properties and integrated developments, scattered across Singapore, Malaysia and the United Kingdom. Building on our success, we will continue to develop quality projects while being on the lookout for strategic investment opportunities.

In Singapore, the Group's joint venture integrated development, Tekka Place marked its on-schedule structural completion with a topping out ceremony, graced by Guest-of-Honour, Minister S Iswaran.

One Tree Hill Collection was launched last year and construction is progressing according to schedule. The project is expected to complete in the second half of 2020.

In the United Kingdom, the development of its 300-key serviced residences at Kelaty House has started and is targeted to complete in 2021. In addition, the Group completed the sale of the freehold interest in the student accommodation component of Kelaty House.

The Group also divested its minority stake in Main Airport Centre, a freehold multi-tenanted office building in Frankfurt, Germany.

In Malaysia, the Group is reviewing the development plans for its Petaling Jaya project and continues to market its landed residential development in Twin Palms Sungai Long.

## SINGAPORE



### TEKKA PLACE

Jointly developed with LaSalle Investment Management, Tekka Place, is set to open in the fourth quarter of 2019.

The new development comprises a 10-storey main block and a seven-storey annex block with rooftop deck. Citadines Rochor, a 320-unit serviced residence featuring studio and one-bedroom units, will occupy the third to tenth floors of the main block. Facilities include a residents' lounge, gym, laundrette, and swimming pool.

When complete, the retail podium will offer 80 retail units spread across the basement and first two floors of the main block, as well as level one and rooftop deck of the annex block. There are also dedicated outdoor and indoor spaces for activities that promote the unique culture and heritage of Little India.

XinTekka, a new food hall concept, will occupy more than 10,000 square feet of the mall, and will feature local culinary favourites with a twist. Currently, more than half of the net lettable retail space is under advanced negotiations.

### ONE TREE HILL COLLECTION

The One Tree Hill Collection is a prestigious residential development comprising 12 semi-detached and two bungalows. Located at the junction of One Tree Hill and Jalan Arnap, this freehold property offers both convenience and tranquil living. Nestled within a private enclave of an affluent residential estate, it is just minutes away from bustling Orchard Road.

Featuring well-designed interiors complemented by sleek quality finishes and fittings, all homes in the development have four levels, including a basement and attic. With at least four en suite bedrooms, including the master suite, the houses are also fitted with home lifts and private lap pool.

To date, three semi-detached units have been sold and the project is expected to be completed in the second half of 2020.



## UNITED KINGDOM



### KELATY HOUSE

Kelaty House, is a freehold commercial property situated in close proximity to the iconic Wembley Stadium, within the Wembley Regeneration Area.

The redevelopment of the site comprises the erection of five buildings ranging in height from four to 13 storeys for a mix of uses including a 300-key serviced residence, 599-bed student accommodation, and other applications such as business, retail, community and leisure.

In March 2019, the Group completed the sale of the freehold interest in the student accommodation component of the development.

Construction for the serviced residences is progressing well. The development is expected to complete in 2021.

### 130 WOOD STREET

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

The building comprises Grade A offices, a basement wine bar, and retail and storage units let out on long leases. The Group derives rental income from the property which is fully leased.



# MALAYSIA

## TWIN PALMS SUNGAI LONG

Twin Palms Sungai Long is one of the most coveted luxury developments in Malaysia. Made up of a collection of landed properties: super-link homes, semi-detached and bungalow homes, the development stretches over 126 acres of lush greenery and charming streams and parks, and is located close to SILK highway, Grand Saga Cheras-Kajang Expressway, Lekas Highway, and the upcoming East Klang Valley Expressway.

The estate offers a full suite of recreational and sports facilities including a clubhouse, an infinity pool, wading and children's pool, gymnasium, sauna, activity hall with badminton, table tennis and basketball courts, a multipurpose hall, children's playroom, convenience kiosk, poolside café, BBQ place and an observation deck that commands scenic views of the neighbourhood and surrounding area of Bandar Sungai Long. As an all-encompassing sanctuary, residents are also able to socialise with each other through activities that the estate management hold frequently for the community.

For the year under review, new phases of 19 Westiara bungalows and 21 Latania semi-detached homes and bungalows were launched, while construction of 12 Latania semi-detached homes were also completed within the year.

To date, 444 out of 573 units at Twin Palms Sungai Long have been launched. The total number of units sold is 398, or 90% of the units launched.



## DEVELOPMENT AT PETALING JAYA, KUALA LUMPUR

The Group together with our partners, Tien Wah Properties Sdn Bhd, have put development plans of the Petaling Jaya mixed-use project on hold. We will continue to monitor market conditions while concurrently explore other development options.

# CONSTRUCTION

## REFINING BUSINESS SUSTAINABILITY STRATEGIES AND EXPANDING OUR VALUE CREATION



Through the years, the Group's construction division has erected many of Singapore's skyline landmarks, and built signature infrastructure. Its extensive portfolio of projects across the many sectors, is proof of the confidence LCBC instils and its reputation for excellent performance. To date, LCBC has built an impressive construction portfolio valued at more than \$10.5 billion.

During the year, LCBC secured the tender to build a section of the North-South Corridor (tunnel) between Ang Mo Kio Avenue 3 and Avenue 9. Construction for Woodlands North Coast and PSA Liveable City are progressing well, while Tekka Place is expected to be completed on schedule by the fourth quarter of this year.

Northpoint City, an integrated development in Yishun Central, received its TOP for its residential development and community club in October.

Building works for LTA's Tanah Merah MRT project (Contract T315) is into its third year and progressing according to schedule. Just recently, the project, at the LTA Annual Safety, Health and Environmental Award Convention, won the LTA Contractors Challenge Shield, the ASAC's top award.

Kampung Admiralty continued to garner accolades despite being completed in 2017. The development was awarded the BCA's twin awards for Construction Productivity Platinum Award and Construction Excellence Award, HDB's Construction Award 2018 and the prestigious World Building of the Year 2018.

As a leading building contractor in Singapore, LCBC dynamically aligns itself with BCA's Industry Transformation Map. We will continue to develop new avenues in new technologies to build our competencies, remain steadfast in our commitment to deliver uncompromising standards of quality and safety, proactively invest in our people and tender for new projects strategically.

## NORTH-SOUTH CORRIDOR (CONTRACT N110)

The North-South Corridor will be Singapore's first integrated transport corridor that will connect towns in the northern region to the city centre. The 21.5 kilometre stretch will feature continuous bus lanes and cycling trunk routes.

LCBC has secured the tender for a section of the North-South Corridor (tunnel) between Ang Mo Kio Avenue 3 and Avenue 9. The contract, valued at \$799.0 million, was awarded by the LTA.

The scope of works includes the design and construction of 1.95 kilometres of tunnel structures, a facility building near Ang Mo Kio Town Garden, at-grade roads and drainage system. Work on culverts and relevant connections, commuter facilities and pedestrian overhead bridges is also included in the contract.

Contract N110 is scheduled to complete in 2026.

## WOODLANDS NORTH COAST

LCBC was awarded a \$200.5 million contract by Aedas Pte Ltd, on behalf of JTC Corporation, for the construction of two new industrial developments at Woodlands North Coast.

The scope of works includes the construction of a new eight-storey, and one other nine-storey light industrial building with one level of basement carpark, and a covered walkway to Republic Polytechnic. The first to third floors of the buildings are envisaged to house offices, shops and restaurants.

The development is expected to be completed in 2020.



## PSA LIVEABLE CITY

PSA Liveable City is a \$136.9 million commercial development that will house PSA Singapore's corporate headquarters. Awarded by PSA Corporation, the scope of the contract includes the construction of a new 20-storey intelligent, smart and green Class "A" office tower and an adjacent four-storey block with recreational amenities. Besides offices, the 20-storey tower will house a viewing gallery, training rooms and an innovation centre. Works for the four-storey ancillary building will include facilities for the PSA Recreation Club as well as a viewing deck for the public.

The contract also includes addition and alteration works to the existing Pasir Panjang Terminal Building 3, which comprise landscape enhancement and a new covered linkway for seamless connectivity within the buildings.

The project is expected to be completed in 2020.

## TEKKA PLACE

The reconstruction of Tekka Place by LCBC for a contract sum of \$85.7 million, is currently progressing according to schedule.

The contract includes the demolition of the existing main block and the reconstruction of a 10-storey integrated development with a retail podium and serviced residences in its place. The adjoining seven-storey annex block will undergo major refurbishment to include retail and parking facilities and also a rooftop commercial-cum-cultural space.

The development held a Topping Out ceremony in March this year, and is expected to be completed in the fourth quarter of 2019.

In July 2019, Tekka Place was awarded the WSH Performance (SHARP) Award at the WSH Awards, organised by the Workplace Safety and Health Council (WSHC) and Ministry of Manpower (MOM).



Image : LTA

## TANAH MERAH STATION (CONTRACT T315)

Addition and alteration works are underway at the existing Tanah Merah MRT Station.

Under the terms of the LTA \$325.0 million contract, the station will have an additional platform and concourse, two new entrances linked by an underpass near the Tanah Merah Kechil Avenue intersection, along with related road and drainage works.

The scope of the T315 project also involves the addition of tracks and viaducts to run parallel to the existing East-West Line, and connections to the new East Coast Integrated Depot at Changi.

In July 2019, the project was awarded the WSH Performance (SHARP) Award at the WSH Awards, organised by the WSHC and MOM.

At this year's LTA Annual Safety, Health and Environmental Award Convention on 21 August 2019, Contract T315 was presented with the LTA Contractors Challenge Shield, the Convention's top award, in recognition of the project team's excellent workplace safety, health and environment practices. In addition, the T315 team also received the Accident-Free Recognition Award.



Image : Frasers Centrepont Limited

## NORTHPOINT CITY

Constructed in phases, this mixed development in Yishun Central by Frasers Property, is a \$487.0 million integrated project comprising the 920-unit North Park Residences, retail mall, community spaces, a bus interchange and two underground retail links with direct access to Yishun MRT Station.

The mall houses over 400 retail and dining outlets across two retail wings, a community club, rooftop community garden, public library, a town plaza the size of 10 basketball courts and a line-up of lifestyle and retail offerings curated to serve the community. The mall celebrated its official opening in November 2018, while the residential development and community club received their TOP in October 2018.

In July 2019, the development was awarded the WSH Performance (SHARP) Award at the WSH Awards, organised by the WSHC and MOM.

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# INTERIOR

## INTERIOR SPACE PLANNING AND DESIGN

Established in February 2018, LC Interior is a specialist interior contracting firm providing high-end interior fit-out solutions, conservation project management, and additions and alterations services.

During the year under review, LC Interior was awarded contracts for conservation works at St James Power Station and architectural works for two MRT stations.



### ST JAMES POWER STATION

LC Interior secured a contract for addition and alteration works to St James Power Station, a national monument gazetted in 2009.

The scope of the project includes conservation works, introduction of new passenger and service lifts, replacement of surface parking lots with landscaping and roofing works.

The project is expected to be completed in 2020.

### BEDOK SOUTH STATION (CONTRACT T311)

Bedok South Station consists of two underground levels and is designed as a Civil Defence Shelter Station. LC Interior was awarded a sub-contract for architectural works at the station and tunnels for Thomson-East Coast Line (TEL).

The station at-grade structure consists of entrances, lift and vent shafts, escape stairs and commuter facilities such as covered linkways which connect the station entrance structures to pick-up points, taxi and bus shelters.

The project is expected to be completed in 2024.



### TANAH MERAH STATION (CONTRACT T315)

The architectural works sub-contract for Tanah Merah Station involves the upgrading of the headway and conversion of two of the existing platforms to the TEL system. A new elevated six-car island platform will also be constructed. Other additional alteration works include the upgrading of the public toilets and family facilities.

The project is expected to be completed in 2024.



As a responsible corporate citizen, Lum Chang is committed to operating in an economically, socially and environmentally responsible manner for the long-term sustainability of our businesses, the environment and the community at large.

This report, in conjunction with the Corporate Governance Report pages 51 to 74, provides details to the Group's material Environmental, Social and Governance (ESG) topics in its sustainability journey.

## SUSTAINABILITY TARGETS

The economic landscape for property development and investment property markets remain competitive on the back of an increasingly tight construction industry. We will exercise financial prudence and adopt a disciplined approach to bid for, and secure new business.

Environmentally, we are committed to strict compliance with all environmental protection-related legal requirements imposed by local regulatory authorities, and require all key suppliers and sub-contractors to do the same. We will continue our energy and water conservation practices, along with minimising wastage and reducing construction waste.

As we strive towards being an employer of choice, we will continue to nurture qualified and experienced personnel, and ensure the provision of equal opportunities for all staff. The Group will continue to aim for zero fatality and injuries at our work sites to ensure a safe and healthy workplace environment. Our suppliers will also be subjected to robust assessments of their workplace health and safety practices and socioeconomic compliance.

We will continue to develop more meaningful partnerships with charitable organisations and various institutions to improve the welfare of the community. We aim to bring more diversity in terms of gender, race and age groups to build a capable and diverse workforce.

## SIGNIFICANT AWARDS AND ACCREDITATION

As testament of our commitment to performance excellence, our construction arm, LCBC, has won a slew of various awards issued by the BCA since the early 1990s. These range from the BCA Green Mark, Green and Gracious Builder, Construction Excellence, Construction productivity and BIM awards. We were also recognised by the LTA for our excellence in development and infrastructure project management. Our awards in the last two years include:

- **WSH Performance – Silver, 2018 & 2019**
- **RoSPA Health & Safety Awards – Gold, 2018 & 2019**
- **HDB Construction Award, 2018**  
Kampung Admiralty
- **HDB Construction Safety Award, 2018 (Merit)**  
Kampung Admiralty
- **ASAC - LTA Contractors Challenge Shield – Champion, 2019**  
T315
- **ASAC - Safety & Health Certificate of Excellence & Finalist (Category A), 2019**  
T315
- **ASAC - Accident-Free Recognition Award (Category 1), 2019**  
T315
- **WSH Performance (SHARP), 2019**  
Tekka Place
- **WSH Performance (SHARP), 2019**  
T315
- **WSH Performance (SHARP), 2019**  
Northpoint City
- **BCA Construction Productivity Award, Projects Category (Platinum), 2019**  
Kampung Admiralty
- **BCA Construction Excellence Award, Commercial/Mixed Development Buildings Category, 2019**  
Kampung Admiralty

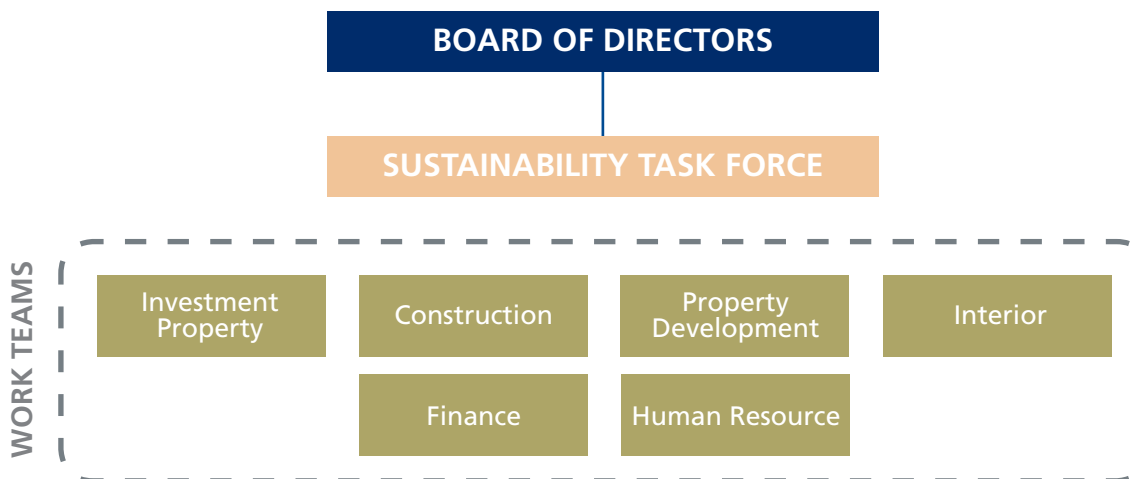
Lum Chang's environmental initiatives are certified under the internationally recognised Environmental Management System Certificate (ISO 14001) as well as the Quality Management System Certificate (ISO 9001).

Our efforts to promote workplace safety was also recognised by the international RoSPA and the WSH when we took home the RoSPA Health & Safety Awards Gold and the WSH Performance (SHARP) award for three years running (2016-2018 and 2017-2019 respectively). LCBC also claimed the prestigious LTA Contractors Challenge Shield, the highest accolade at the LTA's Annual Safety, Health and Environmental Award Convention. Our Occupational Health and Safety Management System is also internationally recognised under the OHSAS 18001.

These industry awards and certifications demonstrate our continuous commitment to excellence and innovation.

## GOVERNANCE

Established to drive Lum Chang's sustainability efforts, the Group established the sustainability task force (STF) which comprises key management personnel and representatives from different business units.



The STF reviews the Group's sustainability objectives, challenges, targets and progress to align with the strategic direction of the Group, and supervises the work teams in implementing and tracking sustainability data and progress.

The Board incorporates sustainability issues into the strategic formulation of the Group. The Board with the assistance of the STF, determines the material environmental, social and economic factors, and ensures that the factors identified are well-managed and monitored.

Please refer to the Corporate Governance Report in this Annual Report for more information.

### Stakeholder Engagement

We value involvement of all of our stakeholder groups and use a variety of channels to engage them as well as collect their feedback. We identify stakeholders as groups that have an impact, or have the potential to be impacted by our business, as well as those external organisations that have proficiency in areas that we consider material. The feedback we receive from our stakeholders helps us determine our material topics and identify our focus areas.

| Stakeholders                        | Engagement Platforms                                                                                                                                                       | Issues of Concern                                                                                                                                                   | Read more in the following sections                                                                                         |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <b>Employees</b>                    | <ul style="list-style-type: none"> <li>• Open annual performance appraisal system to link performance with remuneration</li> <li>• Trainings</li> </ul>                    | <ul style="list-style-type: none"> <li>• Remuneration and benefits</li> <li>• Training and development</li> <li>• Ethics and conduct</li> </ul>                     | <ul style="list-style-type: none"> <li>• Our People, Our Assets</li> </ul>                                                  |
| <b>Suppliers and Subcontractors</b> | <ul style="list-style-type: none"> <li>• Updates from contractors on any occurrence of accidents/incidents impact health/safety/environmental</li> </ul>                   | <ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Environmental compliance</li> </ul>                                                           | <ul style="list-style-type: none"> <li>• Supplier Environmental Management</li> <li>• Supplier Social Management</li> </ul> |
| <b>Customers</b>                    | <ul style="list-style-type: none"> <li>• Ongoing dialogues and engagement</li> </ul>                                                                                       | <ul style="list-style-type: none"> <li>• Data privacy</li> <li>• Satisfaction with service provided</li> </ul>                                                      | <ul style="list-style-type: none"> <li>• Customer Privacy and Data</li> </ul>                                               |
| <b>Governments and Regulators</b>   | <ul style="list-style-type: none"> <li>• SGX quarterly announcements</li> <li>• Annual Reports</li> <li>• Sustainability Reporting</li> <li>• Ongoing dialogues</li> </ul> | <ul style="list-style-type: none"> <li>• Environmental compliance with NEA &amp; PUB</li> <li>• Regulatory and Industrial requirements under BCA and MOM</li> </ul> | <ul style="list-style-type: none"> <li>• Fines or Penalty</li> <li>• Stop work order</li> </ul>                             |
| <b>Community</b>                    | <ul style="list-style-type: none"> <li>• Community services engagement</li> </ul>                                                                                          | <ul style="list-style-type: none"> <li>• Social development</li> <li>• Noise management</li> <li>• Vector controls</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Social Responsibility</li> </ul>                                                   |
| <b>Shareholders and investors</b>   | <ul style="list-style-type: none"> <li>• Financial results, company announcements and Annual Reports</li> <li>• Investor relations management</li> </ul>                   | <ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Corporate Governance</li> </ul>                                                            | <ul style="list-style-type: none"> <li>• Anti-corruption</li> </ul>                                                         |

## Ethics and Integrity

Lum Chang is committed to building and maintaining a culture of integrity. We work conscientiously to establish our employees' understanding and compliance with applicable laws and policies, and adhere to the highest standards of ethics and integrity. Our ethics and compliance programme is an essential part of the Company's operations.

### **Anti-corruption** (GRI 205-1, 205-2, 205-3)

Lum Chang is devoted to running our business operations based on our principles of honesty, integrity, responsibility and accountability at all levels of the organisation. All employees are briefed and required to comply with the Employee Code of Conduct, policies on Conflict of Interest, and Whistle-Blowing. The Employee Code of Conduct and policies reiterates the Company's stance against corruption and bribery, as well as provides a clear framework for staff to conform to, during their dealings with customers, suppliers and fellow colleagues. We communicate our anti-corruption policies and procedures to all of our business partners.

There were zero incidents of corruption and public legal cases brought against the organisation or its employees in FY2019. We remain vigilant in ensuring that our employees conduct themselves with highest integrity.

## REPORTING PRACTICE

This sustainability report is produced in accordance to the GRI standards "Core" option covering our Group's performance from 1 July 2018 to 30 June 2019.

The GRI standards represent the global best practices for reporting on economic, environmental and social topics.

The report also incorporates the primary components of report content as set out by the SGX's "Comply or Explain" requirements on sustainability reporting under Listing Rule 711B.

The Lum Chang Sustainability Task Force intends to review the option for external assurance of its sustainability report annually.

Lum Chang's material topics are identified based on their impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section.

| Applicable Segments             |                      |              |                     |             |             |
|---------------------------------|----------------------|--------------|---------------------|-------------|-------------|
| Material Topics                 | Property Development | Construction | Investment Property | LC Interior | Group-Level |
| <b>ECONOMIC</b>                 |                      |              |                     |             |             |
| Indirect Economic Impacts       |                      | •            |                     | •           |             |
| Anti-corruption                 |                      |              |                     |             | •           |
| <b>ENVIRONMENTAL</b>            |                      |              |                     |             |             |
| Materials                       |                      | •            |                     |             |             |
| Energy                          | •                    | •            | •                   |             | •           |
| Emission                        | •                    | •            | •                   |             | •           |
| Water                           | •                    | •            | •                   |             | •           |
| Effluents and Waste             | •                    | •            | •                   |             | •           |
| Environmental Compliance        | •                    | •            | •                   |             | •           |
| Supplier Environment Assessment | •                    | •            | •                   |             | •           |
| <b>SOCIAL</b>                   |                      |              |                     |             |             |
| Employment                      |                      |              |                     |             | •           |
| Occupational Health and Safety  |                      | •            |                     | •           |             |
| Training and Education          |                      |              |                     |             | •           |
| Diversity and Equal Opportunity |                      |              |                     |             | •           |
| Local Community                 |                      |              |                     |             | •           |
| Supplier Social Assessment      | •                    | •            | •                   |             | •           |
| Customer Health and Safety      | •                    |              | •                   | •           |             |
| Customer Privacy                |                      |              |                     |             | •           |
| Socioeconomic Compliance        |                      |              |                     |             | •           |

## ENVIRONMENT

At Lum Chang, we are committed to being a responsible partner in the communities we operate in by ensuring safe, efficient and environmentally friendly processes. We are conscious of the environmental impacts arising from our business activities and have implemented an overall framework of eco-friendly practices to minimise energy, water and waste consumption.

### Environmental Measures

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

## PROPERTY DEVELOPMENT

### Sustainable Design

*GRI 302-5, 303-3, 305-5, 306-2*

As a property developer, we have incorporated design features in our buildings to minimise impact on the environment.

Key features of our properties include:

|                                                        | Energy Management                                                                                                                                                                                                                                                   | Water Management                                                                                                                                                                                                                                                | Waste Management                                                                                                                                                                                 |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Tekka Place,<br/>Singapore</b>                      | <ul style="list-style-type: none"> <li>✓ Use of daylighting for common areas</li> <li>✓ Meters to monitor energy and water consumption of water and cooling systems</li> <li>✓ Energy efficient systems for air conditioning, lighting, car park systems</li> </ul> | <ul style="list-style-type: none"> <li>✓ Water efficient fittings with minimum 2 ticks rating</li> <li>✓ Water efficient irrigation system with rain sensor</li> <li>✓ Provide smart remote monitoring system with alert features for leak detection</li> </ul> | <ul style="list-style-type: none"> <li>✓ Wastewater discharge to PUB sewers/discharge points</li> <li>✓ Provide facilities for collection and storage of different common recyclables</li> </ul> |
| <b>Kelaty House,<br/>London</b>                        | <ul style="list-style-type: none"> <li>✓ Efficient glazing and building fabric to reduce solar gains and reduce energy needed to keep interior cool</li> </ul>                                                                                                      | <ul style="list-style-type: none"> <li>✓ Installation of water-efficient basins, dishwashers, toilets, showers and washing machines, as well as a leak detection system</li> </ul>                                                                              | <ul style="list-style-type: none"> <li>✓ Use of environmentally sustainable materials with BRE Green Guide Rating system of A or A+</li> </ul>                                                   |
| <b>Twin Palms Sungai Long (Phase 4A),<br/>Malaysia</b> | <ul style="list-style-type: none"> <li>✓ Roof insulation to reduce thermal heat from sun radiation</li> <li>✓ Use of Solar panel hot water system</li> <li>✓ Use of daylight to reduce energy consumption</li> </ul>                                                | <ul style="list-style-type: none"> <li>✓ Use of Rain water harvesting system for irrigation</li> <li>✓ Use of sub-meter to monitor usage</li> </ul>                                                                                                             | <ul style="list-style-type: none"> <li>✓ Wastewater discharge to IWK sewers/discharge points</li> </ul>                                                                                          |
| <b>One Tree Hill,<br/>Singapore</b>                    | <ul style="list-style-type: none"> <li>✓ Installation of energy-efficient equipment</li> </ul>                                                                                                                                                                      | <ul style="list-style-type: none"> <li>✓ Water efficient fittings</li> </ul>                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>✓ Usage of materials with green labels</li> </ul>                                                                                                         |

Designs of all buildings are also assessed for any residual risk that could not be mitigated, so that proper risk management can be executed. The appointed Principal Designer will lead in planning, managing, monitoring and coordinating health and safety regulations during the pre-construction phase of the project.

### Environmental Targets

Below is a summary table of the Group's environmental targets for FY2020 for the Property Development sector.

| Environmental Targets for FY2020                                                  |
|-----------------------------------------------------------------------------------|
| Achieve Green Mark (or equivalent) award for new and ongoing significant projects |
| Use of water efficient fittings approved by local certification authorities       |

## CONSTRUCTION

### Energy, Water and Waste Management

GRI 302-1, 303-1, 303-3, 305-1, 305-4, 306-2

Our construction projects are equipped with Earth Control Measures (ECM) to control earth and silt from being discharged into public drains that lead to water catchment areas. The collected water containing a mixture of mud and silt is treated and filtered before being discharged into the common public drainage.

Our actual energy and water consumption for completed projects in FY2019 are lower than target:

| Aspect                   | Project                 | Actual Consumption | Target Consumption |
|--------------------------|-------------------------|--------------------|--------------------|
| Electricity (kWh)        | Northpoint City         | 730,949            | 1,461,000          |
|                          | Mapletree Logistics Hub | 173,333            | 273,769            |
| Diesel Consumed (litres) | Northpoint City         | 498,120            | 803,550            |
|                          | Mapletree Logistics Hub | 119,579            | 255,517            |
| CO <sub>2</sub> (kg)     | Northpoint City         | 516,891            | 1,033,148          |
|                          | Mapletree Logistics Hub | 122,573            | 193,596            |
| Water (m <sup>3</sup> )  | Northpoint City         | 64,246             | 107,140            |
|                          | Mapletree Logistics Hub | 11,619             | 29,202             |

We endeavour to use recycled materials where possible during construction, to minimise environmental impact. Steel and other metals are reused for additional structure stabilising works, safety barriers, access ramps or as metro deck during deep excavation. Formworks and timbers are reused as mosquito traps casing, notice boards and table tops. Excess concrete is used as counterweight for perimeter hoardings and lean concreting for exposed soil for erosion control. We strive to reduce wastage levels at our construction sites.

| Type of Waste                         | Project                 | Actual Consumption | Target Consumption |
|---------------------------------------|-------------------------|--------------------|--------------------|
| <b>Total Waste Disposal Cost (\$)</b> | Northpoint City         | <b>231,873</b>     | <b>1,607,100</b>   |
|                                       | Mapletree Logistics Hub | <b>13,642</b>      | <b>158,177</b>     |
| <b>Concrete Waste (%)</b>             | Northpoint City         | <b>2.06</b>        | <b>2.5</b>         |
|                                       | Mapletree Logistics Hub | <b>0.89</b>        | <b>6.0</b>         |
| <b>Rebar Waste (%)</b>                | Northpoint City         | <b>1.32</b>        | <b>2.5</b>         |
|                                       | Mapletree Logistics Hub | <b>2.06</b>        | <b>6.0</b>         |

### Noise and Vector Management

*GRI 413-2*

Lum Chang has implemented a noise management programme and vector control plans to minimise noise levels and prevent pest breeding at construction sites. We continuously engage with members of the public residing in the vicinity, to seek their understanding on the ongoing works. Routine checks are conducted to detect and remove breeding of vectors. Pest control companies are engaged to carry out regular insecticide spraying.

### Supplier Environmental Management

*GRI 308-1, 308-2, 414-1, 414-2*

Lum Chang endeavours to ensure that suppliers engaged and products used throughout the supply chain satisfy the environmental standards held by the Group.

New suppliers are screened based on environmental criteria such as Green Mark. Suppliers are assessed based on their product range, such as their use of low volatile organic compound (VOC) paints and Persistent Bio-Toxic (PBT) free lighting. Only selected supplier products with green certification are considered unless otherwise stated in project tender documents.

Our appointed project partners are also certified under ISO, Green Mark and more. We require our Principal Contractor to operate under an Environmental Management System, for example ISO 14001. The majority of materials supplied should be in line with the Building Research Establishment Environmental Assessment Method (BREEAM) 'responsible sourcing criteria'. Generally, our concrete and steel supply are required to have a BES 6001 certificate of 'Very Good' or 'Excellent'.

We vigilantly assess the green features and certification of our supplier products. A third party testing by SIRIM is also conducted, if the certification is not from a recognised certification body. We will procure from alternative sources if we realise the supplier product or supply chain has negative impacts on the environment. Such suppliers are also blacklisted from tendering for our future jobs.

In FY2019, there were zero incidents of negative environmental impact in our supply chain.

### Fines or Penalty

GRI 307-1

Following two fines from noise and one fine from mosquito breeding in FY2019, we reviewed internal processes to ensure that there was mindful planning, communication and effective implementation of mitigating measures against environmental non-compliance, noise and mosquito breeding in our projects, to prevent such recurrences. There were zero incidents of major environmental non-compliance in FY2019.

### Environmental Targets and Performance

Below is a summary table of the Group's environmental performance in FY2019 and targets for FY2020 for the Construction sector.

| Environmental Performance in FY2019                                                        |                                                              |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| FY2019 Target                                                                              | Performance Update                                           |
| Reduce energy consumption and carbon emissions                                             | Energy consumption and emissions meet the industrial average |
| Reduce water consumption                                                                   | Water consumption meet the industrial average                |
| Reduce waste production                                                                    | Waste production meet the industrial average                 |
| Environmental Targets for FY2020                                                           |                                                              |
| Environmental performance meet or exceed industrial average                                |                                                              |
| <b>Zero</b> incidents of environmental non-compliance                                      |                                                              |
| <b>Zero</b> incidents of non-compliance with environmental and labour laws among suppliers |                                                              |

## INVESTMENT PROPERTY

### Energy, Water and Waste Management

*GRI 302-4, 303-3, 305-5, 306-2*

In Lum Chang building, our energy conservation initiatives include energy-efficient equipment for thermal control and lighting in the building. We inculcate energy-saving habits in our tenants and staff. We have water fittings with good water efficiency rating from Public Utilities Board (PUB) Water Efficiency Labelling Scheme (WELS) to reduce water wastage. Rainwater is also harvested to provide irrigation to the landscape areas in the building.

We take great care to ensure that waste materials are disposed of in an environmentally friendly manner at our investment properties. At 130 Wood Street, we have implemented waste management measures to sort waste into general and recyclable waste.

Due to the fluctuating number of occupants in the investment properties, the total energy and water consumption data as well as waste data vary. Nevertheless, we continue to monitor the energy and water consumption data on a regular basis and aim to reduce waste production where possible.

### Environmental Targets

We endeavour to minimise energy and water consumption as well as waste production. We will actively advocate recycling of wastes and continue to recycle and harvest rainwater. We will continue to educate our tenants and staff on eco-friendly practices to ensure that our investment properties are managed in a sustainable manner and strictly comply with local environmental laws and regulations.

## LC INTERIOR

LC Interior specialises in interior fitting-out, conservation and restoration, and addition and alteration services, across a broad range of sectors including commercial, retail, F&B and hospitality. Driven by a strong service-led culture, LC Interior develops collaborative partnerships with the project's main contractor, architects and designers, to deliver innovative and efficient construction solutions.

### Sustainable Installations

*GRI 302-5, 305-5*

At LC Interior, we incorporate sustainable methods and technologies in our design-and-build projects where possible, for the benefit of our clients and occupants.

Part of conservation and restoration works at St. James Power Station's entails the restoration of the fair-faced external façade walls. This shortens the construction process and effectively reduces the waste of resources. In addition, we used hot steam to clean the façade walls instead of the conventional water jet which maximised cost effectiveness and minimised water usage. We also used nano-lime injection instead of the conventional "hack and replaster methodology" for the restoration of old lime plaster walls of the internal and external façade, allowing us to repair as much of the existing material as possible without using additional raw materials.

### Environmental Targets

We endeavour to incorporate environmentally sustainable innovations and use green materials in our projects where possible. We will continue to educate our workers on safety practices to ensure that we strictly comply with local labour and safety laws and regulations.

## INNOVATION AND EXCELLENCE

### CONSTRUCTION

*GRI 203-2*

Embracing the age of global digital revolution, Lum Chang has developed its technical capability and integrated a full suite of digital delivery process in all of our Projects. We utilise Virtual Reality (VR) technology in digital designs to provide extremely immersive experiences for our clients.

Digital process encompasses digital fabrication, which is a design and production process that combines 3D modelling and computing-aided design with manufacturing. Case in point, a highly detailed 3D model is built and sent to the factory for Computer Numerical Control (CNC) machining or Laser Cutting. This process was adopted in the construction of the entrance canopy at the Northpoint City project and in the structural steel members at the PSA Headquarter project.

In addition to digital fabrication, we adopted digital construction which is the use and application of digital tools to improve the process of delivering and operating the built environment. We linked a tracking system to the 3D model which allows us to track the status of the 3D model and all precast elements from overseas yards to the project sites in real-time.

In order to constantly improve and keep up with the dynamic Built Environment industry, we regularly analyse data collected from project sites to help us make more informed decisions, increase productivity, improve site safety and reduce risk. The huge volume of data collected from daily activities on project sites are stored in a Common Data Environment and analysed for all projects.

In keeping with our continuous effort to improve productivity, all current projects have adopted prefabrication and modularisation in the mechanical, electrical and plumbing (MEP) system. Tekka Place has successfully completed installation of horizontal and vertical risers' module to increase efficiency on site. We are also in the midst of installing modular MEP plant rooms in the PSA Headquarters and Woodlands North Coast projects, to achieve easy installation of MEP services and equipment on site and significantly improve productivity.

### LC INTERIOR

*GRI 416-1, 416-2*

In keeping with our endeavour for quality and excellence, we implement stringent quality management practices and standards to ensure that our works are of good quality and safe for use. Our Quality Management strictly complies with legislative requirements and industry standards, and we aim to achieve zero user safety incidents in all projects.

In FY2019, there were zero user safety incidents for our completed projects.

### Innovation Targets

Below is a summary table of the Group's targets for innovation and excellence in FY2020.

| Innovation Targets for FY2020                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------|
| To continue to investigate and exploit new technology for implementation in our construction projects                                      |
| To continuously increase efficiency, improve execution quality and enhance project controlling by harnessing technology and digitalisation |
| <b>Zero</b> user safety incidents in all projects                                                                                          |

## WORKPLACE HEALTH AND SAFETY

Lum Chang is committed to provide a safe and healthy workplace for all our employees. We aim to build an incident free workplace driven by a culture of safety in our organisation.

### Lum Chang Safety Culture

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

## CONSTRUCTION

*GRI 403-2, 403-3*

Our approach to workplace health and safety management is outlined by legislative requirements and industry safety standards. Our OHSAS 18001 certification in Occupational Health and Safety Management and BizSAFE Star certificate, reflect our ongoing commitment and efforts to reduce risks and make safety an integral part of our business.

On top of regular health and safety briefings and audits, various safety programmes and activities are organised to raise awareness of health and safety practices. All our staff are trained in accordance to their job requirements and are educated on safety awareness before being placed on a job.

Staff are recognised and rewarded for showcasing exemplary safety performance and providing valuable contributions towards cultivating workplace safety.

During reviews, when workplace hazards or risks are identified and the current hazard control and emergency response systems in place are insufficient to counter these risks and prevent hazards, or when non-conformance is identified, the Workplace Safety and Health Officer will record these incidents. Thorough reviews of existing practices and measures are conducted to ensure that it is adequate to counter any newly identified hazards or risks. Proposed actions are reviewed through a risk assessment to ensure all necessary corrective actions taken are effective to prevent recurrence. The Workplace Safety and Health Committee will also recommend any additional preventive measures to prevent similar recurrence.

Our Accident Frequency and Accident Severity Rates in FY2019 were zero, below the Singapore National Construction average of 1.6 and 66 respectively.

| Description         | 2016 | 2017 | 2018 | 2019 |
|---------------------|------|------|------|------|
| Number of Accidents | 2    | 5    | 1    | 0    |
| Number of Lost Days | 25   | 148  | 30   | 0    |

## LC INTERIOR

GRI 403-2, 403-3

As a reputable sub-contractor, we implement adequate safety policies and procedures to ensure that we deliver our works in a safe and timely manner. Our workplace health and safety management strictly complies with legislative requirements and industry safety standards, and we aim to achieve zero safety incidents in all projects.

In FY2019, there were zero safety incidents at our project sites.

### Safety Targets and Performance

Below is a summary table of the Group's safety performance in FY2019 and targets for FY2020.

| Social Performance in FY2019                         |                                                       |
|------------------------------------------------------|-------------------------------------------------------|
| FY2019 Target                                        | Performance Update                                    |
| <b>Zero</b> occupational health and safety incidents | Achieved <b>zero</b> fatal workplace safety incidents |
| Social Targets for FY2020                            |                                                       |
| <b>Zero</b> occupational health and safety incidents |                                                       |
| <b>Zero</b> lost man days                            |                                                       |

## OUR PEOPLE, OUR ASSETS

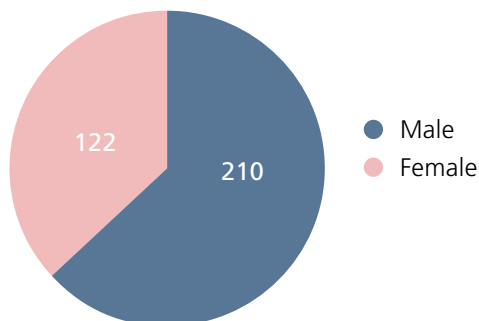
Our employees are our greatest assets to the success and long-term sustainability of our business. We strive to create an empowering and nurturing workplace environment, committed to mutual respect for all our staff and workers. We are committed to investing in our people, and retaining a diverse and robust talent pool by supporting the long-term growth and development of all our employees.

### EMPLOYEE DIVERSITY

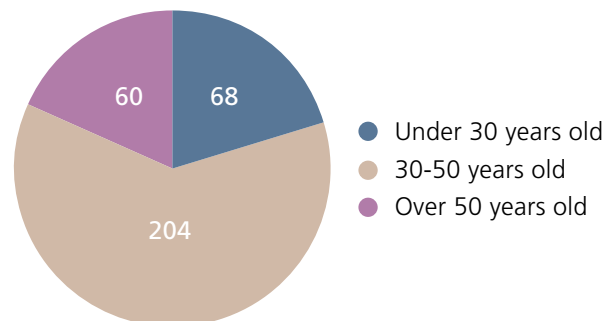
GRI 405-1, GRI 401-1

Lum Chang's employees stood at 332 in 2019, with 126 new hires and 101 job leavers. We are a fair and non-discriminatory employer with a diverse work force. We continuously forge a culture of trust and respect between the various groups of people, irrespective of nationality, race and religion.

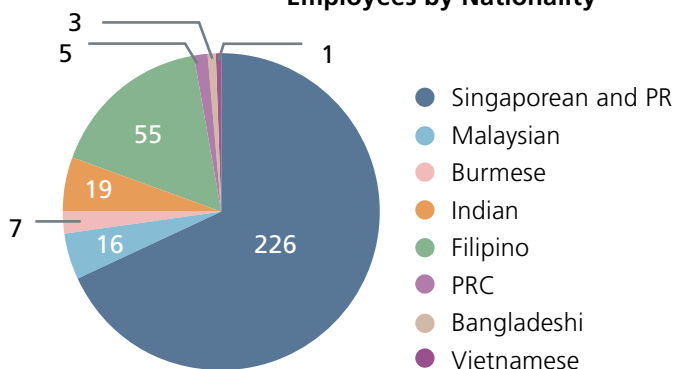
**Employees by Gender**



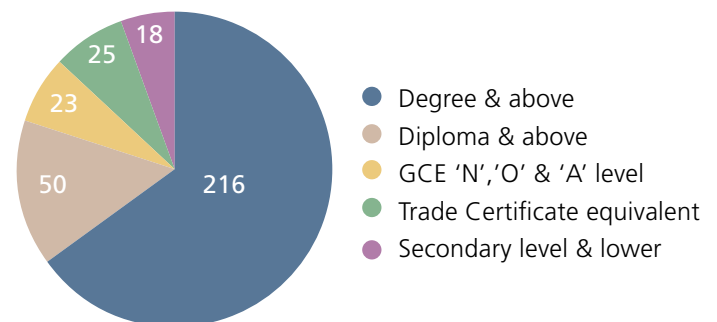
**Employees by Age Band**



**Employees by Nationality**



**Employees by Educational Qualification**



## EMPLOYEE WELFARE

GRI 401-2, 401-3

All employees of Lum Chang enjoy a variety of benefits and activities to promote work-life harmony.

| Healthcare                                                                                                                                                                                                                                     | Disability and Invalidity Coverage                                                                                                            | Parental Leave                                                                                                                                                                                                                                     | Others                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Staff are provided Dental and Health Screening allowances, as well as covered under Hospitalisation and Surgical insurance, General Practitioner Outpatient and Specialist Medical Benefits.</li> </ul> | <ul style="list-style-type: none"> <li>Staff are covered under Personal Accident Insurance and Work Injury Compensation Insurance.</li> </ul> | <ul style="list-style-type: none"> <li>Eligible staff are entitled to Maternity Leave, Paternity Leave, Shared Parental Leave, Childcare Leave, Extended Childcare Leave, Unpaid Infant Care Leave and Adoption Leave where applicable.</li> </ul> | <ul style="list-style-type: none"> <li>Staff are entitled to receive the following benefits:               <ul style="list-style-type: none"> <li>- Newborn gifts</li> <li>- Retirement Provision</li> <li>- Examination and Marriage leave</li> </ul> </li> </ul> |

### Enhancing Staff Well-Being

We believe that our staff's well-being is of utmost importance. To facilitate camaraderie amongst our employees and promote work-life integration, the company implemented a year-round programme revolving around team building, recreation, social and health.

Organised by the Recreation Committee, our staff participated in fun-filled activities including bowling tournaments, annual dinner and dance, and donation drives. We also organised various activities that involved both staff and their families such as day-trip excursions, movie screening and baking class.



Baking Class



Bowling Tournament



Pulau Ubin Day Trip



Project Site Team Building

## EMPLOYEE DEVELOPMENT

*GRI 404-1, 404-2, 404-3*

We believe in the training of our employees and we equip them with the relevant skills to develop their potential. Our employees undergo a diverse range of career development opportunities and training such as job-specific technical skills training, on-the-job and professional training combined with executive and leadership development, technical and professional seminars, courses, workshops, and overseas immersion programmes. Our managers have obtained professional qualifications and are accredited in their various fields in construction productivity and design for manufacturing and assembly.

In addition, a quarterly review of workers' construction experience in Singapore is conducted to ensure prompt feedback in areas where the Company can provide tailored trainings to enhance their skills and experience.

Our employees undergo a substantial amount of training every year as part of their professional and career development.

In FY2019, we achieved a total of 13,693 training hours for our staff, and we will continue to implement relevant and adequate staff training programmes to upgrade their skills.



WSH Training



Skills Training

## SOCIAL RESPONSIBILITY

### COMMUNITY ENGAGEMENT

GRI 413-1

As an organisation that believes in giving back to the community, Lum Chang has been active in lending its support to numerous charities, organisations and causes to help the needy and less privileged in society. Over the years, we have been actively supporting charitable organisations through monetary and in-kind donations.

During the year, we supported community outreach programmes organised by various citizens' consultative committees including Nee Soon Central, West Coast and Braddell Heights. We also donated to numerous other community organisations such as the Lions Befrienders, Kwong Wai Shiu Hospital, Eurasian Association, Singapore Island Country Club May Day Charity, National Kidney Foundation and the Compassion Fund. In addition, we also supported our business partners including the Singapore Road Safety Council & SGX, in various charity golf tournaments and other fund-raising events.

For our annual year-end charity drive in December last year, a team of 19 staff, headed to Prey Veng, Cambodia, to volunteer in Lum Chang's inaugural Overseas Community Work project. Organised in collaboration with Operation Hope Foundation, the project entailed community building work and the donation of two houses including toilets, one well and one water filtration system for one of the village schools. The volunteers also organised a party for more than 100 children in the village, playing games and giving out gifts, distributing nutritious drinks and cookies.

In April this year, in support of the Tana River Life Foundation (TRLF), staff donated towels, clothes, bags, shoes and bicycles that were to be distributed to the needy in Kenya. The main beneficiaries of TRLF programmes are members of the marginalised communities in Tana River and Lamu Districts of the Coast Province of Kenya. These include all AIDS orphans, children of subsistence farmers and nomadic pastoralists, and single parent families without any regular source of income.

Since 2011, the Company has been taking part in the BCA-Industry Built Environment Undergraduate Scholarship Scheme which aims to attract high calibre students from the National University of Singapore (NUS) and the Nanyang Technological University (NTU) to take up challenging and fulfilling careers in the built environment. In 2019, the Group granted \$80,000 to six second-year Civil Engineering students from NUS and NTU under the BCA-Lum Chang iBuildSG Undergraduate Scholarship Programme.



Overseas Community Work in Cambodia



Overseas Community Work in Cambodia

## SUPPLIER SOCIAL MANAGEMENT

*GRI 414-1, 414-2*

Lum Chang endeavours to ensure that subcontractors and labour suppliers engaged satisfy the health and safety standards held by the Group.

New subcontractors and labour suppliers are screened based on their safety practices and past track records to ensure that they have adequate safety policies and act in strict compliance with local labour and safety laws and regulations.

All work done at the sites is monitored closely to ensure accountability. We regularly assess our subcontractors and labour suppliers on their deliverables and ethical conduct. Suppliers who do not comply with labour and safety laws and regulations will be blacklisted from our future jobs.

In FY2019, there were zero incidents of social non-compliance in our supply chain.

## CUSTOMER PRIVACY AND DATA

*GRI 418-1*

Lum Chang upholds its commitment to the protection of our customers' privacy and data through the implementation of its Data Protection Policy. This Policy governs the collection, handling and protection of our customers' personal information in a responsible manner, in accordance with the Personal Data Protection Act 2012 (No. 26 of 2012) (the "Act"). Security procedures have been established to promote and ensure data privacy, and are regularly monitored to ensure compliance with the applicable laws and regulations. Lum Chang does not divulge or sell personal information to third parties for marketing or promotional purposes. Our data protection officers ensure full compliance with the Act in executing their duties.

There were no reported breaches in 2019. Lum Chang continues to improve our processes in place to ensure greater data privacy to maintain the confidence of our customers.

## FINES OR PENALTY

*GRI 419-1*

There were no fines due to non-compliance with laws and/or regulations in the social and economic area.

## SGX FIVE PRIMARY COMPONENTS INDEX

| S/N | Primary Component                   | Section Reference                                                                                                                                                                        |
|-----|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Material Topics                     | <ul style="list-style-type: none"> <li>• Environment, Our People, Our Assets, Social Responsibility</li> <li>• Stakeholder Engagement</li> </ul>                                         |
| 2   | Policies, Practices and Performance | <ul style="list-style-type: none"> <li>• Chairman's Message</li> <li>• Lum Chang's Sustainability Story</li> <li>• Environment, Our People, Our Assets, Social Responsibility</li> </ul> |
| 3   | Board Statement                     | Statement of the Board                                                                                                                                                                   |
| 4   | Targets                             | Lum Chang's Sustainability Story                                                                                                                                                         |
| 5   | Framework                           | Reporting Practice                                                                                                                                                                       |

## GRI STANDARDS CONTENT INDEX

| GRI Standards | Disclosure Content                                           | Section Reference  |
|---------------|--------------------------------------------------------------|--------------------|
| 102-1         | Name of the organisation                                     | Annual Report 2019 |
| 102-2         | Activities, brands, products, and services                   | Annual Report 2019 |
| 102-3         | Location of headquarters                                     | Annual Report 2019 |
| 102-4         | Location of operations                                       | Annual Report 2019 |
| 102-5         | Ownership and legal form                                     | Annual Report 2019 |
| 102-6         | Markets served                                               | Annual Report 2019 |
| 102-7         | Scale of the organisation                                    | Annual Report 2019 |
| 102-8         | Information on employees and other workers                   | Annual Report 2019 |
| 102-9         | Supply chain                                                 | Annual Report 2019 |
| 102-10        | Significant changes to the organisation and its supply chain | Annual Report 2019 |
| 102-11        | Precautionary principle or approach                          | Annual Report 2019 |
| 102-12        | External initiatives                                         | Annual Report 2019 |
| 102-13        | Membership of associations                                   | Annual Report 2019 |

| GRI Standards | Disclosure Content                                                                                                                        | Section Reference                                    |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| <b>102-14</b> | Statement from senior decision-maker                                                                                                      | Chairman's Message                                   |
| <b>102-15</b> | Key impacts, risks, and opportunities                                                                                                     | Chairman's Message, Lum Chang's Sustainability Story |
| <b>102-16</b> | Values, principles, standards, and norms of behaviour                                                                                     | Ethics and Integrity                                 |
| <b>102-17</b> | Mechanisms for advice and concerns about ethics                                                                                           | Ethics and Integrity                                 |
| <b>102-18</b> | Governance structure                                                                                                                      | Governance                                           |
| <b>102-40</b> | List of stakeholder groups                                                                                                                | Stakeholder Engagement                               |
| <b>102-42</b> | Identifying and selecting stakeholders                                                                                                    | Stakeholder Engagement                               |
| <b>102-43</b> | Approach to stakeholder engagement                                                                                                        | Stakeholder Engagement                               |
| <b>102-44</b> | Key topics and concerns raised                                                                                                            | Stakeholder Engagement                               |
| <b>102-46</b> | Defining report content and topic boundaries                                                                                              | Reporting Practice                                   |
| <b>203-2</b>  | Significant Indirect economic impacts                                                                                                     | Innovation and Excellence                            |
| <b>205-1</b>  | Operations assessed for risks related to corruption                                                                                       | Anti-corruption                                      |
| <b>205-2</b>  | Communication and training about anti-corruption policies and procedures                                                                  | Anti-corruption                                      |
| <b>205-3</b>  | Confirmed incidents of corruption and actions taken                                                                                       | Anti-corruption                                      |
| <b>302-1</b>  | Energy consumption within the organisation                                                                                                | Environment                                          |
| <b>302-4</b>  | Reduction of energy consumption                                                                                                           | Environment                                          |
| <b>302-5</b>  | Reductions in energy requirements of products and services                                                                                | Environment                                          |
| <b>303-1</b>  | Water withdrawal by source                                                                                                                | Environment                                          |
| <b>303-3</b>  | Water recycled and reused                                                                                                                 | Environment                                          |
| <b>305-1</b>  | Direct GHG emissions (Scope 1)                                                                                                            | Environment                                          |
| <b>305-5</b>  | Reductions in GHG Emissions                                                                                                               | Environment                                          |
| <b>306-2</b>  | Waste by type and disposal method                                                                                                         | Environment                                          |
| <b>307-1</b>  | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | Fines or Penalty                                     |
| <b>308-1</b>  | Percentage of new suppliers that were screened using environmental criteria                                                               | Supplier Environmental Management                    |
| <b>308-2</b>  | Significant actual and potential negative environmental impacts in the supply chain and actions taken                                     | Supplier Environmental Management                    |
| <b>401-1</b>  | New employee hires and employee turnover                                                                                                  | Employee Diversity                                   |
| <b>401-2</b>  | Benefits provided to full time employees that are not provided to temporary or part-time employees                                        | Employee Welfare                                     |

| GRI Standards | Disclosure Content                                                                                                            | Section Reference           |
|---------------|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <b>401-3</b>  | Parental leave                                                                                                                | Employee Welfare            |
| <b>403-2</b>  | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | Workplace Health and Safety |
| <b>403-3</b>  | Workers with high incidence or high risk of diseases related to her occupation                                                | Workplace Health and Safety |
| <b>404-1</b>  | Average hours of training per year per employee                                                                               | Employee Development        |
| <b>404-2</b>  | Programs for upgrading employee skills and transition assistance programs                                                     | Employee Development        |
| <b>404-3</b>  | Regular performance and career development review                                                                             | Employee Development        |
| <b>405-1</b>  | Diversity of governance bodies and employees                                                                                  | Employee Diversity          |
| <b>413-1</b>  | Operations with local community engagement, impact assessments, and development programs                                      | Community Engagement        |
| <b>413-2</b>  | Operations with significant actual and potential negative impacts on local communities                                        | Noise and Vector Management |
| <b>414-1</b>  | New suppliers that were screened using social criteria                                                                        | Supplier Social Management  |
| <b>414-2</b>  | Negative social impacts in the supply chain and actions taken                                                                 | Supplier Social Management  |
| <b>416-1</b>  | Assessment of the health and safety impacts of product and service categories                                                 | Innovation and Excellence   |
| <b>416-2</b>  | Incidents of non-compliance concerning the health and safety impacts of products and services                                 | Innovation and Excellence   |
| <b>418-1</b>  | Substantiated complaints concerning breaches of customer privacy and losses of customer data                                  | Customer Privacy and Data   |
| <b>419-1</b>  | Non-compliance with laws and regulations in the social and economic area                                                      | Fines or Penalty            |

# CORPORATE GOVERNANCE

## INTRODUCTION

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

The Company notes the implementation on 6 August 2018 by the Monetary Authority of Singapore of the revised Code of Corporate Governance 2018 (the “Revised Code”) in relation to annual reports covering financial years commencing from 1 January 2019 as replacement for the Code, and accordingly has taken guidance from the Revised Code and accompanying Practice Guidance in describing its corporate governance practices.

## BOARD MATTERS

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

The Board oversees the business affairs of the Group and is principally responsible for setting the Group’s business direction, approving strategic plans, and monitoring and reviewing its financial performance. The Board also continually monitors and assesses the internal controls which enables risks to be properly assessed and managed. More particularly, the Board also maintains oversight and overall control over review of management performance, identification of key stakeholder groups, setting the Group’s values and standards and the sustainability of the Group’s operations. These are recognised as being crucial to the proper long-term governance of the Group as a whole.

Board committees have been constituted in order to assist the Board in the discharge of its oversight function. All Board committees are actively engaged and play an important role in ensuring good corporate governance in the Group by making recommendations on courses of action, in accordance with their respective terms of reference, for the Board’s collective decision. Any decisions made by the Board committees, even if permitted by their respective terms of reference, are nevertheless subject to confirmation by the Board.

The Board schedules regular meetings but *ad hoc* meetings are held as and when required. Otherwise, approvals from the Board are sought by way of circular board resolutions. Meetings by telephone and video conferencing are also allowed under the Company’s Constitution (“Company’s Constitution”). Records of all such meetings and resolutions including discussions on key deliberations and decisions taken by the Board are maintained by the Company Secretaries.

The Company adheres to internal guidelines which set out specific authorisations, materiality thresholds and approval limits for borrowings, acquisitions, disposals, investments and capital or operational expenditure so that Board approval is only required when transactions exceed such limits or where such transactions are otherwise considered material in nature. However, specific matters such as share issues, dividend distribution and share buybacks, always require the Board’s approval, regardless of approval limits or materiality.

Details of the attendance of the Board members at Board meetings and meetings of the various Board committees for the period 1 July 2018 to 30 June 2019 (FY2019) are set out in Table 1.

Table 1

| NAME                        | BOARD | AUDIT AND RISK COMMITTEE | NOMINATING COMMITTEE | REMUNERATION COMMITTEE |
|-----------------------------|-------|--------------------------|----------------------|------------------------|
| Number of Meetings held     | 4     | 4                        | 1                    | 2                      |
| Number of Meetings attended |       |                          |                      |                        |
| Raymond Lum Kwan Sung       | 4     | N.A.                     | 1                    | N.A.                   |
| David Lum Kok Seng          | 4     | N.A.                     | N.A.                 | N.A.                   |
| Tony Fong                   | 4     | N.A.                     | N.A.                 | N.A.                   |
| Kelvin Lum Wen Sum          | 4     | N.A.                     | N.A.                 | N.A.                   |
| Peter Sim Swee Yam          | 3     | 3                        | 1                    | 2                      |
| Dr Willie Lee Leng Ghee     | 3     | 3                        | 1                    | 1                      |
| Daniel Soh Chung Hian       | 4     | 4                        | 1                    | N.A.                   |
| Andrew Chua Thiam Chwee     | 4     | 4                        | N.A.                 | 2                      |
| Clement Leow Wee Kia        | 4     | 4                        | N.A.                 | N.A.                   |

Members of the Board are regularly updated on new developments in the Group's business environment, as well as changing commercial risks and industry developments (as deemed appropriate), and are provided with opportunities (arranged and funded by the Group at the Group's cost and expense) to train and update themselves on corporate governance matters and new developments in the regulatory regimes.

New directors are subject to a tailored induction programme upon joining the Board, which includes, *inter alia*, briefings on the business activities, policies and internal controls of the Group and site visits to the Group's various projects in Singapore and overseas. New directors are also issued a formal letter setting out their duties and obligations as directors in the context of the Code and the Companies Act (Cap. 50) (the "Act"), and the Company's expectations as regards their conduct and contributions in the performance of their functions.

The directors are subject to the requirements of the Code and specific fiduciary duties which are set out in the Act, the key aspects of which may be summarised as follows:

- To act honestly in good faith and in the interests of the Company;
- To avoid conflicts of interest;
- To exercise skill, care and diligence in the performance of their duties; and
- To not misuse power and information for personal gain.

Whilst the Company places great emphasis on continuity of its serving directors and the vast experience that they provide in their various fields of expertise, the Company nevertheless understands the need for renewal from time to time and therefore has in place a modified induction programme for new directors who, whilst providing a fresh perspective and outlook on their function, may require some guidance in specific areas of expertise such as accounting, legal, and industry-specific knowledge so as to better perform their functions as directors. In such cases, the Company will either enlist the assistance of its organic expertise or, if necessary, by external agencies to train the new director in such specific areas of expertise that he or she may require.

The appointment and removal of the Company Secretaries are subject to the approval of the Board.

## BOARD MATTERS (CONTINUED)

### Board Composition and Guidance (Principle 2)

The composition of the Board is reviewed regularly and the current composition ensures that the mix of experience and expertise is appropriate as members of the Board collectively possess a wealth and diversity of expertise ranging from legal, financial, management, human resources and industry knowledge. The structure of the Board as well as its size, which currently stands at nine, is suitable given the nature and scope of the Group, ensuring that meetings and decision-making are effective and productive. The size and composition of the Board is reviewed from time to time, taking into account the scope and nature of the Company's operations, to ensure that the size of the Board remains adequate to provide for a diversity of views, facilitate effective decision-making, and that the Board has an appropriate balance of executive, non-executive, independent and non-independent members so as to enable it to make decisions in the best interests of the Group.

With nine members, comprising three executive and six non-executive directors, five of whom are independent, the Board maintains its independence as more than half its members are independent from any management and business relationship with the Company. Furthermore, the Lead Independent Director convenes and leads meetings of the independent directors without the presence of the executive directors from time to time as deemed necessary, and acts as the leader of the independent directors at board meetings in raising queries and pursuing matters. This ensures that the Board is able to exercise its powers judiciously and objectively.

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

In determining the independence of directors who have served on the Board for more than nine years, the Nominating Committee and the Board give due consideration to the recommendation under Guideline 2.4 of the Code that the independence of any director who has served on the Board beyond nine years be subject to particularly rigorous review annually. Whilst the annual review of all directors also includes such aspects, the rigorous review that directors who have served on the Board for more than nine years are subject to, focuses particularly on the following:

- Whether the directors in question remain independent in character and judgement notwithstanding their long service on the Board;
- Whether there are relationships or circumstances established during their tenure which are likely to affect, or could appear to affect the directors' judgement; and
- The content and adequacy of the disclosures made by the directors in respect of any such relationships and/or circumstances as and when they occur.

In determining the continuing independence (or otherwise) of directors who have served on the Board for more than nine years, the Company carefully balances the need for progressive refreshing of the Board to maintain the Group's relevance and competitive edge in a modern, changing business environment with the invaluable experience, viewpoints and knowledge of specific industry standards as applied to the Group that only long-serving directors can provide. The Board also takes into account the requirements of the Group's business and the need to avoid undue disruptions to the proper functioning of the Board resulting from changes to the composition of the Board and the Board committees.

After carefully considering the foregoing issues in relation to the composition of the Board and the Board committees, the Board observes that the independent directors, and especially the directors who have served on the Board for more than nine years, namely Mr Peter Sim Swee Yam and Dr Willie Lee Leng Ghee, have consistently demonstrated a high level of autonomy and independence in the discharge of their fiduciary duties and have exercised their independent and insightful business judgement in the best interests of the Company and its minority shareholders. In particular, they have expressed their individual viewpoints, debated issues and objectively scrutinised and challenged management as appropriate. Furthermore, each of the independent directors has sought clarification and amplification where needed, including by way of direct access to the Group's employees and external advisors. Therefore, after due and careful rigorous review, the Board is of the view that the independent directors who have served on the Board for more than nine years remain independent and objective in their exercise of judgement in Board matters. It should be noted that the independent directors recuse themselves respectively from determination of their own independence.

The Board notes that Mr Kelvin Lum Wen Sum, notwithstanding his non-independent status, had nevertheless demonstrated a high level of autonomy in the discharge of his fiduciary duties and that he had exercised his business judgment in the best interest of the Company and its minority shareholders.

The Company progressively staggers refreshing of the Board composition as needed.

### **Chairman and Managing Director (Principle 3)**

Mr Raymond Lum Kwan Sung is the Executive Chairman of the Company. Together with the Executive Committee ("EXCO"), the Executive Chairman also provides overall leadership and strategic vision for the Group. He strives to promote high standards of corporate governance in the Group by facilitating a culture of openness and debate at the board by ensuring that all directors, and especially the independent and non-executive directors, receive complete, adequate and timely information, so as to ensure that they are able to contribute their experience and expertise to Board proceedings. Thus facilitated by the Executive Chairman, his thoughtful and targeted guidance at Board meetings also allows proper time management of the agenda at meetings and ensures that comprehensive and detailed discussions of strategic issues and other pressing agenda items can take place. The Executive Chairman's role as a member of the EXCO also allows him to act as a bridge with management such that the Board is able to boast an amicable and constructive relationship with management to the Group's mutual benefit. The close working relationship between the Board and management fostered by the Executive Chairman allows him to provide a clear, consistent and cohesive narrative of the Company's activities as part of the Company's constant efforts towards effective communications with its shareholders.

The Executive Chairman and Mr David Lum Kok Seng, the Managing Director, are siblings and their executive roles are not clearly separated as both are closely involved in the day-to-day management and operations of the Group. The Board notes the familial relationship between the Executive Chairman and the Managing Director and the unique circumstances that govern such relationships, and is of the opinion that the Company's best interests are served by taking advantage of the sibling dynamic cultivated over a lifetime of mutual support in the consolidation and expansion of the Group from its modest beginnings in the construction industry. As such, the Board can raise no objections to the overlap in their respective executive roles. However, the Nominating Committee's view is that the Board remains independent since more than half the Board and more than half of its committees (excluding the EXCO) remain independent up to the next AGM. In this respect also, and in accordance with the Code and Revised Code, the Lead Independent Director avails himself to the shareholders who may have concerns, and for which contact through normal channels cannot resolve or is otherwise inappropriate or inadequate.

## BOARD MATTERS (CONTINUED)

**Board Membership (Principle 4)****Board Performance (Principle 5)**

To assist the Board in the execution of its duties, the Board has established various Board committees; namely, the EXCO, the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee. Apart from the EXCO, the Board committees are led by and made up of a majority of independent directors. Notwithstanding the establishment of various Board committees as mentioned, it must be emphasised that the Board nevertheless retains overall authority and control over the activities of the Board committees as decisions of each Board committee must subsequently be confirmed by the Board. The composition of the Board committees and the dates of initial appointment and re-election of the directors to the Board are set out in Table 2.

Table 2

| BOARD MEMBERS           | EXECUTIVE COMMITTEE | AUDIT AND RISK COMMITTEE | NOMINATING COMMITTEE | REMUNERATION COMMITTEE | DATE OF INITIAL APPOINTMENT TO THE BOARD | DATE OF LAST RE-ELECTION TO THE BOARD |
|-------------------------|---------------------|--------------------------|----------------------|------------------------|------------------------------------------|---------------------------------------|
| Raymond Lum Kwan Sung   | C                   |                          | M                    |                        | 18.09.1982                               | 27.10.2017                            |
| David Lum Kok Seng      | M                   |                          |                      |                        | 18.09.1982                               | 27.10.2017                            |
| Tony Fong               | M                   |                          |                      |                        | 02.07.2012                               | 27.10.2017                            |
| Kelvin Lum Wen Sum      |                     |                          |                      |                        | 10.11.2016                               | 27.10.2017                            |
| Peter Sim Swee Yam      |                     | M                        | M                    | C                      | 30.11.2001                               | 26.10.2018                            |
| Dr Willie Lee Leng Ghee |                     | M                        | C                    | M                      | 28.02.2006                               | 27.10.2017                            |
| Daniel Soh Chung Hian   |                     | C                        | M                    |                        | 09.01.2013                               | 26.10.2018                            |
| Andrew Chua Thiam Chwee |                     | M                        |                      | M                      | 21.12.2015                               | 26.10.2018                            |
| Clement Leow Wee Kia    |                     | M                        |                      |                        | 03.05.2018                               | 26.10.2018                            |

C – Chairman  
M – Member

**Executive Committee**

The key responsibilities of the EXCO include the formulation of policies, the determination of business strategy and planning to execute and achieve targets and directives set by the Board; the execution of existing businesses and the management of funds and cashflow. The Members of the EXCO comprise Mr Raymond Lum Kwan Sung (Executive Chairman), Mr David Lum Kok Seng (Managing Director), Mr Tony Fong (Executive Director, Finance), Mr Adrian Lum Wen Hong (Director, Property Development), and Ms Emlyn Lum Wen Yan (Vice President, Finance).

## Nominating Committee

The Board and the Nominating Committee strive to ensure that directors on the Board possess the experience, knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions and as such considers the respective experience, field-specific expertise and industry knowledge of prospective Board candidates.

Dr Willie Lee Leng Ghee remains the Chairman of the Nominating Committee which continues to comprise a majority of independent directors. The Nominating Committee's key responsibilities, as defined in its terms of reference, include:

- (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the Managing Director and key management personnel;
- (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;
- (c) the review of training and professional development programs for the Board and its directors;
- (d) assessing the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board;
- (e) making recommendations on appointment and re-nomination of directors, having regard to the relevant director's contribution and performance;
- (f) making recommendations having regard to the changing needs of the Group as regards diversity of experience and expertise so as to maximize the effectiveness of the Board as a whole in the performance of its functions;
- (g) reviewing each of the director's independence annually; and
- (h) considering whether or not a director who has multiple board representations is able to and has been properly carrying out his duties as a director of the Company.

With regard to the selection of new directors, the Nominating Committee evaluates the balance of skills, knowledge and experience on the Board and, arising from such evaluation, determines the role and the desirable competencies for a particular appointment to enhance the existing Board composition. The Nominating Committee meets with short-listed Board candidates to assess their suitability and availability. The Nominating Committee then makes recommendations to the Board for approval. New directors are appointed by the Board upon the recommendation of the Nominating Committee but they must submit themselves for re-election at the next AGM in accordance with the Company's Constitution.

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

Before making its recommendation to the Board for the re-appointment of a retiring director, the Nominating Committee takes into consideration the director's contribution and performance which are determined by factors such as attendance, preparedness, participation and candour (as well as contribution to the effectiveness of the Board). The director is also assessed based on his ability to adequately carry out the duties expected while performing his roles in other companies or in other appointments. Mr Raymond Lum Kwan Sung, Mr Kelvin Lum Wen Sum and Dr Willie Lee Leng Ghee (the "Retiring Directors") will be seeking re-election as directors pursuant to Article 107(2) of the Company's Constitution at the FY2019 AGM. The Nominating Committee has reviewed and is satisfied with their contribution as directors, and has

## BOARD MATTERS (CONTINUED)

### **Nominating Committee** (continued)

therefore endorsed their nomination for re-election. Pursuant to Rule 720(6) of the Listing Manual issued by Singapore Exchange Securities Trading Limited (the "Listing Manual"), the information relating to the Retiring Directors as set out in Appendix 7.4.1 of the Listing Manual is found in pages 67 to 74 of this annual report.

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

Further, in determining the independence of its independent directors, the Nominating Committee and the Board also took into account the recent amendments to listing rules on the circumstances in which a director will not be deemed independent and guidance in the Revised Code as to the circumstances in which a director should not be deemed independent.

On the bases set out above and on the basis of the checklist provided by each independent director, the Nominating Committee examined the different relationships identified by the Code and Revised Code that might impair the independent directors' independence and objectivity, and determined that all the independent directors were independent within the meaning of the Code and the Revised Code. In particular, Nominating Committee considered whether each of the independent directors had demonstrated an appropriate level of independence of character and judgement in the discharge of his responsibilities as a director of the Company, and is satisfied that each of them acted with independent judgement. The Board therefore considers that there is nothing to indicate that their ability and willingness to act independently has been compromised in any way. It should be noted that all directors, including independent directors, are required to recuse themselves from any transactions that might give rise to a conflict of interest. Following the review, the Nominating Committee was of the view that Mr Peter Sim Swee Yam, Dr Willie Lee Leng Ghee, Mr Daniel Soh Chung Hian, Mr Andrew Chua Thiam Chwee and Mr Clement Leow Wee Kia should be deemed independent within the meaning of the Code and the Revised Code.

The Board therefore comprises a majority of independent directors, with a total of nine directors of whom five are independent.

The Nominating Committee also annually assesses the effectiveness of each Board committee and the Board as a whole by evaluating such factors as the adequacy and size of the Board and the Board committees, each individual director's contributions at Board committee level and towards the effectiveness of the Board, the Board's access to information, Board processes, and accountability and communication with senior management. The Nominating Committee's assessment confirmed that the Board and the Board committees were generally functioning effectively and performing well within a highly competitive and challenging environment. In the conduct of its assessment, the Nominating Committee compared the Board's overall performance with its industry peers.

Each member of the Board is also assessed individually according to, amongst other things, his contributions, knowledge and abilities, teamwork, integrity and effectiveness. The Nominating Committee also reviews the criteria for evaluation annually, making changes where necessary.

The Nominating Committee is of the view that directors who have multiple board representations have devoted sufficient time and attention to the affairs of the Group, and that their multiple board representations do not hinder their abilities to perform their duties as directors of the Company. Indeed, such multiple board representations of the directors benefit the Group, as the directors are able to bring with them the experience and knowledge obtained from such board representations in other companies. The Nominating Committee continually monitors the performance of directors who have multiple board resolutions with a view to ensuring that they are not thereby distracted from their immediate duties to the Company. In view of this, the Nominating Committee has not set any prescribed maximum number of listed company board representations which any director may hold and is satisfied that the current criteria adopted is adequate and appropriate for the Group. The Nominating Committee will continue to monitor the performance and contributions of directors who have multiple board representations to ensure that their ability to perform their duties as directors of the Company is not hampered.

Key information on the Board, in particular, all the directorships in listed companies held by the directors, both current and those held over the preceding five years, as well as their principal commitments as defined in the Code and Revised Code, is found in pages 6 to 11 of this annual report.

### **Share Purchase Committee**

At the AGM on 26 October 2018, the shareholders of the Company had granted a renewal of the mandate to the Company to carry out share buybacks as permitted by the Act (the "Share Purchase Mandate").

The Share Purchase Committee, comprising Mr Raymond Lum Kwan Sung, Mr David Lum Kok Seng and Mr Tony Fong, was authorised to purchase shares of the Company at such time as it deems suitable subject to the prescribed conditions in the Share Purchase Mandate. The Company purchased 1,994,000 shares at an average price of 34.89 cents per share in FY2019.

### **Access to Information (Principle 6)**

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

Management generally takes the lead in updating the Board on new developments in the Group's business environment and on the conduct of day-to-day affairs of the Company. The Board also has separate and independent access to senior management and the Company Secretaries at all times. To assist the Board in fulfilling its responsibilities, the Board is fully aware that they may seek or direct management to seek independent professional advice, where appropriate. The costs of such independent professional advice are borne by the Company. The Company Secretaries ensure that the communication and flow of information between the Board, its Board committees and management is maintained.

At least one of the Company Secretaries also attends all Board meetings and is responsible, under the Board's auspices, for taking adequate steps to ensure that Board procedures and relevant legislative and regulatory requirements are complied with.

## REMUNERATION MATTERS

### **Procedures for Developing Remuneration Policies (Principle 7)**

### **Level and Mix of Remuneration (Principle 8)**

### **Disclosure on Remuneration (Principle 9)**

#### **Remuneration Committee**

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

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

Directors' fees are set in accordance with a general remuneration framework consisting of basic retainer fees and are benchmarked against fees paid by other companies in related industries, and this general framework is reviewed and approved by the Remuneration Committee. The framework and packages contain appropriate and meaningful measures to assess and evaluate the performance of the directors and key management. Such appropriate and meaningful measures are arrived at with the assistance of external expertise engaged for that purpose, as deemed necessary and/or appropriate by the Remuneration Committee.

The remuneration of the non-executive directors is pegged to their level of contribution, and takes into account factors such as the effort and time spent in the discharge of their functions and their individual scope of responsibilities. Non-executive directors' fees are subject to approval at each AGM.

The remuneration of the executive directors and key management personnel consists of a basic component, a variable component and other appropriate benefits in kind. The remuneration of the executive directors and key management personnel is derived having regard to the following:

- Alignment with the interests of shareholders with a view to promoting the long-term success of the Group; and
- Appropriate and meaningful measures for the purpose of assessing the performance of the executive directors and key management personnel.

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

A breakdown, showing the level and mix of each individual director's remuneration payable for FY2019, is set out in Table 3.

Table 3

|                         | FEES | SALARY | BONUS | OTHER BENEFITS |
|-------------------------|------|--------|-------|----------------|
|                         | (%)  | (%)    | (%)   | (%)            |
| <b>\$2,303,000</b>      |      |        |       |                |
| Raymond Lum Kwan Sung   | -    | 38     | 60    | 2              |
| David Lum Kok Seng      | -    | 38     | 60    | 2              |
| <b>\$773,000</b>        |      |        |       |                |
| Tony Fong               | -    | 37     | 61    | 2              |
| <b>Below \$100,000</b>  |      |        |       |                |
| Kelvin Lum Wen Sum      | 100  | -      | -     | -              |
| Peter Sim Swee Yam      | 100  | -      | -     | -              |
| Dr Willie Lee Leng Ghee | 100  | -      | -     | -              |
| Daniel Soh Chung Hian   | 100  | -      | -     | -              |
| Andrew Chua Thiam Chwee | 100  | -      | -     | -              |
| Clement Leow Wee Kia    | 100  | -      | -     | -              |

The remuneration of the Group's top 5 key executives for FY2019 is set out in Table 4.

Table 4

|                                   | FEES | SALARY | BONUS | OTHER BENEFITS |
|-----------------------------------|------|--------|-------|----------------|
|                                   | (%)  | (%)    | (%)   | (%)            |
| <b>\$1,500,000 to \$1,750,000</b> | -    | 27     | 72    | 1              |
| <b>1</b>                          |      |        |       |                |
| <b>\$500,000 to \$750,000</b>     | -    | 52     | 45    | 3              |
| <b>2</b>                          |      |        |       |                |
| <b>\$250,000 to \$499,999</b>     | -    | 54     | 43    | 3              |
| <b>2</b>                          |      |        |       |                |

The Remuneration Committee and the Board are of the view that:

- (i) A significant and appropriate proportion of the executive directors' and key management personnels' remuneration is structured so as to link rewards to corporate and individual performance, and that performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company;
- (ii) The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities; and
- (iii) The level of remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

## REMUNERATION MATTERS (CONTINUED)

### Remuneration Committee (continued)

The two employees who are immediate family members of the Executive Chairman or the Managing Director whose remuneration exceeds \$50,000 during the financial year ended 30 June 2019 are:

1. Ms Emlyn Lum Wen Yan, a daughter of Mr Raymond Lum Kwan Sung (the Executive Chairman) and niece of Mr David Lum Kok Seng (the Managing Director), and who is employed by the Company as Vice President, Finance. She received remuneration comprising salary and annual bonus in the \$100,000 to \$150,000 band during the financial year.
2. Mr Adrian Lum Wen Hong, a son of Mr David Lum Kok Seng (the Managing Director) and nephew of Mr Raymond Lum Kwan Sung (the Executive Chairman), and who is employed by the Company as Director, Property Development. He received remuneration comprising salary, annual bonus and other benefits in the \$400,000 to \$450,000 band during the financial year.

For FY2019, the aggregate total remuneration paid to key management personnel, excluding the three executive directors, was \$3,818,000.

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

## ACCOUNTABILITY AND AUDIT

### Accountability (Principle 10)

The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and understandable assessment of the Company's performance and prospects. To enable the directors to fulfil their duties properly, management also submits financial and business reports to the Board on a regular and timely basis, whether requested or not. Such reports compare actual performance against the budget and provide explanatory notes on material variances.

For FY2019, the Executive Directors of the Company (which includes the Executive Director, Finance), provided written representations to the Board on the integrity of the quarterly financial statements announcements covering the Company and its subsidiaries. Pursuant to Rule 705(5) of the Listing Manual, the Board provided a negative assurance confirmation on the Group's quarterly financial statements announcements.

### Audit and Risk Committee (Principle 11)

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

The Audit and Risk Committee is chaired by Mr Daniel Soh Chung Hian and its members are all non-executive independent directors. More than half of the members of the Audit and Risk Committee, including the Chairman of the Audit and Risk Committee, have recent and relevant experience in the financial or accounting field. The

Company believes in taking a holistic approach towards the constitution of its various Board committees and as such does not restrict membership in the Audit and Risk Committee only to directors who have financial and/or accounting experience. The Audit and Risk Committee meets on a regular basis to carry out its role of reviewing the financial reporting process, the systems of internal control, management of financial risks and the audit process.

The Audit and Risk Committee is tasked, under its terms of reference, to perform the following functions:

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

The Audit and Risk Committee, having regard to the critical role it plays in business and financial risk management, ensures that each of its members takes adequate measures to keep abreast of changes to accounting standards and issues which have a direct impact on the Group's financial statements.

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

The Audit and Risk Committee reviewed the independence of the external auditors, PwC, including the non-audit services provided to the Group. The Audit and Risk Committee is satisfied that they have maintained their independence and that the nature and extent of their non-audit services did not affect their objectivity. The Audit and Risk Committee has therefore recommended to the Board that PwC be nominated for re-appointment as auditors at the coming AGM of the Company.

The Group has complied with Rules 712 and Rule 715 or 716 of the Listing Manual in relation to its auditors.

The Audit and Risk Committee held four meetings in FY2019. During these meetings and in the course of FY2019, the Audit and Risk Committee carried out its functions set out above and in doing so reviewed the whistle-blowing policy, interested person transactions and material contracts, amongst other activities.

## ACCOUNTABILITY AND AUDIT (CONTINUED)

**Audit and Risk Committee (Principle 11)** (continued)

For FY2019, the Board has received assurance from the Managing Director and Executive Director, Finance, by way of a representation letter:

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

## Whistle-Blowing Policy

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

## Interested Person Transactions

The Company has established a procedure for the recording and reporting of interested person transactions.

| <b>Name of Interested Person</b>                                      | <b>Aggregate value of all IPTs during FY2019 (excluding transactions less than \$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)</b> | <b>Aggregate value of all IPTs conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b> |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                       | \$'000                                                                                                                                                                    | \$'000                                                                                                                                     |
| <b>Consultancy service rendered</b>                                   |                                                                                                                                                                           |                                                                                                                                            |
| Kelvin Lum Wen Sum                                                    | \$180                                                                                                                                                                     | NIL                                                                                                                                        |
| <b>Interest paid and/or payable for the Company's term notes held</b> |                                                                                                                                                                           |                                                                                                                                            |
| Raymond Lum Kwan Sung                                                 | \$236                                                                                                                                                                     | NIL                                                                                                                                        |
| David Lum Kok Seng <sup>(1)</sup>                                     | \$197                                                                                                                                                                     | NIL                                                                                                                                        |

**Notes:** (1) held by spouse

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

## Material Contracts

Other than disclosed elsewhere in the Annual Report, there were no other material contracts and loans entered into by the Company or any of its subsidiaries involving the interests of any director and/or the controlling shareholders and their associates, either still subsisting at the end of FY2019 or, if not subsisting, which were entered into during FY2019.

## **Internal Controls (Principle 12)**

### **Internal Audit (Principle 13)**

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

The Group has an internal audit function headed by an Internal Auditor (“Internal Audit”) who reports directly, with full and direct access at all times, to all members of the Audit and Risk Committee. The Audit and Risk Committee has the authority to approve the appointment, termination and remuneration of the internal auditor(s). The Internal Auditor is a member of the Singapore Chapter of the Institute of Internal Auditors (“IIA”) and adopts the International Standards for the Professional Practice of Internal Auditing (“the IIA Standards”) laid down in the International Professional Practices Framework issued by the IIA. The Group identifies and provides training and development opportunities for its internal auditor(s) to ensure that their technical knowledge and skill set remains current and relevant. The functions of Internal Audit include the reviewing and evaluation of the Group’s internal controls as well as financial, operational and compliance controls and risk management and as such has the necessary resources and standing required for full and unfettered access to all the Group’s documents, records, properties and personnel. Internal Audit performs regular audits of the Group’s individual business units and operations, which include overseas subsidiaries and associates.

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

The Audit and Risk Committee regards the systems of internal control and risk management as necessary components to safeguard the Shareholders’ investments and the Company’s assets. The Audit and Risk Committee reviews and assesses Internal Audit based on the Group’s adoption of the IIA Standards on a regular basis (but in any event not less than annually) and is satisfied with the adequacy and the overall effectiveness of Internal Audit as at 30 June 2019.

### **Risk Management**

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

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

## ACCOUNTABILITY AND AUDIT (CONTINUED)

### Internal Audit (Principle 13) (continued)

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

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

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, the Board, with the concurrence of the Audit and Risk Committee, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems were effective and adequate as at 30 June 2019.

### Communication With Shareholders (Principle 14)

The Company updates its shareholders primarily through the SGXNET. Quarterly and full-year results are released within the prescribed periods and material and/or price-sensitive information are released promptly. This ensures that inadvertent disclosures of information made to select groups of shareholders are promptly disseminated to all other shareholders. Summary Financial Reports and/or Annual Reports of the Company and the notices of general meetings are sent directly to shareholders. In addition to the foregoing, the Company's website is an important source of information for shareholders and the investing community. Quarterly results announcements, news releases, annual reports and other key facts and figures about the Group are available on the investor relations section of the Company website. A dedicated investor relations email address is maintained for the investing community to reach out to the Company for queries.

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

To accord shareholders their rights proportionate to their shareholdings in voting, the Company implemented electronic voting by poll for each resolution tabled at general meetings with effect from the FY2014 AGM.

The Company does not “bundle” resolutions at general meetings of shareholders unless said resolutions are interdependent and linked so as to form one significant proposal. The Company will explain the reasons and material implications in notices of meeting if ever such “bundling” becomes necessary or desirable.

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

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

## DEALINGS IN SECURITIES

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

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

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

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| <i>Name of Director</i>                                                                                                          | <b>Mr Raymond Lum Kwan Sung</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Mr Kelvin Lum Wen Sum</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Dr Willie Lee Leng Ghee</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Date of Appointment</i>                                                                                                       | 18 September 1982                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 10 November 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 28 February 2006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Date of last re-appointment (if applicable)</i>                                                                               | 27 October 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 27 October 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 27 October 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <i>Age</i>                                                                                                                       | 73                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 72                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <i>Country of principal residence</i>                                                                                            | Singapore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Singapore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Singapore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <i>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</i> | <p>The Board of Directors of the Company has considered, <i>inter alia</i>, the recommendations of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr Raymond Lum Kwan Sung for re-appointment as the Executive Chairman and a member of the Nominating Committee of the Company.</p> <p>The Board has reviewed and concluded that Mr Raymond Lum Kwan Sung possesses the necessary and appropriate experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the Nominating Committee.</p> | <p>The Board of Directors of the Company has considered, <i>inter alia</i>, the recommendations of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Kelvin Lum Wen Sum for re-appointment as a non-independent, non-executive director of the Company.</p> <p>The Board has reviewed and concluded that Mr Kelvin Lum Wen Sum possesses the necessary and appropriate experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p> | <p>The Board of Directors of the Company has considered, <i>inter alia</i>, the recommendations of the NC and has reviewed and considered the qualification, work experience and suitability of Dr Willie Lee Leng Ghee for re-appointment as a non-executive independent director, the Chairman of the Nominating Committee, and a member of each of the Audit and Risk Committee and the Remuneration Committee of the Company, and is considered independent of Management.</p> <p>The Board has reviewed and concluded that Dr Willie Lee Leng Ghee possesses the necessary and appropriate experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.</p> |

**Additional Information on Retiring Directors Seeking Re-Election** (continued)

| <i>Name of Director</i>                                                                                                                                                                                                           | <b>Mr Raymond Lum Kwan Sung</b>                                                                                                                                                                                                                          | <b>Mr Kelvin Lum Wen Sum</b>                                                                                                                                                                                                                                                                                                           | <b>Dr Willie Lee Leng Ghee</b>                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Whether appointment is executive, and if so, the area of responsibility</i>                                                                                                                                                    | Executive; provides overall leadership and strategic vision for the Group and together with Mr David Lum Kok Seng is responsible for the day-to-day management operations of the Group.                                                                  | Non-executive.                                                                                                                                                                                                                                                                                                                         | Non-executive.                                                                                                                                   |
| <i>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</i>                                                                                                                                                                      | Executive Chairman and a member of the Nominating Committee.                                                                                                                                                                                             | Non-executive, non-independent director.                                                                                                                                                                                                                                                                                               | Independent Director, Chairman of the Nominating Committee, and a member of each of the Audit and Risk Committee and the Remuneration Committee. |
| <i>Professional qualifications and working experience and occupation(s) during the past 10 years</i>                                                                                                                              | Mr Raymond Lum holds a Bachelor of Science in Civil Engineering from the University of London, United Kingdom.<br><br>Mr Raymond Lum has more than 40 years of experience in the construction, construction-related and property development industries. | Mr Kelvin Lum holds a Bachelor of Commerce from the University of Western Australia. Mr Kelvin Lum has been engaged as a consultant to the Group since November 2015 to provide advice and expertise on strategy, business development and operations, particularly in the fields of banking, consultancy, management and hospitality. | Dr Lee holds a MBBS from the then University of Singapore.<br><br>Dr Lee has been a medical practitioner for over 40 years.                      |
| <i>Shareholding interest in the listed issuer and its subsidiaries</i>                                                                                                                                                            | Please refer to the Directors' Statement in the Company's 2019 Annual Report.                                                                                                                                                                            | Please refer to the Directors' Statement in the Company's 2019 Annual Report.                                                                                                                                                                                                                                                          | Please refer to the Directors' Statement in the Company's 2019 Annual Report.                                                                    |
| <i>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries</i> | Mr Raymond Lum and Mr David Lum, the Managing Director of the Company, are siblings.                                                                                                                                                                     | Mr Kelvin Lum is a son of Mr David Lum, the Managing Director of the Company and a nephew of Mr Raymond Lum, the Executive Chairman of the Company.                                                                                                                                                                                    | No                                                                                                                                               |

**Additional Information on Retiring Directors Seeking Re-Election** (continued)

| <i>Name of Director</i>                                                                                                                                                                                                                                                                                              | <b>Mr Raymond Lum<br/>Kwan Sung</b>                                                             | <b>Mr Kelvin Lum<br/>Wen Sum</b>                                                                | <b>Dr Willie Lee<br/>Leng Ghee</b>                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| <i>Conflict of interest (including any competing business)</i>                                                                                                                                                                                                                                                       | No                                                                                              | No                                                                                              | No                                                                                              |
| <i>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer</i>                                                                                                                                                                                                 | Yes                                                                                             | Yes                                                                                             | Yes                                                                                             |
| <i>Other Principal Commitments* Including Directorships# for the last 5 years</i><br>* "Principal Commitments" has the same meaning as defined in the Code.<br># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)                                                   | Please refer to the Present and Past Directorships section in the Company's 2019 Annual Report. | Please refer to the Present and Past Directorships section in the Company's 2019 Annual Report. | Please refer to the Present and Past Directorships section in the Company's 2019 Annual Report. |
| <b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>                                     |                                                                                                 |                                                                                                 |                                                                                                 |
| <i>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</i> | No                                                                                              | No                                                                                              | No                                                                                              |

**Additional Information on Retiring Directors Seeking Re-Election** (continued)

| <i>Name of Director</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Mr Raymond Lum<br/>Kwan Sung</b> | <b>Mr Kelvin Lum<br/>Wen Sum</b> | <b>Dr Willie Lee<br/>Leng Ghee</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------|------------------------------------|
| <i>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</i> | No                                  | No                               | No                                 |
| <i>(c) Whether there is any unsatisfied judgment against him?</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | No                                  | No                               | No                                 |
| <i>Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</i>                                                                                                                                                                                                                                                                                                                                                | No                                  | No                               | No                                 |

**Additional Information on Retiring Directors Seeking Re-Election** (continued)

| <i>Name of Director</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Mr Raymond Lum<br/>Kwan Sung</b> | <b>Mr Kelvin Lum<br/>Wen Sum</b> | <b>Dr Willie Lee<br/>Leng Ghee</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------|------------------------------------|
| <i>Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</i>                                                                                                                                                                                             | No                                  | No                               | No                                 |
| <i>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</i> | No                                  | No                               | No                                 |

**Additional Information on Retiring Directors Seeking Re-Election** (continued)

| <i>Name of Director</i>                                                                                                                                                                                                                                                                                        | <b>Mr Raymond Lum<br/>Kwan Sung</b> | <b>Mr Kelvin Lum<br/>Wen Sum</b> | <b>Dr Willie Lee<br/>Leng Ghee</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------|------------------------------------|
| <i>(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</i>                                                                                                                                         | No                                  | No                               | No                                 |
| <i>(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?</i>                                                    | No                                  | No                               | No                                 |
| <i>(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</i>                                                                             | No                                  | No                               | No                                 |
| <i>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-</i><br><br>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No                                  | No                               | No                                 |

**Additional Information on Retiring Directors Seeking Re-Election** (continued)

| <i>Name of Director</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Mr Raymond Lum<br/>Kwan Sung</b> | <b>Mr Kelvin Lum<br/>Wen Sum</b> | <b>Dr Willie Lee<br/>Leng Ghee</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------|------------------------------------|
| <p>(j) <i>Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- (continue)</i></p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> | No                                  | No                               | No                                 |

**Additional Information on Retiring Directors Seeking Re-Election** (continued)

| <i>Name of Director</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Mr Raymond Lum<br/>Kwan Sung</b> | <b>Mr Kelvin Lum<br/>Wen Sum</b> | <b>Dr Willie Lee<br/>Leng Ghee</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------|------------------------------------|
| <i>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</i>                                                                                                                                                                                                                                  | No                                  | No                               | No                                 |
| <b>Disclosure applicable to the appointment of Director only</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                     |                                  |                                    |
| <p><i>Any prior experience as a director of an issuer listed on the Exchange?</i></p> <p><i>If yes, please provide details of prior experience.</i></p> <p><i>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</i></p> <p><i>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</i></p> | Not Applicable                      | Not Applicable                   | Not Applicable                     |

# GROUP FINANCIAL HIGHLIGHTS

|                                                                          | 2019<br>\$'000 | 2018<br>\$'000 | Increase/<br>(Decrease)<br>% |
|--------------------------------------------------------------------------|----------------|----------------|------------------------------|
| <b>For the Year:</b>                                                     |                |                |                              |
| <b>Revenue</b>                                                           | <b>240,251</b> | 262,327        | (8)                          |
| <b>Profit</b>                                                            |                |                |                              |
| Before income tax                                                        | <b>28,677</b>  | 32,408         | (12)                         |
| After income tax                                                         | <b>27,526</b>  | 26,918         | 2                            |
| Attributable to equity holders of the Company                            | <b>23,287</b>  | 24,639         | (5)                          |
| Profit attributable to equity holders of the Company as a percentage of: |                |                |                              |
| Total revenue                                                            | <b>9.69%</b>   | 9.39%          |                              |
| Average shareholders' equity                                             | <b>9.41%</b>   | 10.74%         |                              |
| <b>At 30 June:</b>                                                       |                |                |                              |
| Shareholders' equity                                                     | <b>257,151</b> | 237,845        | 8                            |
| Total equity                                                             | <b>276,624</b> | 256,648        | 8                            |
| Total assets                                                             | <b>679,667</b> | 599,379        | 13                           |
| <b>Per share:</b>                                                        |                |                |                              |
| Earnings attributable to equity holders of the Company (Note 1)          | <b>6.11¢</b>   | 6.45¢          | (5)                          |
| Net asset value (Note 2)                                                 | <b>\$0.68</b>  | \$0.62         | 10                           |
| <b>Dividends paid &amp; proposed (Note 3):</b>                           |                |                |                              |
| Interim dividend                                                         | <b>0.3¢</b>    | 0.3¢           |                              |
| Final dividend                                                           | <b>1.5¢</b>    | 1.5¢           |                              |

**Notes:**

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

# FIVE-YEAR FINANCIAL SUMMARY

|                                                                                 | 2019<br>\$'000 | 2018<br>\$'000 | 2017<br>\$'000 | 2016<br>\$'000 | 2015<br>\$'000 |
|---------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Consolidated Income Statement</b>                                            |                |                |                |                |                |
| Revenue                                                                         | 240,251        | 262,327        | 369,022        | 426,119        | 312,394        |
| Profit before income tax                                                        | 28,677         | 32,408         | 23,785         | 36,101         | 34,194         |
| Profit after income tax                                                         | 27,526         | 26,918         | 19,367         | 29,448         | 29,713         |
| Profit attributable to equity holders of the Company                            | 23,287         | 24,639         | 18,697         | 29,522         | 29,811         |
| <b>Consolidated Balance Sheet</b>                                               |                |                |                |                |                |
| Property, plant and equipment & investment properties                           | 169,968        | 206,047        | 198,167        | 251,180        | 235,809        |
| Investments in associated companies & joint ventures                            | 33,764         | 10,387         | 13,531         | 17,015         | 4,762          |
| Other assets                                                                    | 475,935        | 382,945        | 365,270        | 287,097        | 283,496        |
| Total assets                                                                    | 679,667        | 599,379        | 576,968        | 555,292        | 524,067        |
| Total borrowings                                                                | 212,731        | 199,239        | 128,674        | 160,893        | 81,858         |
| Other liabilities                                                               | 190,312        | 143,492        | 210,909        | 180,901        | 230,238        |
| Total liabilities                                                               | 403,043        | 342,731        | 339,583        | 341,794        | 312,096        |
| <b>Net assets</b>                                                               | <b>276,624</b> | <b>256,648</b> | <b>237,385</b> | <b>213,498</b> | <b>211,971</b> |
| Share capital                                                                   | 86,572         | 86,574         | 86,579         | 86,596         | 86,604         |
| Treasury shares                                                                 | (1,620)        | (1,025)        | (1,273)        | (1,585)        | (253)          |
| Capital and other reserves                                                      | 26,922         | 23,281         | (3,080)        | 1,299          | 20,163         |
| Retained profits                                                                | 145,277        | 129,015        | 138,712        | 125,917        | 104,098        |
| <b>Shareholders' equity</b>                                                     | <b>257,151</b> | <b>237,845</b> | <b>220,938</b> | <b>212,227</b> | <b>210,612</b> |
| Non-controlling interests                                                       | 19,473         | 18,803         | 16,447         | 1,271          | 1,359          |
| <b>Total equity</b>                                                             | <b>276,624</b> | <b>256,648</b> | <b>237,385</b> | <b>213,498</b> | <b>211,971</b> |
| <b>Ratios</b>                                                                   |                |                |                |                |                |
| <b>Profit attributable to equity holders of the Company as a percentage of:</b> |                |                |                |                |                |
| Total revenue                                                                   | 9.69%          | 9.39%          | 5.07%          | 6.93%          | 9.54%          |
| Average shareholders' equity                                                    | 9.41%          | 10.74%         | 8.63%          | 13.96%         | 14.69%         |
| <b>Per share:</b>                                                               |                |                |                |                |                |
| Earnings attributable to the equity holders of the Company (Note 1)             | 6.11¢          | 6.45¢          | 4.91¢          | 7.73¢          | 7.80¢          |
| Net asset value (Note 2)                                                        | \$0.68         | \$0.62         | \$0.58         | \$0.56         | \$0.55         |
| <b>Dividends paid &amp; proposed (Note 3):</b>                                  |                |                |                |                |                |
| Interim dividend                                                                | 0.30¢          | 0.30¢          | 0.30¢          | 0.75¢          | 0.75¢          |
| Final dividend                                                                  | 1.50¢          | 1.50¢          | 1.20¢          | 1.25¢          | 1.25¢          |

**Notes:**

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

# DIRECTORS' STATEMENT

for the Financial Year Ended 30 June 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2019 and the balance sheet of the Company as at 30 June 2019.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 88 to 204 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

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

Mr Raymond Lum Kwan Sung

Mr David Lum Kok Seng

Mr Tony Fong

Mr Kelvin Lum Wen Sum

Mr Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Mr Daniel Soh Chung Hian

Mr Andrew Chua Thiam Chwee

Mr Clement Leow Wee Kia

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" on page 79 in this statement.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

| Holdings registered in<br>name of director or nominee |                 |                | Holdings in which a director<br>is deemed to have an interest |                 |                |
|-------------------------------------------------------|-----------------|----------------|---------------------------------------------------------------|-----------------|----------------|
| At<br>21.7.2019                                       | At<br>30.6.2019 | At<br>1.7.2018 | At<br>21.7.2019                                               | At<br>30.6.2019 | At<br>1.7.2018 |

The Company:

**Lum Chang Holdings Limited**

(Ordinary shares)

|                       |            |            |            |            |            |            |
|-----------------------|------------|------------|------------|------------|------------|------------|
| Raymond Lum Kwan Sung | 15,528,397 | 15,528,397 | 15,528,397 | 59,954,942 | 59,954,942 | 59,839,742 |
| David Lum Kok Seng    | 10,938,436 | 10,938,436 | 10,938,436 | 70,368,300 | 70,368,300 | 68,357,100 |
| Tony Fong             | 300,000    | 300,000    | 300,000    | 17,000     | 17,000     | 17,000     |
| Peter Sim Swee Yam    | 10,000     | 10,000     | 10,000     | -          | -          | -          |

**Lum Chang Holdings Limited**

(\$50 million 5.5% fixed rate notes due 2019)

|                       |   |   |           |   |   |           |
|-----------------------|---|---|-----------|---|---|-----------|
| Raymond Lum Kwan Sung | - | - | 2,500,000 | - | - | -         |
| David Lum Kok Seng    | - | - | -         | - | - | 2,500,000 |

(\$40 million 5.8% fixed rate notes due 2021)

|                         |           |           |   |           |           |   |
|-------------------------|-----------|-----------|---|-----------|-----------|---|
| Raymond Lum Kwan Sung   | 3,500,000 | 3,500,000 | - | -         | -         | - |
| David Lum Kok Seng      | -         | -         | - | 3,000,000 | 3,000,000 | - |
| Kelvin Lum Wen Sum      | 1,000,000 | 1,000,000 | - | -         | -         | - |
| Dr Willie Lee Leng Ghee | 500,000   | 500,000   | - | -         | -         | - |

Subsidiary of Lum Chang Holdings Limited:

**UK Property Investment Pte Ltd**

(Ordinary shares)

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

- (b) Mr David Lum Kok Seng, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's subsidiaries.

## SHARE OPTIONS

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

The Option Scheme 2007 for key management personnel and employees of the Group had expired on 26 October 2017 and the exercise period for the last batch of options granted in 2013 had lapsed on 20 September 2018.

During the financial year, 270,000 treasury shares of the Company were reissued upon the exercise of the options by:

|                   | <b>No. of<br/>ordinary shares</b> | <b>Exercise price</b> |
|-------------------|-----------------------------------|-----------------------|
| <b>Holders of</b> |                                   | <b>\$</b>             |
| 2013 Options      | 270,000                           | 0.32                  |

There was no outstanding share option as at 30 June 2019.

### Audit and Risk Committee

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

Daniel Soh Chung Hian, Chairman

Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Andrew Chua Thiam Chwee

Clement Leow Wee Kia

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2019 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

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

## INDEPENDENT AUDITOR

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

On behalf of the directors

Raymond Lum Kwan Sung  
Director

David Lum Kok Seng  
Director

12 September 2019

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

## Report on the Audit of the Financial Statements

### ***Our Opinion***

In our opinion, the accompanying consolidated financial statements of Lum Chang Holdings Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet 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 consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### ***What we have audited***

The financial statements of the Company and the Group comprise:

- the balance sheet of the Group as at 30 June 2019;
- the balance sheet of the Company as at 30 June 2019;
- the consolidated income statement of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

### ***Independence***

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 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.

### ***Our Audit Approach***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### ***Key Audit Matters***

Key audit matters are those matter that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2019. 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.

| <b>Key audit matter</b>                                                                                                                                                   | <b>How our audit addressed the key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accounting for construction contracts</b>                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <i>Refer to Note 3 (Critical accounting estimates, assumptions and judgements) and Note 13 (Contract assets and liabilities) to the financial statements.</i>             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| During the financial year ended 30 June 2019, revenue from construction contracts amounted to \$221.8 million and it represented 92.3% of the total revenue of the Group. | <p>We have performed the following audit procedures to address the key audit matter:</p> <p>We have obtained an understanding of the projects under construction through discussions with management and examination of project documentation (including contracts and correspondences with customers).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| The Group accounts for its contract revenue and contract costs over time by reference to the Group's progress towards completing the contract.                            | <p>In relation to total contract revenue, our audit procedures include the following:</p> <ol style="list-style-type: none"> <li>Traced total contract sums to contract and variation orders entered into by the Group and its customer;</li> <li>Traced value of work performed to the surveyor/architect certification and assessed the competence of the surveyor/architect;</li> <li>Recomputed the measure of progress of the construction contracts;</li> <li>Assessed the adequacy of provision for liquidated damages to be net off against contract revenue recognised (where relevant); and</li> <li>Assessed the reasonableness of the revenue recognised via discussion with the project teams, obtaining corroborating evidence such as correspondences with the customer.</li> </ol> |

***Our Audit Approach*** (continued)***Key Audit Matters*** (continued)

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                       | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accounting for construction contracts</b> (continued)                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>Significant judgement is required to estimate the total construction contract costs, variation or claims recognised as contract revenue, and provision for liquidated damages that will affect the stage of completion and the revenue and profit margins recognised from construction contracts. Accordingly, we have assessed the accounting for construction contract as a key audit matter.</p> | <p>In relation to total contract cost, our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>a. Reviewed the actual costs incurred by tracing to supplier invoices or sub-contractor progress billings; and</li> <li>b. Reviewed management's estimates of total construction costs and cost to complete via the following: <ul style="list-style-type: none"> <li>i. Substantiated to quotations and contracts entered for sub-contracting costs.</li> <li>ii. Reviewed the estimation of the materials, labour and other construction costs with reference to the progress of the project.</li> <li>iii. Discussed with the project team and comparing the percentage of costs incurred over the total contract costs incurred against the measure of progress of the construction contracts.</li> </ul> </li> </ul> <p>Based on the audit procedures performed above, we have assessed management's estimates to be reasonable.</p> <p>We also recomputed the cumulative contract revenue and the contract cost for the current financial year as well as the amount of foreseeable loss (where relevant) for each project, and traced to the accounting records with no exceptions noted.</p> <p>We have also assessed the disclosures in the financial statements in relation to the sensitivity of contract revenue and contract costs of uncompleted contracts to the construction contract estimates to be appropriate.</p> |

**Our Audit Approach** (continued)**Key Audit Matters** (continued)

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Valuation of investment properties</b></p> <p><i>Refer to Note 3 (Critical accounting estimates, assumptions and judgements) and Note 22 (Investment Properties) to the financial statements.</i></p> <p>The Group's investment properties carried at fair value amount to \$144.3 million at 30 June 2019 and account for 21.2% of the Group's total assets. The disclosures relating to these investment properties are included in notes to the financial statements.</p> <p>Management uses external valuers to support its determination of the individual fair value of its investment properties annually.</p> <p>The valuation of investment properties is considered a key audit matter due to the complexity involved in the valuation which involves assumption and estimates in light of current market conditions.</p> | <p>We considered the objectivity, independence and expertise of the external valuers used by management. We assessed the appropriateness of the valuation techniques used against our understanding of the industry, and found them to be appropriate for the relevant investment properties.</p> <p>We challenged management about the key assumptions and estimated inputs used in the valuation model. The key assumptions and estimated inputs included adopted value, estimated rental value, yield rate, total gross development value, and total estimated cost to completion. Our work done included consideration of externally derived data. We found the explanations provided to us by management to be satisfactory.</p> <p>We have also assessed the adequacy of the disclosures relating to the assumptions, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.</p> |

## **Other Information**

Management is responsible for the other information. The other information comprises the Chairman's Statement, Group Financial Highlights, Five-Year Financial Summary, Corporate Governance and the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

## **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 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 have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the 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 the 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 with 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.

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

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

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

From the matters communicated with the management, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations 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 Mr. Lam Hock Choon.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants

Singapore, 12 September 2019

# CONSOLIDATED INCOME STATEMENT

for the Financial Year Ended 30 June 2019

|                                                                                                        |      | Group          |                |
|--------------------------------------------------------------------------------------------------------|------|----------------|----------------|
|                                                                                                        | Note | 2019<br>\$'000 | 2018<br>\$'000 |
| Revenue                                                                                                | 4    | 240,251        | 262,327        |
| Cost of sales                                                                                          |      | (206,032)      | (209,067)      |
| Gross profit                                                                                           |      | 34,219         | 53,260         |
| Other income                                                                                           | 5(a) | 3,619          | 2,841          |
| Other gains - net                                                                                      | 5(b) | 13,205         | 5,586          |
| Expenses                                                                                               |      |                |                |
| - Distribution and marketing                                                                           |      | (836)          | (905)          |
| - Administrative and general                                                                           |      | (29,665)       | (29,536)       |
| - Finance                                                                                              | 8    | (8,249)        | (6,401)        |
| Share of profits of associated companies                                                               | 20   | 167            | 176            |
| Share of profits of joint ventures                                                                     | 19   | 16,217         | 7,387          |
| Profit before income tax                                                                               |      | 28,677         | 32,408         |
| Income tax expense                                                                                     | 9    | (1,151)        | (5,490)        |
| Net profit                                                                                             |      | 27,526         | 26,918         |
| <b>Net profit attributable to:</b>                                                                     |      |                |                |
| Equity holders of the Company                                                                          |      | 23,287         | 24,639         |
| Non-controlling interests                                                                              |      | 4,239          | 2,279          |
|                                                                                                        |      | 27,526         | 26,918         |
| <b>Earnings per ordinary share attributable to the equity holders of the Company (cents per share)</b> | 10   |                |                |
| - Basic                                                                                                |      | 6.11           | 6.45           |
| - Diluted                                                                                              |      | 6.11           | 6.45           |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Financial Year Ended 30 June 2019

|                                                                              | Note  | Group          |                |
|------------------------------------------------------------------------------|-------|----------------|----------------|
|                                                                              |       | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Net profit</b>                                                            |       | <b>27,526</b>  | 26,918         |
| <b>Other comprehensive income/(loss):</b>                                    |       |                |                |
| Items that may be reclassified subsequently to profit or loss:               |       |                |                |
| Currency translation differences arising from consolidation                  |       |                |                |
| - (Losses)/gains                                                             | 28(e) | <b>(6,136)</b> | 3,432          |
| - Reclassification                                                           | 28(e) | <b>(152)</b>   | 30             |
| Available-for-sale financial assets                                          |       |                |                |
| - Fair value losses                                                          | 28(d) | -              | (262)          |
| Share of other comprehensive (loss)/income of associated companies           | 20    | <b>(16)</b>    | 22             |
|                                                                              |       | <b>(6,304)</b> | 3,222          |
| Items that will not be reclassified subsequently to profit or loss:          |       |                |                |
| Financial assets, at fair value through other comprehensive income ("FVOCI") |       |                |                |
| - Fair value gains                                                           | 28(d) | <b>9,053</b>   | -              |
| <b>Other comprehensive income for the year, net of tax</b>                   |       | <b>2,749</b>   | 3,222          |
| <b>Total comprehensive income for the year</b>                               |       | <b>30,275</b>  | 30,140         |
| <b>Total comprehensive income attributable to:</b>                           |       |                |                |
| Equity holders of the Company                                                |       | <b>26,827</b>  | 27,884         |
| Non-controlling interests                                                    |       | <b>3,448</b>   | 2,256          |
|                                                                              |       | <b>30,275</b>  | 30,140         |

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

# BALANCE SHEET - GROUP

As at 30 June 2019

|                                                                               | Note  | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 |
|-------------------------------------------------------------------------------|-------|---------------------------|---------------------------|--------------------------|
| <b>ASSETS</b>                                                                 |       |                           |                           |                          |
| <b>Current assets</b>                                                         |       |                           |                           |                          |
| Cash and cash equivalents                                                     | 11    | 134,326                   | 94,225                    | 130,760                  |
| Financial assets, at FVPL                                                     | 16(c) | 4,734                     | -                         | -                        |
| Trade and other receivables                                                   | 12(a) | 56,378                    | 63,027                    | 51,246                   |
| Contract assets                                                               | 13    | 46,276                    | 16,512                    | 27,868                   |
| Tax recoverable                                                               | 9(b)  | 1,191                     | 1,214                     | 1,174                    |
| Properties held for sale                                                      | 14    | 338                       | 1,289                     | 4,065                    |
| Development properties                                                        | 15    | 119,052                   | 119,930                   | 44,593                   |
| Other current assets                                                          | 17(a) | 10,638                    | 1,150                     | 7,384                    |
|                                                                               |       | <b>372,933</b>            | <b>297,347</b>            | <b>267,090</b>           |
| <b>Non-current assets</b>                                                     |       |                           |                           |                          |
| Trade and other receivables                                                   | 12(b) | 80,776                    | 74,116                    | 75,251                   |
| Club memberships                                                              | 18    | 353                       | 321                       | 342                      |
| Available-for-sale financial assets                                           | 16(a) | -                         | 7,383                     | 7,642                    |
| Financial assets, at FVOCI                                                    | 16(b) | 16,436                    | -                         | -                        |
| Investments in joint ventures                                                 | 19    | 33,205                    | 8,478                     | 1,989                    |
| Investments in associated companies                                           | 20    | 559                       | 1,909                     | 11,542                   |
| Investment properties                                                         | 22    | 144,296                   | 180,658                   | 171,383                  |
| Property, plant and equipment                                                 | 23    | 25,672                    | 25,389                    | 26,784                   |
| Deferred income tax assets                                                    | 9(c)  | 4,189                     | 2,821                     | 2,878                    |
| Other non-current assets                                                      | 17(b) | 1,248                     | 957                       | 1,127                    |
|                                                                               |       | <b>306,734</b>            | <b>302,032</b>            | <b>298,938</b>           |
| <b>Total assets</b>                                                           |       | <b>679,667</b>            | <b>599,379</b>            | <b>566,028</b>           |
| <b>LIABILITIES</b>                                                            |       |                           |                           |                          |
| <b>Current liabilities</b>                                                    |       |                           |                           |                          |
| Trade and other payables                                                      | 24(a) | 121,138                   | 113,647                   | 158,298                  |
| Contract liabilities                                                          | 13    | 39,981                    | -                         | 12,188                   |
| Current income tax liabilities                                                | 9(b)  | 2,914                     | 5,422                     | 4,784                    |
| Borrowings                                                                    | 25    | 9,472                     | 50,992                    | 23,661                   |
|                                                                               |       | <b>173,505</b>            | <b>170,061</b>            | <b>198,931</b>           |
| <b>Non-current liabilities</b>                                                |       |                           |                           |                          |
| Trade and other payables                                                      | 24(b) | 25,891                    | 23,869                    | 29,500                   |
| Borrowings                                                                    | 25    | 203,259                   | 148,247                   | 105,013                  |
| Deferred income tax liabilities                                               | 9(c)  | 388                       | 554                       | 662                      |
|                                                                               |       | <b>229,538</b>            | <b>172,670</b>            | <b>135,175</b>           |
| <b>Total liabilities</b>                                                      |       | <b>403,043</b>            | <b>342,731</b>            | <b>334,106</b>           |
| <b>NET ASSETS</b>                                                             |       | <b>276,624</b>            | <b>256,648</b>            | <b>231,922</b>           |
| <b>EQUITY</b>                                                                 |       |                           |                           |                          |
| <b>Capital and reserves attributable to the equity holders of the Company</b> |       |                           |                           |                          |
| Share capital                                                                 | 27    | 86,572                    | 86,574                    | 86,579                   |
| Treasury shares                                                               | 27    | (1,620)                   | (1,025)                   | (1,273)                  |
| Capital and other reserves                                                    | 28(a) | 26,922                    | 23,281                    | 20,066                   |
| Retained profits                                                              | 30(a) | 145,277                   | 129,015                   | 110,103                  |
|                                                                               |       | <b>257,151</b>            | <b>237,845</b>            | <b>215,475</b>           |
| <b>Non-controlling interests</b>                                              |       | <b>19,473</b>             | <b>18,803</b>             | <b>16,447</b>            |
| <b>Total equity</b>                                                           |       | <b>276,624</b>            | <b>256,648</b>            | <b>231,922</b>           |

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

# BALANCE SHEET - COMPANY

As at 30 June 2019

|                                                                               |                                | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
|-------------------------------------------------------------------------------|--------------------------------|---------------------------|---------------------------|
| Note                                                                          |                                |                           |                           |
| <b>ASSETS</b>                                                                 |                                |                           |                           |
| <b>Current assets</b>                                                         |                                |                           |                           |
|                                                                               | Cash and cash equivalents      | 11 6,707                  | 7,027                     |
|                                                                               | Trade and other receivables    | 12(a) 52,085              | 64,007                    |
|                                                                               | Other current assets           | 17(a) 157                 | 154                       |
|                                                                               |                                | <b>58,949</b>             | <b>71,188</b>             |
| <b>Non-current assets</b>                                                     |                                |                           |                           |
|                                                                               | Trade and other receivables    | 12(b) 160,186             | 136,846                   |
|                                                                               | Club memberships               | 18 370                    | 225                       |
|                                                                               | Investments in subsidiaries    | 21 72,285                 | 71,796                    |
|                                                                               | Property, plant and equipment  | 23 1,271                  | 1,263                     |
|                                                                               |                                | <b>234,112</b>            | <b>210,130</b>            |
|                                                                               | <b>Total assets</b>            | <b>293,061</b>            | <b>281,318</b>            |
| <b>LIABILITIES</b>                                                            |                                |                           |                           |
| <b>Current liabilities</b>                                                    |                                |                           |                           |
|                                                                               | Trade and other payables       | 24(a) 127,967             | 116,134                   |
|                                                                               | Current income tax liabilities | 9(b) 154                  | 69                        |
|                                                                               | Borrowings                     | 25 8,030                  | 49,916                    |
|                                                                               |                                | <b>136,151</b>            | <b>166,119</b>            |
| <b>Non-current liabilities</b>                                                |                                |                           |                           |
|                                                                               | Borrowings                     | 25 39,948                 | -                         |
|                                                                               |                                | <b>39,948</b>             | <b>-</b>                  |
|                                                                               | <b>Total liabilities</b>       | <b>176,099</b>            | <b>166,119</b>            |
|                                                                               | <b>NET ASSETS</b>              | <b>116,962</b>            | <b>115,199</b>            |
| <b>EQUITY</b>                                                                 |                                |                           |                           |
| <b>Capital and reserves attributable to the equity holders of the Company</b> |                                |                           |                           |
|                                                                               | Share capital                  | 27 86,572                 | 86,574                    |
|                                                                               | Treasury shares                | 27 (1,620)                | (1,025)                   |
|                                                                               | Capital and other reserves     | 28(a) 3,182               | 3,194                     |
|                                                                               | Retained profits               | 30(b) 28,828              | 26,456                    |
|                                                                               | <b>Total equity</b>            | <b>116,962</b>            | <b>115,199</b>            |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2019

| ← Attributable to equity holders of the Company →                     |           |               |                 |                            |                  |                |                           |                 |
|-----------------------------------------------------------------------|-----------|---------------|-----------------|----------------------------|------------------|----------------|---------------------------|-----------------|
|                                                                       |           | Share capital | Treasury shares | Capital and other reserves | Retained profits | Total          | Non-controlling interests | Total equity    |
| Note                                                                  |           | \$'000        | \$'000          | \$'000                     | \$'000           | \$'000         | \$'000                    | \$'000          |
| <b>2019</b>                                                           |           |               |                 |                            |                  |                |                           |                 |
| <b>Balance as at 30 June 2018</b>                                     |           | <b>86,574</b> | <b>(1,025)</b>  | <b>888</b>                 | <b>157,836</b>   | <b>244,273</b> | <b>18,803</b>             | <b>263,076</b>  |
| Adoption of SFRS(I) 1                                                 | 2.2b      | -             | -               | 22,393                     | (22,393)         | -              | -                         | -               |
| Adoption of SFRS(I) 15                                                | 2.2b      | -             | -               | -                          | (1,206)          | (1,206)        | -                         | (1,206)         |
| Adoption of SFRS(I) 1-23                                              | 2.2b      | -             | -               | -                          | (5,222)          | (5,222)        | -                         | (5,222)         |
| <b>Balance as at 1 July 2018</b>                                      |           | <b>86,574</b> | <b>(1,025)</b>  | <b>23,281</b>              | <b>129,015</b>   | <b>237,845</b> | <b>18,803</b>             | <b>256,648</b>  |
| Net profit                                                            |           | -             | -               | -                          | 23,287           | 23,287         | 4,239                     | 27,526          |
| Other comprehensive income/(loss)                                     |           | -             | -               | 3,540                      | -                | 3,540          | (791)                     | 2,749           |
| <b>Total comprehensive income</b>                                     |           | <b>-</b>      | <b>-</b>        | <b>3,540</b>               | <b>23,287</b>    | <b>26,827</b>  | <b>3,448</b>              | <b>30,275</b>   |
| Employee share option scheme                                          | 27, 28(c) |               |                 |                            |                  |                |                           |                 |
| - Treasury shares reissued                                            |           | (2)           | 101             | (12)                       | -                | 87             | -                         | 87              |
| Purchase of treasury shares                                           |           | -             | (696)           | -                          | -                | (696)          | -                         | (696)           |
| Interim dividend for FY2019                                           | 31        | -             | -               | -                          | (1,141)          | (1,141)        | -                         | (1,141)         |
| Final dividend for FY2018                                             | 31        | -             | -               | -                          | (5,737)          | (5,737)        | -                         | (5,737)         |
| Transfer of reserves                                                  |           | -             | -               | 113                        | (113)            | -              | -                         | -               |
| Interim dividend paid to non-controlling shareholders of subsidiaries | 29        | -             | -               | -                          | -                | -              | (1,421)                   | (1,421)         |
| Transactions with non-controlling interests                           |           | -             | -               | -                          | (34)             | (34)           | (1,357)                   | (1,391)         |
| <b>Total transactions with owners, recognised directly in equity</b>  |           | <b>(2)</b>    | <b>(595)</b>    | <b>101</b>                 | <b>(7,025)</b>   | <b>(7,521)</b> | <b>(2,778)</b>            | <b>(10,299)</b> |
| <b>Balance as at 30 June 2019</b>                                     |           | <b>86,572</b> | <b>(1,620)</b>  | <b>26,922</b>              | <b>145,277</b>   | <b>257,151</b> | <b>19,473</b>             | <b>276,624</b>  |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(CONTINUED)

for the Financial Year Ended 30 June 2019

| ←Attributable to equity holders of the Company→                        |           |               |                 |                            |                  |                |                           |                |
|------------------------------------------------------------------------|-----------|---------------|-----------------|----------------------------|------------------|----------------|---------------------------|----------------|
|                                                                        |           | Share capital | Treasury shares | Capital and other reserves | Retained profits | Total          | Non-controlling interests | Total equity   |
| Note                                                                   |           | \$'000        | \$'000          | \$'000                     | \$'000           | \$'000         | \$'000                    | \$'000         |
| <b>2018</b>                                                            |           |               |                 |                            |                  |                |                           |                |
| <b>Balance as at 30 June 2017</b>                                      |           | <b>86,579</b> | <b>(1,273)</b>  | <b>(3,080)</b>             | <b>138,712</b>   | <b>220,938</b> | <b>16,447</b>             | <b>237,385</b> |
| Adoption of SFRS(I) 1                                                  | 2.2b      | -             | -               | 23,146                     | (23,146)         | -              | -                         | -              |
| Adoption of SFRS(I) 15                                                 | 2.2b      | -             | -               | -                          | (1,107)          | (1,107)        | -                         | (1,107)        |
| Adoption of SFRS(I) 1-23                                               | 2.2b      | -             | -               | -                          | (4,356)          | (4,356)        | -                         | (4,356)        |
| <b>Balance as at 1 July 2017</b>                                       |           | <b>86,579</b> | <b>(1,273)</b>  | <b>20,066</b>              | <b>110,103</b>   | <b>215,475</b> | <b>16,447</b>             | <b>231,922</b> |
| Net profit                                                             |           | -             | -               | -                          | 24,639           | 24,639         | 2,279                     | 26,918         |
| Other comprehensive income/(loss)                                      |           | -             | -               | 3,245                      | -                | 3,245          | (23)                      | 3,222          |
| <b>Total comprehensive income</b>                                      |           | <b>-</b>      | <b>-</b>        | <b>3,245</b>               | <b>24,639</b>    | <b>27,884</b>  | <b>2,256</b>              | <b>30,140</b>  |
| Employee share option scheme                                           | 27, 28(c) |               |                 |                            |                  |                |                           |                |
| - Treasury shares reissued                                             |           | (5)           | 248             | (30)                       | -                | 213            | -                         | 213            |
| Incorporation of a subsidiary with non-controlling interest            | 29        | -             | -               | -                          | -                | -              | 300                       | 300            |
| Interim dividend for FY2018                                            | 31        | -             | -               | -                          | (1,145)          | (1,145)        | -                         | (1,145)        |
| Final dividend for FY2017                                              | 31        | -             | -               | -                          | (4,582)          | (4,582)        | -                         | (4,582)        |
| Interim dividend paid to a non-controlling shareholder of a subsidiary | 29        | -             | -               | -                          | -                | -              | (200)                     | -              |
| <b>Total transactions with owners, recognised directly in equity</b>   |           | <b>(5)</b>    | <b>248</b>      | <b>(30)</b>                | <b>(5,727)</b>   | <b>(5,514)</b> | <b>100</b>                | <b>(5,414)</b> |
| <b>Balance as at 30 June 2018</b>                                      |           | <b>86,574</b> | <b>(1,025)</b>  | <b>23,281</b>              | <b>129,015</b>   | <b>237,845</b> | <b>18,803</b>             | <b>256,648</b> |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the Financial Year Ended 30 June 2019

|                                                                             | Note | 2019<br>\$'000  | 2018<br>\$'000 |
|-----------------------------------------------------------------------------|------|-----------------|----------------|
| <b>Cash flows from operating activities</b>                                 |      |                 |                |
| Net profit                                                                  |      | <b>27,526</b>   | 26,918         |
| Adjustments for:                                                            |      |                 |                |
| Income tax expense                                                          | 9(a) | <b>1,151</b>    | 5,490          |
| Share of profits of associated companies and joint ventures                 |      | <b>(16,384)</b> | (7,563)        |
| Allowance for impairment of receivables                                     | 6    | <b>141</b>      | 9              |
| Amortisation of club memberships                                            | 6    | <b>38</b>       | 31             |
| Depreciation of property, plant and equipment                               | 6    | <b>3,064</b>    | 3,796          |
| Dividend income from available-for-sale financial assets                    | 4    | -               | (161)          |
| Dividend income from financial assets, at FVOCI                             | 4    | <b>(68)</b>     | -              |
| Fair value gains on investment properties                                   | 5(b) | <b>(287)</b>    | (5,426)        |
| Loss on liquidation of a subsidiary                                         | 5(b) | <b>14</b>       | -              |
| Gain on disposal of investment property                                     | 5(b) | <b>(12,723)</b> | -              |
| (Gain)/loss on disposal of club memberships                                 | 5(b) | <b>(57)</b>     | 3              |
| Gain on disposal of property, plant and equipment – net                     | 5(b) | <b>(70)</b>     | (162)          |
| Impairment loss/(write-back of impairment) on club memberships              | 6    | <b>75</b>       | (12)           |
| Interest income                                                             | 5(a) | <b>(852)</b>    | (758)          |
| Finance expense                                                             | 8    | <b>8,249</b>    | 6,401          |
| Property, plant and equipment written off                                   | 6    | <b>35</b>       | 20             |
| Operating cash flow before working capital changes                          |      | <b>9,852</b>    | 28,586         |
| Change in working capital, net of effects from acquisition of a subsidiary: |      |                 |                |
| - Trade and other receivables                                               |      | <b>2,416</b>    | 17,013         |
| - Contract assets                                                           |      | <b>(29,764)</b> | 11,356         |
| - Contract liabilities                                                      |      | <b>39,981</b>   | (12,188)       |
| - Other current assets                                                      |      | <b>(191)</b>    | 957            |
| - Development properties/properties held for sale                           |      | <b>375</b>      | (64,154)       |
| - Trade and other payables                                                  |      | <b>11,687</b>   | (44,445)       |
| Cash generated from/(used in) operations                                    |      | <b>34,356</b>   | (62,875)       |
| Income tax paid                                                             | 9(b) | <b>(5,207)</b>  | (4,749)        |
| <b>Net cash provided by/(used in) operating activities</b>                  |      | <b>29,149</b>   | (67,624)       |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the Financial Year Ended 30 June 2019

|                                                                              | Note  | 2019<br>\$'000 | 2018<br>\$'000  |
|------------------------------------------------------------------------------|-------|----------------|-----------------|
| <b>Cash flows from investing activities</b>                                  |       |                |                 |
| Investment in a joint venture                                                | 19    | (9,810)        | -               |
| Investment in financial assets, at FVPL                                      | 16(c) | (4,734)        | -               |
| Acquisition of non-controlling interest in a subsidiary                      | 21    | (1,389)        | -               |
| Dividends received from an associated company                                | 20    | 1,500          | 7,500           |
| Dividends received from available-for-sale financial assets                  |       | -              | 161             |
| Dividends received from financial assets, at FVOCI                           |       | 68             | -               |
| Expenditure on investment property                                           | 22    | (4,546)        | (4,030)         |
| Increase in other current assets in relation to investment properties        |       | (9,588)        | -               |
| Interest income received                                                     |       | 818            | 721             |
| Proceeds from disposal of investment property, net of selling expenses       | 22    | 48,562         | -               |
| Proceeds from disposal of club memberships                                   |       | 65             | 2               |
| Proceeds from disposal of property, plant and equipment                      |       | 351            | 1,113           |
| Purchase of club memberships                                                 |       | (154)          | (3)             |
| Purchase of property, plant and equipment                                    |       | (3,552)        | (3,133)         |
| Purchase of available-for-sale financial assets                              | 16(a) | -              | (3)             |
| Advances to an investee company                                              |       | (676)          | -               |
| Advances to joint ventures                                                   |       | (13,000)       | (4,706)         |
| Repayment from a joint venture                                               |       | 12,175         | (26,602)        |
| <b>Net cash provided by/(used in) investing activities</b>                   |       | <b>16,090</b>  | <b>(28,980)</b> |
| <b>Cash flows from financing activities</b>                                  |       |                |                 |
| Cash and cash equivalents released from pledge/(pledged)                     |       | 1              | (44)            |
| Dividends paid                                                               |       | (6,878)        | (5,727)         |
| Dividends paid to non-controlling shareholders of subsidiaries               |       | (1,421)        | -               |
| Bank facility fees                                                           |       | (149)          | (191)           |
| Interest paid                                                                |       | (7,927)        | (5,948)         |
| Purchase of treasury shares                                                  | 27    | (696)          | -               |
| Proceeds from re-issuance of treasury shares                                 | 27    | 87             | 213             |
| Proceeds from issuance of medium term notes                                  |       | 12,543         | -               |
| Repayment of medium term notes                                               |       | (22,750)       | -               |
| Proceeds from bank loans                                                     |       | 26,902         | 106,135         |
| Repayment of bank loans                                                      |       | (1,221)        | (35,899)        |
| Repayment of finance lease liabilities                                       |       | (78)           | (93)            |
| Advances from a non-controlling shareholder of a subsidiary                  |       | -              | 1,093           |
| Repayment to a non-controlling shareholder of a subsidiary                   |       | (3,067)        | (63)            |
| <b>Net cash (used in)/provided by financing activities</b>                   |       | <b>(4,654)</b> | <b>59,476</b>   |
| <b>Net change in cash and cash equivalents</b>                               |       | <b>40,585</b>  | <b>(37,128)</b> |
| Cash and cash equivalents at beginning of financial year                     |       | 93,644         | 130,223         |
| Effect of changes in currency translation rates on cash and cash equivalents |       | (483)          | 549             |
| <b>Cash and cash equivalents at end of financial year</b>                    | 11    | <b>133,746</b> | <b>93,644</b>   |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

(CONTINUED)

for the Financial Year Ended 30 June 2019

## Reconciliation of liabilities arising from financing activities

|                                                            | 1 July 2018<br>\$'000 | Cash flows<br>\$'000 | Non-cash changes      |                            |                  |                                     | 30 June 2019<br>\$'000 |
|------------------------------------------------------------|-----------------------|----------------------|-----------------------|----------------------------|------------------|-------------------------------------|------------------------|
|                                                            |                       |                      | Acquisition<br>\$'000 | Interest expense<br>\$'000 | Others<br>\$'000 | Foreign exchange movement<br>\$'000 |                        |
| Bank borrowings                                            | 149,080               | 25,681               | -                     | -                          | 113              | (2,310)                             | 172,564                |
| Finance lease liabilities                                  | 243                   | (78)                 | 160                   | -                          | -                | -                                   | 325                    |
| Medium term notes, net of transaction costs                | 49,916                | (10,207)             | -                     | -                          | 133              | -                                   | 39,842                 |
| Loan interest payable                                      | 915                   | (7,927)              | -                     | 7,797                      | -                | -                                   | 785                    |
| Advances from non-controlling shareholders of subsidiaries | 14,780                | (3,067)              | -                     | -                          | -                | (609)                               | 11,104                 |

|                                                            | 1 July 2017<br>\$'000 | Cash flows<br>\$'000 | Non-cash changes      |                            |                  |                                     | 30 June 2018<br>\$'000 |
|------------------------------------------------------------|-----------------------|----------------------|-----------------------|----------------------------|------------------|-------------------------------------|------------------------|
|                                                            |                       |                      | Acquisition<br>\$'000 | Interest expense<br>\$'000 | Others<br>\$'000 | Foreign exchange movement<br>\$'000 |                        |
| Bank borrowings                                            | 78,770                | 70,236               | -                     | -                          | 124              | (50)                                | 149,080                |
| Finance lease liabilities                                  | 102                   | (93)                 | 233                   | -                          | -                | 1                                   | 243                    |
| Medium term notes, net of transaction costs                | 49,802                | -                    | -                     | -                          | 114              | -                                   | 49,916                 |
| Loan interest payable                                      | 950                   | (5,948)              | -                     | 5,913                      | -                | -                                   | 915                    |
| Advances from non-controlling shareholders of subsidiaries | 13,782                | 1,030                | -                     | -                          | -                | (32)                                | 14,780                 |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

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

## 1. GENERAL INFORMATION

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

### 2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 July 2018. These financial statements for the year ended 30 June 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group’s previously issued financial statements for periods up to and including the financial year ended 30 June 2018 were prepared in accordance with Singapore Financial Reporting Standards (“SFRS”).

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

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 30 June 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

The Group's opening balance sheet has been prepared as at 1 July 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

#### (a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

##### (i) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 July 2017.

##### (ii) Practical expedients on adoption of SFRS(I) 15 Revenue from Contracts with Customers

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 July 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and
- for the financial year ended 30 June 2018, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

##### (iii) Short-term exemption on adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 July 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 30 June 2018. The Group is also exempted from complying with SFRS(I) 7 Financial Instruments: Disclosure to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I)

| As at 1 July 2017                   | Note  | Reported<br>under SFRS<br>\$'000 | Effects of<br>applying<br>SFRS(I) 1<br>\$'000 | Effects of<br>applying<br>SFRS(I) 15<br>\$'000 | Effects of<br>applying<br>SFRS(I)<br>1-23<br>\$'000 | Reported<br>under<br>SFRS(I)<br>\$'000 |
|-------------------------------------|-------|----------------------------------|-----------------------------------------------|------------------------------------------------|-----------------------------------------------------|----------------------------------------|
| <b>ASSETS</b>                       |       |                                  |                                               |                                                |                                                     |                                        |
| <b>Current assets</b>               |       |                                  |                                               |                                                |                                                     |                                        |
| Cash and cash equivalents           |       | 130,760                          | -                                             | -                                              | -                                                   | 130,760                                |
| Trade and other receivables         | B1    | 79,075                           | -                                             | (27,829)                                       | -                                                   | 51,246                                 |
| Contract assets                     | B1    | -                                | -                                             | 27,868                                         | -                                                   | 27,868                                 |
| Tax recoverable                     |       | 1,174                            | -                                             | -                                              | -                                                   | 1,174                                  |
| Properties held for sale            | C     | 4,289                            | -                                             | -                                              | (224)                                               | 4,065                                  |
| Development properties              | B2    | 57,073                           | -                                             | (6,972)                                        | (5,508)                                             | 44,593                                 |
| Other current assets                |       | 7,384                            | -                                             | -                                              | -                                                   | 7,384                                  |
|                                     |       | 279,755                          | -                                             | (6,933)                                        | (5,732)                                             | 267,090                                |
| <b>Non-current assets</b>           |       |                                  |                                               |                                                |                                                     |                                        |
| Trade and other receivables         |       | 75,251                           | -                                             | -                                              | -                                                   | 75,251                                 |
| Club memberships                    |       | 342                              | -                                             | -                                              | -                                                   | 342                                    |
| Available-for-sale financial assets |       | 7,642                            | -                                             | -                                              | -                                                   | 7,642                                  |
| Investments in joint ventures       |       | 1,989                            | -                                             | -                                              | -                                                   | 1,989                                  |
| Investment in associated companies  |       | 11,542                           | -                                             | -                                              | -                                                   | 11,542                                 |
| Investment properties               |       | 171,383                          | -                                             | -                                              | -                                                   | 171,383                                |
| Property, plant and equipment       |       | 26,784                           | -                                             | -                                              | -                                                   | 26,784                                 |
| Deferred income tax assets          | B2, C | 1,153                            | -                                             | 349                                            | 1,376                                               | 2,878                                  |
| Other non-current assets            |       | 1,127                            | -                                             | -                                              | -                                                   | 1,127                                  |
|                                     |       | 297,213                          | -                                             | 349                                            | 1,376                                               | 298,938                                |
| <b>Total assets</b>                 |       | <b>576,968</b>                   | <b>-</b>                                      | <b>(6,584)</b>                                 | <b>(4,356)</b>                                      | <b>566,028</b>                         |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

| As at 1 July 2017                                                         | Note      | Reported<br>under SFRS<br>\$'000 | Effects of<br>applying<br>SFRS(I) 1<br>\$'000 | Effects of<br>applying<br>SFRS(I) 15<br>\$'000 | Effects of<br>applying<br>SFRS(I)<br>1-23<br>\$'000 | Reported<br>under<br>SFRS(I)<br>\$'000 |
|---------------------------------------------------------------------------|-----------|----------------------------------|-----------------------------------------------|------------------------------------------------|-----------------------------------------------------|----------------------------------------|
| <b>LIABILITIES</b>                                                        |           |                                  |                                               |                                                |                                                     |                                        |
| <b>Current liabilities</b>                                                |           |                                  |                                               |                                                |                                                     |                                        |
| Trade and other payables                                                  | B1, B2    | 175,963                          | -                                             | (17,665)                                       | -                                                   | 158,298                                |
| Contract liabilities                                                      | B3        | -                                | -                                             | 12,188                                         | -                                                   | 12,188                                 |
| Current income tax liabilities                                            |           | 4,784                            | -                                             | -                                              | -                                                   | 4,784                                  |
| Borrowings                                                                |           | 23,661                           | -                                             | -                                              | -                                                   | 23,661                                 |
|                                                                           |           | 204,408                          | -                                             | (5,477)                                        | -                                                   | 198,931                                |
| <b>Non-current liabilities</b>                                            |           |                                  |                                               |                                                |                                                     |                                        |
| Trade and other payables                                                  |           | 29,500                           | -                                             | -                                              | -                                                   | 29,500                                 |
| Borrowings                                                                |           | 105,013                          | -                                             | -                                              | -                                                   | 105,013                                |
| Deferred income tax liabilities                                           |           | 662                              | -                                             | -                                              | -                                                   | 662                                    |
|                                                                           |           | 135,175                          | -                                             | -                                              | -                                                   | 135,175                                |
| <b>Total liabilities</b>                                                  |           | <b>339,583</b>                   | <b>-</b>                                      | <b>(5,477)</b>                                 | <b>-</b>                                            | <b>334,106</b>                         |
| <b>NET ASSETS</b>                                                         |           | <b>237,385</b>                   | <b>-</b>                                      | <b>(1,107)</b>                                 | <b>(4,356)</b>                                      | <b>231,922</b>                         |
| <b>EQUITY</b>                                                             |           |                                  |                                               |                                                |                                                     |                                        |
| <b>Capital and reserves attributable to equity holders of the Company</b> |           |                                  |                                               |                                                |                                                     |                                        |
| Share capital                                                             |           | 86,579                           | -                                             | -                                              | -                                                   | 86,579                                 |
| Treasury shares                                                           |           | (1,273)                          | -                                             | -                                              | -                                                   | (1,273)                                |
| Capital and other reserves                                                | A1        | (3,080)                          | 23,146                                        | -                                              | -                                                   | 20,066                                 |
| Retained profits                                                          | A1, B2, C | 138,712                          | (23,146)                                      | (1,107)                                        | (4,356)                                             | 110,103                                |
|                                                                           |           | 220,938                          | -                                             | (1,107)                                        | (4,356)                                             | 215,475                                |
| <b>Non-controlling interests</b>                                          |           | 16,447                           | -                                             | -                                              | -                                                   | 16,447                                 |
| <b>Total equity</b>                                                       |           | <b>237,385</b>                   | <b>-</b>                                      | <b>(1,107)</b>                                 | <b>(4,356)</b>                                      | <b>231,922</b>                         |

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

|                           |  | As at 30<br>June 2018<br>reported<br>under<br>SFRS | Effects of<br>applying<br>SFRS(I)<br>1 | Effects of<br>applying<br>SFRS(I)<br>15 | Effects of<br>applying<br>SFRS(I)<br>1-23 | As at 30<br>June 2018<br>reported<br>under<br>SFRS(I) | Effects of<br>applying<br>SFRS(I)<br>9 | As at 1<br>July 2018<br>reported<br>under<br>SFRS(I) |
|---------------------------|--|----------------------------------------------------|----------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------------------|----------------------------------------|------------------------------------------------------|
| Note                      |  | \$'000                                             | \$'000                                 | \$'000                                  | \$'000                                    | \$'000                                                | \$'000                                 | \$'000                                               |
| <b>ASSETS</b>             |  |                                                    |                                        |                                         |                                           |                                                       |                                        |                                                      |
| <b>Current assets</b>     |  |                                                    |                                        |                                         |                                           |                                                       |                                        |                                                      |
|                           |  | 94,225                                             | -                                      | -                                       | -                                         | 94,225                                                | -                                      | 94,225                                               |
|                           |  | 78,147                                             | -                                      | (15,120)                                | -                                         | 63,027                                                | -                                      | 63,027                                               |
|                           |  | -                                                  | -                                      | 16,512                                  | -                                         | 16,512                                                | -                                      | 16,512                                               |
|                           |  | 1,214                                              | -                                      | -                                       | -                                         | 1,214                                                 | -                                      | 1,214                                                |
|                           |  | 1,372                                              | -                                      | (22)                                    | (61)                                      | 1,289                                                 | -                                      | 1,289                                                |
|                           |  | 137,560                                            | -                                      | (11,134)                                | (6,496)                                   | 119,930                                               | -                                      | 119,930                                              |
|                           |  | 1,150                                              | -                                      | -                                       | -                                         | 1,150                                                 | -                                      | 1,150                                                |
|                           |  | 313,668                                            | -                                      | (9,764)                                 | (6,557)                                   | 297,347                                               | -                                      | 297,347                                              |
| <b>Non-current assets</b> |  |                                                    |                                        |                                         |                                           |                                                       |                                        |                                                      |
|                           |  | 74,116                                             | -                                      | -                                       | -                                         | 74,116                                                | -                                      | 74,116                                               |
|                           |  | 321                                                | -                                      | -                                       | -                                         | 321                                                   | -                                      | 321                                                  |
|                           |  | 7,383                                              | -                                      | -                                       | -                                         | 7,383                                                 | (7,383)                                | -                                                    |
|                           |  | -                                                  | -                                      | -                                       | -                                         | -                                                     | 7,383                                  | 7,383                                                |
|                           |  | 8,478                                              | -                                      | -                                       | -                                         | 8,478                                                 | -                                      | 8,478                                                |
|                           |  | 1,909                                              | -                                      | -                                       | -                                         | 1,909                                                 | -                                      | 1,909                                                |
|                           |  | 180,658                                            | -                                      | -                                       | -                                         | 180,658                                               | -                                      | 180,658                                              |
|                           |  | 25,389                                             | -                                      | -                                       | -                                         | 25,389                                                | -                                      | 25,389                                               |
|                           |  | 1,224                                              | -                                      | 262                                     | 1,335                                     | 2,821                                                 | -                                      | 2,821                                                |
|                           |  | 957                                                | -                                      | -                                       | -                                         | 957                                                   | -                                      | 957                                                  |
|                           |  | 300,435                                            | -                                      | 262                                     | 1,335                                     | 302,032                                               | -                                      | 302,032                                              |
| <b>Total assets</b>       |  |                                                    |                                        |                                         |                                           |                                                       |                                        |                                                      |
|                           |  | 614,103                                            | -                                      | (9,502)                                 | (5,222)                                   | 599,379                                               | -                                      | 599,379                                              |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

|                                                                           |                  | As at 30<br>June 2018<br>reported<br>under<br>SFRS | Effects of<br>applying<br>SFRS(I)<br>1 | Effects of<br>applying<br>SFRS(I)<br>15 | Effects of<br>applying<br>SFRS(I)<br>1-23 | As at 30<br>June 2018<br>reported<br>under<br>SFRS(I) | Effects of<br>applying<br>SFRS(I)<br>9 | As at 1<br>July 2018<br>reported<br>under<br>SFRS(I) |
|---------------------------------------------------------------------------|------------------|----------------------------------------------------|----------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------------------|----------------------------------------|------------------------------------------------------|
|                                                                           | Note             | \$'000                                             | \$'000                                 | \$'000                                  | \$'000                                    | \$'000                                                | \$'000                                 | \$'000                                               |
| <b>LIABILITIES</b>                                                        |                  |                                                    |                                        |                                         |                                           |                                                       |                                        |                                                      |
| <b>Current liabilities</b>                                                |                  |                                                    |                                        |                                         |                                           |                                                       |                                        |                                                      |
| Trade and other payables                                                  | B2               | 121,867                                            | -                                      | (8,220)                                 | -                                         | 113,647                                               | -                                      | 113,647                                              |
| Current income tax liabilities                                            | B1               | 5,498                                              | -                                      | (76)                                    | -                                         | 5,422                                                 | -                                      | 5,422                                                |
| Borrowings                                                                |                  | 50,992                                             | -                                      | -                                       | -                                         | 50,992                                                | -                                      | 50,992                                               |
|                                                                           |                  | 178,357                                            | -                                      | (8,296)                                 | -                                         | 170,061                                               | -                                      | 170,061                                              |
| <b>Non-current liabilities</b>                                            |                  |                                                    |                                        |                                         |                                           |                                                       |                                        |                                                      |
| Trade and other payables                                                  |                  | 23,869                                             | -                                      | -                                       | -                                         | 23,869                                                | -                                      | 23,869                                               |
| Borrowings                                                                |                  | 148,247                                            | -                                      | -                                       | -                                         | 148,247                                               | -                                      | 148,247                                              |
| Deferred income tax liabilities                                           |                  | 554                                                | -                                      | -                                       | -                                         | 554                                                   | -                                      | 554                                                  |
|                                                                           |                  | 172,670                                            | -                                      | -                                       | -                                         | 172,670                                               | -                                      | 172,670                                              |
| <b>Total liabilities</b>                                                  |                  | <b>351,027</b>                                     | <b>-</b>                               | <b>(8,296)</b>                          | <b>-</b>                                  | <b>342,731</b>                                        | <b>-</b>                               | <b>342,731</b>                                       |
| <b>NET ASSETS</b>                                                         |                  | <b>263,076</b>                                     | <b>-</b>                               | <b>(1,206)</b>                          | <b>(5,222)</b>                            | <b>256,648</b>                                        | <b>-</b>                               | <b>256,648</b>                                       |
| <b>EQUITY</b>                                                             |                  |                                                    |                                        |                                         |                                           |                                                       |                                        |                                                      |
| <b>Capital and reserves attributable to equity holders of the Company</b> |                  |                                                    |                                        |                                         |                                           |                                                       |                                        |                                                      |
| Share capital                                                             |                  | 86,574                                             | -                                      | -                                       | -                                         | 86,574                                                | -                                      | 86,574                                               |
| Treasury shares                                                           |                  | (1,025)                                            | -                                      | -                                       | -                                         | (1,025)                                               | -                                      | (1,025)                                              |
| Capital and other reserves                                                | A1               | 888                                                | 22,393                                 | -                                       | -                                         | 23,281                                                | -                                      | 23,281                                               |
| Retained profits                                                          | A1, B1,<br>B2, C | 157,836                                            | (22,393)                               | (1,206)                                 | (5,222)                                   | 129,015                                               | -                                      | 129,015                                              |
|                                                                           |                  | 244,273                                            | -                                      | (1,206)                                 | (5,222)                                   | 237,845                                               | -                                      | 237,845                                              |
| <b>Non-controlling interests</b>                                          |                  | 18,803                                             | -                                      | -                                       | -                                         | 18,803                                                | -                                      | 18,803                                               |
| <b>Total equity</b>                                                       |                  | <b>263,076</b>                                     | <b>-</b>                               | <b>(1,206)</b>                          | <b>(5,222)</b>                            | <b>256,648</b>                                        | <b>-</b>                               | <b>256,648</b>                                       |

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.2 Adoption of SFRS(I) (continued)

(c) Reconciliation of the Group's total comprehensive income reported in accordance with SFRS to SFRS(I)

| For the financial year ended<br>30 June 2018 | Note      | Reported<br>under SFRS<br>\$'000 | Effects of<br>applying<br>SFRS(I) 1<br>\$'000 | Effects of<br>applying<br>SFRS(I) 15<br>\$'000 | Effects of<br>applying<br>SFRS(I)<br>1-23<br>\$'000 | Reported<br>under<br>SFRS(I)<br>\$'000 |
|----------------------------------------------|-----------|----------------------------------|-----------------------------------------------|------------------------------------------------|-----------------------------------------------------|----------------------------------------|
| Revenue                                      | B2        | 260,671                          | -                                             | 1,656                                          | -                                                   | 262,327                                |
| Cost of sales                                | B1, B2, C | (207,716)                        | -                                             | (1,809)                                        | 458                                                 | (209,067)                              |
| Gross (loss)/profit                          |           | 52,955                           | -                                             | (153)                                          | 458                                                 | 53,260                                 |
| Other income                                 |           | 2,841                            | -                                             | -                                              | -                                                   | 2,841                                  |
| Other gains – net                            | A1        | 5,103                            | 483                                           | -                                              | -                                                   | 5,586                                  |
| Expenses                                     |           |                                  |                                               |                                                |                                                     |                                        |
| - Distribution and marketing                 | B2        | (1,035)                          | -                                             | 130                                            | -                                                   | (905)                                  |
| - Administrative and general                 | B2        | (29,539)                         | -                                             | 3                                              | -                                                   | (29,536)                               |
| - Finance                                    | C         | (5,406)                          | -                                             | -                                              | (995)                                               | (6,401)                                |
| Share of profit of associated<br>companies   |           | 176                              | -                                             | -                                              | -                                                   | 176                                    |
| Share of profit of joint venture             |           | 7,387                            | -                                             | -                                              | -                                                   | 7,387                                  |
| Profit before income tax                     |           | 32,482                           | 483                                           | (20)                                           | (537)                                               | 32,408                                 |
| Income tax expense                           | B1, B2, C | (5,352)                          | -                                             | (28)                                           | (110)                                               | (5,490)                                |
| <b>Net profit</b>                            |           | <b>27,130</b>                    | <b>483</b>                                    | <b>(48)</b>                                    | <b>(647)</b>                                        | <b>26,918</b>                          |
| <b>Net profit attributable to:</b>           |           |                                  |                                               |                                                |                                                     |                                        |
| Equity holders of the Company                |           | 24,851                           | 483                                           | (48)                                           | (647)                                               | 24,639                                 |
| Non-controlling interests                    |           | 2,279                            | -                                             | -                                              | -                                                   | 2,279                                  |
|                                              |           | <b>27,130</b>                    | <b>483</b>                                    | <b>(48)</b>                                    | <b>(647)</b>                                        | <b>26,918</b>                          |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

- (d) There were no material adjustments to the Group's statement of cash flows arising from the transition from SFRS to SFRS(I).

Explanatory notes to reconciliations:

The effects of transition to SFRS(I) mainly arises from the optional exemptions provided for under SFRS(I) 1 and the adoption of SFRS(I) 15 Revenue from Contracts with Customers. There is no material impact with the adoption of SFRS(I) 9 Financial Instruments.

#### A. Optional exemptions

As disclosed in Note 2.2(a), the Group has applied certain exemptions in preparing this first set of financial statements in accordance with SFRS(I). The exemptions that resulted in adjustments to the previously issued SFRS financial statements are as follows:

##### A1. Cumulative translation differences

As disclosed in Note 2.2(a)(i), the Group has elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to SFRS(I) on 1 July 2017. As a result, currency translation reserves and retained profits as at 1 July 2017 was reduced/increased by \$23,146,000 respectively.

#### B. Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively.

The adoption of SFRS(I) 15 resulted in adjustments to the previously issued SFRS financial statements as explained below:

##### B1. Accounting for construction contracts

- (i) Accounting for costs incurred to fulfil a contract

Before 1 July 2018, the Group recognised costs incurred in fulfilling a contract with a customer are capitalised under amount due from customer arising from construction contracts.

With the adoption of SFRS(I) 15, the Group will recognise an asset from the costs incurred to fulfill a contract only if these costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

#### B1. Accounting for construction contracts (continued)

##### (i) Accounting for costs incurred to fulfil a contract (continued)

The Group has certain costs incurred to fulfill a contract previously capitalised under amount due from customers arising from construction contract that will be expensed off with the adoption of SFRS(I) 15 as these costs do not meet all the above criteria to be recognised as an asset.

##### (ii) Accounting for loss-making construction contracts

Before 1 July 2018, under FRS 11 Construction Contracts, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately on a contract-by-contract basis, and is accounted for on the balance sheet.

With the adoption of SFRS(I) 15, there is no guidance on how to account for expected losses on losing-making contracts. As such, the Group will need to apply SFRS(I) 37 Provisions, Contingent Liabilities and Contingent Assets to identify and account onerous contracts. The Group has concluded that these loss-making contracts are onerous and will be recognised and measured as a provision.

##### (iii) Presentation of contract assets and liabilities

The Group has also changed the presentation of certain amounts in the balance sheet to reflect the terminology in SFRS(I) 15:

- Amounts due from customers arising from construction contracts will be reclassified to be presented as part of contract assets.
- Amounts due to and advances received from customers arising from construction contracts under SFRS will be reclassified to be presented as part of contract liabilities.

#### B2. Accounting for development properties

##### (i) Recognition of revenue over time

Before 1 July 2018, the Group has development properties in Malaysia whereby revenue is recognised upon completion of construction. Under SFRS(I) 15, revenue from the Group's development properties in Malaysia shall be recognised over time as the development properties met the following criteria for revenue to be recognised over time:

- asset with no alternative use;
- enforceable right to payment for performance completed to date.

##### (ii) Provision for foreseeable losses for affordable housing

The Group has development properties in Malaysia in which the Group is required to build a number of units of affordable housing as a condition for the local authorities to approve the development plan for the entire development. Before 1 July 2018, the Group has made provision for foreseeable losses for these units of affordable housing.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

#### B2. Accounting for development properties (continued)

##### (ii) Provision for foreseeable losses for affordable housing (continued)

With the adoption of SFRS(I) 15, the developer will not develop and sell affordable housing on a standalone basis as it will result in negative margin. Accordingly, the Step 1 “Identify the contract(s) with customers” is not fulfilled as the development of affordable housing on a standalone basis does not have commercial substance.

Accordingly, the profitability of the development of affordable housing has to be assessed on an overall basis with the entire development, in which case, there will be no provision of foreseeable losses to be recognised upfront should the entire development be profitable.

#### B3. Presentation of contract assets and contract liabilities

The Group has also changed the presentation of certain amounts within the trade and other receivables (Note 12) and trade and other payables (Note 24) notes as at 30 June 2018 on adopting SFRS(I) 15:

- (i) Contract assets relating to construction contracts were previously presented as “amounts due from customers/non-related parties/joint venture on construction contracts” under SFRS.
- (ii) Contract liabilities in relation to construction contracts were previously presented as “advances received from construction contracts” under SFRS.

#### C. Adoption of SFRS(I) 1-23

The Group has development properties in Singapore and Malaysia whereby borrowing costs were capitalised to the development property before 1 July 2018.

In March 2019, the IFRS Interpretations Committee (“Interpretations Committee”), which works with the International Accounting Standards Board in supporting the application of IFRS Standards, finalised its Agenda Decision in relation to the capitalisation of borrowing costs for development properties with revenue recognised over time.

Based on the Agenda Decision, it is concluded that for unsold inventory that is ready for its intended sale in its current condition with revenue recognised on an ‘over time’ basis is not a qualifying assets.

As SFRS(I) 1-23 and SFRS(I) 15 are aligned to IAS 23 and IFRS 15 respectively, the above Agenda Decision has relevant impact to the Group’s activities as a property developer. Following this Agenda Decision, borrowing costs which were previously capitalised for development projects over the period of development are now expensed as incurred to the income statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(l) (continued)

#### D. Adoption of SFRS(l) 9

As disclosed in Note 2.2(a)(iii), the Group has elected to apply the short-term exemption to adopt SFRS(l) 9 on 1 July 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 30 June 2018.

At the same time, the Group is exempted from complying with SFRS(l) 7 Financial Instruments: Disclosures for the comparative period to the extent that the disclosures required by the SFRS(l) 7 relate to the items within scope of SFRS(l) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(l) 7 and SFRS(l) 9 to comparative information about items within the scope of the SFRS(l) 9.

The accounting policies for financial instruments under SFRS(l) 9 is as disclosed in Note 2.15.

#### D1. Classification and measurement of financial assets

For financial assets held by the Group on 1 July 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under SFRS(l) 9. Material reclassifications resulting from management's assessment are disclosed below.

|                                                           | Note | Financial assets |                 |
|-----------------------------------------------------------|------|------------------|-----------------|
|                                                           |      | AFS<br>\$'000    | FVOCI<br>\$'000 |
| Balance as at 30 June 2018 – before adoption of SFRS(l) 9 |      | 7,383            | -               |
| Reclassify from available for sales ("AFS") to FVOCI      | (i)  | (7,383)          | 7,383           |
| Balance as at 1 July 2018 – after adoption of SFRS(l) 9   |      | -                | 7,383           |

#### (i) Equity investments reclassified from available-for-sale to FVOCI

The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income. As a result, assets with a fair value of \$7,383,000 were reclassified from "available-for-sale financial assets" to "financial assets, at FVOCI" on 1 July 2018.

#### (ii) Impairment of financial assets

The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(l) 9:

- trade receivables and contract assets recognised under SFRS(l) 15; and
- other receivables at amortised cost.

The Group has assessed that there is no significant impact from the application of the expected credit loss impairment model.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

- (e) Reconciliation of the Company's equity reported in accordance with SFRS to SFRS(I)

(i) *Impairment of financial assets*

The Company has the following types of financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables; and
- loans to related parties and other receivables at amortised cost.

The Company has assessed that there is no significant impact from the application of the expected credit loss impairment model.

### 2.3 Revenue recognition

(a) *Construction contracts*

The Group performs construction works for customers through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhance an asset that the customer controls as the asset is created or enhanced.

For these contracts, revenue is recognized over time by reference to the Group's progress towards completing the contract. The measure of progress is determined by the value of work performed relative to the total contract value as determined by surveys of work performed. If surveys of work performed is not a reliable measure of the stage of completion due to the nature of the construction contract, the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

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

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Contract modifications that add distinct goods or services at their standalone selling prices are accounted for as separate contracts. Contract modifications that add distinct goods or services but not at their standalone selling prices are accounted for as a continuation of the existing contract. The Company combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. Contract modification that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Revenue recognition (continued)

#### (a) *Construction contracts* (continued)

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Company exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (e.g. Inventories), these have been accounted in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

#### (b) *Development properties*

Revenue and profits from development properties is recognised as disclosed in Note 2.7 "Development properties".

#### (c) *Properties held for sale*

Revenue from sale of completed properties is recognised at a point in time upon completion of the sales and purchase agreements, which essentially means that the completed properties have been delivered to the customers, the customers have accepted taking over the titles of the completed properties and collectability of the related receivables is reasonably assured.

#### (d) *Rendering of services*

Revenue from rendering of management and technical assistance fees are recognised over time when these services are rendered.

#### (e) *Rental income*

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

#### (f) *Dividend income*

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

#### (g) *Interest income*

Interest income is recognised using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting

#### (a) Subsidiaries

##### (i) Consolidation

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

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

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

##### (ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.8 for the accounting policy on goodwill on acquisition of subsidiaries.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 **Group accounting** (continued)

#### (a) *Subsidiaries* (continued)

##### (iii) *Disposals of subsidiaries or businesses*

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

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

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

#### (b) *Transactions with non-controlling interests*

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

#### (c) *Associated companies and joint ventures*

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

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

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

##### (i) *Acquisitions*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 **Group accounting** (continued)

#### (c) *Associated companies and joint ventures* (continued)

##### (ii) *Equity method of accounting*

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

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

##### (iii) *Disposals*

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

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

### 2.5 **Property, plant and equipment**

#### (a) *Measurement*

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

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.9).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 **Property, plant and equipment** (continued)

#### (b) *Depreciation*

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

|                                          | <b>Useful lives</b> |
|------------------------------------------|---------------------|
| Leasehold buildings                      | 14 to 40 years      |
| Plant and machinery                      | 5 to 10 years       |
| Furniture, office equipment and fittings | 2 to 5 years        |
| Motor vehicles                           | 5 years             |

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

#### (c) *Subsequent expenditure*

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

#### (d) *Disposal*

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

### 2.6 **Properties held for sale**

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

### 2.7 **Development properties**

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Development properties (continued)

Revenue from sale of development properties is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer at a point in time or over time.

For development properties where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, such as when the property is accepted by the customer, or deemed as accepted according to the contract, or when title has passed to the customer.

For development properties where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the stage of completion of the properties.

The stage of completion is measured by reference to the professional quantity surveyor's certification of value of work done-to-date. Management has determined that the input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. Payment is typically due within two weeks. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. SFRS(I) 2 Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, the Group adjusts the promised amount of consideration for the effect of a financing component, if significant.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Intangible assets

#### *Goodwill*

Goodwill on acquisitions of subsidiaries and businesses on or after 1 July 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

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

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

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

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

### 2.9 Borrowing costs

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

The actual borrowing costs incurred during the period up to the completion of the qualifying assets are capitalised as part of the cost of qualifying assets. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to related expenditures that are financed by general borrowings, where applicable.

### 2.10 Investment properties

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Investments in subsidiaries, joint ventures and associated companies

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

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

### 2.12 Impairment of non-financial assets

#### (a) *Goodwill*

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Impairment of non-financial assets (continued)

#### (b) Club memberships

*Property, plant and equipment*

*Investments in subsidiaries, associated companies and joint ventures*

Club memberships, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

### 2.13 Financial guarantees

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

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

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

Intra-group transactions are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Club memberships

Club memberships are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.12). Amortisation is calculated on a straight-line basis to write off the cost of club memberships over their expected useful lives of between 10 to 86 years.

### 2.15 Financial assets

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

#### (a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets. Loans and receivables are classified within "trade and other receivables", "other current assets" and "cash and cash equivalents" on the balance sheet.

##### (ii) *Available-for-sale financial assets*

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

#### (b) *Recognition and derecognition*

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

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

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

#### (c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial assets (continued)

#### The accounting for financial assets before 1 July 2018 are as follows: (continued)

##### (d) Subsequent measurement

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

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

##### (e) Impairment

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

##### (i) Loans and receivables

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

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

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

##### (ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.15(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial assets (continued)

**The accounting for financial assets from 1 July 2018 are as follows:** (continued)

#### (f) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

#### (i) At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### (ii) At subsequent measurement

Debt instruments

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

The Group managed these financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

#### (iii) Impairment

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivables and contract assets, the Group applied the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial assets (continued)

**The accounting for financial assets from 1 July 2018 are as follows:** (continued)

(f) *Classification and measurement* (continued)

(iii) *Impairment* (continued)

For loan to related corporation, cash and cash equivalents and deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

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

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

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

### 2.17 Borrowings

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

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

### 2.18 Trade and other payables

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Leases

(a) When the Group is the lessee:

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

(i) *Lessee - Finance leases*

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

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

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

(ii) *Lessee - Operating leases*

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

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

(b) When the Group is the lessor:

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

*Lessor - Operating leases*

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Provisions

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

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

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

### 2.22 Employee compensation

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

#### (a) *Defined contribution plans*

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

#### (b) *Employee leave entitlement*

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

#### (c) *Share-based compensation*

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Currency translation

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

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

#### (b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.24 Segment reporting

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

### 2.25 Cash and cash equivalents

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

### 2.26 Share capital and treasury shares

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

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

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

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

### 2.27 Dividends to Company's shareholders

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

### 2.28 Government grants

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

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

### 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

#### (a) *Construction contracts*

The Group has significant ongoing construction contracts for civil and building works. For these contracts, revenue is recognised over time by reference to the Company's progress towards completing the civil and building works.

Significant assumptions and judgements are required to estimate the total construction contract costs, variation or claims recognised as contract revenue, and provision for liquidated damages that will affect the measure of progress and the revenue and profit margins recognised from these construction contracts. In making these estimates, management has relied on past experience and the work of specialists.

If the revenue for uncompleted contracts as at balance sheet date had increased/decreased by 1% (2018: 1%), the Group's revenue and gross profit before income tax would have been higher/lower by \$2,906,000 (2018: \$5,088,000).

If the remaining estimated contract costs for uncompleted contracts as at balance sheet date increased/decreased by 1% (2018: 1%), the Group's gross profit before income tax would decrease/increase by approximately \$1,607,000 (2018: \$794,000).

#### (b) *Valuation of investment properties*

Investment properties (Note 22) are stated at fair value based on valuation primarily by independent professional valuers. The fair values are based on highest and best use basis. The valuers have considered valuation techniques including the direct market comparison method, income method and residual valuation method where appropriate (Note 22). The fair value of investment properties as at 30 June 2019 amounts to approximately \$144,296,000 (2018: \$180,658,000).

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 4. REVENUE

### 2019

Revenue from construction contracts

|                       |   |         |         |
|-----------------------|---|---------|---------|
| - Non-related parties | - | 193,320 | 193,320 |
| - Joint venture       | - | 28,390  | 28,390  |
| - Related party*      | - | 96      | 96      |

Revenue from sale of properties

939 11,697 12,636

Management and technical assistance fees from

|                       |   |     |     |
|-----------------------|---|-----|-----|
| - Related parties*    | - | 112 | 112 |
| - Non-related parties | - | 411 | 411 |
| - Joint ventures      | - | 198 | 198 |

Rental income

- 5,020 5,020

Dividend income from financial assets, at FVOCI

68 - 68

1,007 239,244 240,251

### 2018

Revenue from construction contracts

|                       |   |         |         |
|-----------------------|---|---------|---------|
| - Non-related parties | - | 236,060 | 236,060 |
| - Joint venture       | - | 6,307   | 6,307   |

Revenue from sale of properties

5,043 8,334 13,377

Management and technical assistance fees from

|                       |   |     |     |
|-----------------------|---|-----|-----|
| - Related party*      | - | 47  | 47  |
| - Non-related parties | - | 205 | 205 |
| - Joint ventures      | - | 228 | 228 |

Rental income

- 5,942 5,942

Dividend income from available-for-sale financial assets

161 - 161

5,204 257,123 262,327

\* Related party/parties refer(s) to a Director of a subsidiary and/or a Company with a common Director.

## 5(a). OTHER INCOME

|                                              | Group  |        |
|----------------------------------------------|--------|--------|
|                                              | 2019   | 2018   |
|                                              | \$'000 | \$'000 |
| Interest income                              |        |        |
| - Bank deposits                              | 821    | 707    |
| - Others                                     | 31     | 51     |
|                                              | 852    | 758    |
| Government grants                            | 1,593  | 776    |
| Maintenance fees from development properties | 568    | 568    |
| Others - net                                 | 606    | 739    |
|                                              | 3,619  | 2,841  |

## 5(b). OTHER GAINS - NET

|                                                          | Group  |        |
|----------------------------------------------------------|--------|--------|
|                                                          | 2019   | 2018   |
|                                                          | \$'000 | \$'000 |
| Currency translation gain – net                          | 82     | 1      |
| Fair value gain on investment properties – net (Note 22) | 287    | 5,426  |
| Gain on disposal of investment property (Note 22)        | 12,723 | -      |
| Gain on disposal of property, plant and equipment – net  | 70     | 162    |
| Gain/(loss) on disposal of club memberships              | 57     | (3)    |
| Loss on liquidation of a subsidiary                      | (14)   | -      |
|                                                          | 13,205 | 5,586  |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 6. EXPENSES BY NATURE

|                                                                                             | Group          |         |
|---------------------------------------------------------------------------------------------|----------------|---------|
|                                                                                             | 2019           | 2018    |
|                                                                                             | \$'000         | \$'000  |
| Subcontractor and other construction costs                                                  | <b>178,885</b> | 185,254 |
| Depreciation of property, plant and equipment (Note 23)                                     | <b>3,064</b>   | 3,796   |
| Employee compensation (Note 7)                                                              | <b>46,148</b>  | 41,028  |
| Directors' fees                                                                             | <b>364</b>     | 326     |
| Auditors fees:                                                                              |                |         |
| Fees on audit services paid/payable to:                                                     |                |         |
| - Auditor of the Company                                                                    | <b>352</b>     | 319     |
| - Other auditors                                                                            | <b>124</b>     | 116     |
| Fees on non-audit services paid/payable to:                                                 |                |         |
| - Auditor of the Company                                                                    | <b>38</b>      | 28      |
| - Other auditors                                                                            | <b>49</b>      | 23      |
| Legal and professional fees                                                                 | <b>956</b>     | 881     |
| Rental on operating leases                                                                  | <b>241</b>     | 177     |
| Amortisation of club memberships                                                            | <b>38</b>      | 31      |
| Impairment loss/(write back of impairment loss) on club memberships                         | <b>75</b>      | (12)    |
| Property, plant and equipment written off                                                   | <b>35</b>      | 20      |
| Allowance for impairment of receivables                                                     | <b>141</b>     | 9       |
| Other                                                                                       | <b>6,023</b>   | 7,512   |
| Total cost of sales, distribution and marketing,<br>and administrative and general expenses | <b>236,533</b> | 239,508 |

## 7. EMPLOYEE COMPENSATION

|                                                                                           | Group  |        |
|-------------------------------------------------------------------------------------------|--------|--------|
|                                                                                           | 2019   | 2018   |
|                                                                                           | \$'000 | \$'000 |
| Wages and salaries                                                                        | 42,890 | 38,419 |
| Employer's contribution to defined contribution plans<br>including Central Provident Fund | 2,730  | 2,416  |
| Other benefits                                                                            | 582    | 416    |
|                                                                                           | 46,202 | 41,251 |
| Less: Government grant – Jobs Credit Scheme                                               | (54)   | (135)  |
|                                                                                           | 46,148 | 41,116 |
| Less: Staff costs capitalised in construction contract work-in-progress                   | -      | (88)   |
| Staff costs recognised in profit or loss (Note 6)                                         | 46,148 | 41,028 |

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

## 8. FINANCE EXPENSES

|                                               | Group  |        |
|-----------------------------------------------|--------|--------|
|                                               | 2019   | 2018   |
|                                               | \$'000 | \$'000 |
| Interest expense:                             |        |        |
| - Bank borrowings                             | 4,595  | 3,120  |
| - Finance lease liabilities                   | 16     | 6      |
| - Other                                       | 407    | 334    |
| - Medium term notes                           | 3,177  | 2,750  |
|                                               | 8,195  | 6,210  |
| Bank facility fees                            | 54     | 191    |
| Finance expenses recognised in profit or loss | 8,249  | 6,401  |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 9. INCOME TAXES

### (a) Income tax expense

|                                                   | Group   |        |
|---------------------------------------------------|---------|--------|
|                                                   | 2019    | 2018   |
|                                                   | \$'000  | \$'000 |
| Tax expense attributable to profit is made up of: |         |        |
| Current income tax                                |         |        |
| - Singapore                                       | 2,658   | 5,159  |
| - Foreign                                         | 37      | 164    |
|                                                   | 2,695   | 5,323  |
| Deferred income tax                               | (1,487) | 95     |
|                                                   | 1,208   | 5,418  |
| Under/(over) provision in prior financial years   |         |        |
| - Current income tax                              | 43      | 85     |
| - Deferred income tax                             | (100)   | (13)   |
|                                                   | 1,151   | 5,490  |

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

|                                                              | Group    |         |
|--------------------------------------------------------------|----------|---------|
|                                                              | 2019     | 2018    |
|                                                              | \$'000   | \$'000  |
| Profit before income tax                                     | 28,677   | 32,408  |
| Share of profits of associated companies and joint ventures  | (16,384) | (7,563) |
|                                                              | 12,293   | 24,845  |
| Tax calculated at tax rate of 17% (2018: 17%)                | 2,090    | 4,223   |
| Effects of:                                                  |          |         |
| - Statutory stepped income exemption                         | (56)     | (96)    |
| - Different tax rates in other countries                     | (92)     | 79      |
| - Tax incentives                                             | (231)    | (25)    |
| - Income not subject to tax                                  | (2,806)  | (1,211) |
| - Expenses not deductible for tax purposes                   | 3,324    | 2,471   |
| - Recognition of previously unrecognised deferred tax assets | (1,203)  | (27)    |
| - Deferred tax assets not recognised                         | 182      | 4       |
| - (Over)/under provision of tax                              | (57)     | 72      |
|                                                              | 1,151    | 5,490   |

## 9. INCOME TAXES (CONTINUED)

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

|                                          | Group                     |                           | Company                   |                           |
|------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                          | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Beginning of financial year              | 4,208                     | 3,610                     | 69                        | 1                         |
| Currency translation differences         | (16)                      | (61)                      | -                         | -                         |
| Income tax paid                          | (5,207)                   | (4,749)                   | (46)                      | (3)                       |
| Tax expense                              | 2,695                     | 5,323                     | 83                        | 70                        |
| Under provision in prior financial years | 43                        | 85                        | 48                        | 1                         |
| End of financial year                    | 1,723                     | 4,208                     | 154                       | 69                        |
| Representing:                            |                           |                           |                           |                           |
| Current income tax liabilities           | 2,914                     | 5,422                     | 154                       | 69                        |
| Tax recoverable                          | (1,191)                   | (1,214)                   | -                         | -                         |
|                                          | 1,723                     | 4,208                     | 154                       | 69                        |

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

|                                         | Group                     |                           | Company                   |                           |
|-----------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                         | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Beginning of financial year             | (2,267)                   | (2,216)                   | -                         | -                         |
| Currency translation differences        | 53                        | (133)                     | -                         | -                         |
| (Credited)/charged to profit or loss    | (1,587)                   | 95                        | -                         | -                         |
| Over provision in prior financial years | -                         | (13)                      | -                         | -                         |
| End of financial year                   | (3,801)                   | (2,267)                   | -                         | -                         |

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 9. INCOME TAXES (CONTINUED)

### (c) Deferred income taxes

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

|                                        | Group                     |                           |                          | Company                   |                           |
|----------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
|                                        | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Deferred income tax assets</b>      |                           |                           |                          |                           |                           |
| - to be recovered within one year      | (1,143)                   | (2,675)                   | (2,732)                  | -                         | -                         |
| - to be recovered after one year       | (3,046)                   | (146)                     | (146)                    | -                         | -                         |
|                                        | <b>(4,189)</b>            | <b>(2,821)</b>            | <b>(2,878)</b>           | <b>-</b>                  | <b>-</b>                  |
| <b>Deferred income tax liabilities</b> |                           |                           |                          |                           |                           |
| - to be settled within one year        | 5                         | 7                         | 7                        | -                         | -                         |
| - to be settled after one year         | 383                       | 547                       | 655                      | -                         | -                         |
|                                        | <b>388</b>                | <b>554</b>                | <b>662</b>               | <b>-</b>                  | <b>-</b>                  |

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

|                                      | Accelerated<br>tax<br>depreciation<br>\$'000 | Profits on<br>sale of<br>development<br>properties<br>\$'000 | Tax losses<br>and<br>others<br>\$'000 | Total<br>\$'000 |
|--------------------------------------|----------------------------------------------|--------------------------------------------------------------|---------------------------------------|-----------------|
| <b>Group</b>                         |                                              |                                                              |                                       |                 |
| <b>30 June 2019</b>                  |                                              |                                                              |                                       |                 |
| Beginning of financial year          | 316                                          | (2,290)                                                      | (293)                                 | (2,267)         |
| Currency translation differences     | -                                            | 36                                                           | 17                                    | 53              |
| (Credited)/charged to profit or loss | (71)                                         | 452                                                          | (1,968)                               | (1,587)         |
| End of financial year                | <b>245</b>                                   | <b>(1,802)</b>                                               | <b>(2,244)</b>                        | <b>(3,801)</b>  |
| <b>30 June 2018</b>                  |                                              |                                                              |                                       |                 |
| Beginning of financial year          | 420                                          | (2,398)                                                      | (238)                                 | (2,216)         |
| Currency translation differences     | -                                            | (121)                                                        | (12)                                  | (133)           |
| (Credited)/charged to profit or loss | (104)                                        | 229                                                          | (43)                                  | 82              |
| End of financial year                | <b>316</b>                                   | <b>(2,290)</b>                                               | <b>(293)</b>                          | <b>(2,267)</b>  |

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

## 9. INCOME TAXES (CONTINUED)

(c) **Deferred income taxes** (continued)

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

|                               | <b>Group</b>                       |                                    |
|-------------------------------|------------------------------------|------------------------------------|
|                               | <b>30 June<br/>2019<br/>\$'000</b> | <b>30 June<br/>2018<br/>\$'000</b> |
| Unutilised tax losses         | <b>32,713</b>                      | 39,919                             |
| Unabsorbed capital allowances | <b>133</b>                         | 137                                |
|                               | <b>32,846</b>                      | 40,056                             |

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

## 10. EARNINGS PER SHARE

|                                                                                         | <b>Group</b>            |                         |
|-----------------------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                                         | <b>30 June<br/>2019</b> | <b>30 June<br/>2018</b> |
| Net profit attributable to equity holders of the Company (\$'000)                       | <b>23,287</b>           | 24,639                  |
| Weighted average number of ordinary shares in issue for basic earnings per share ('000) | <b>381,208</b>          | 381,845                 |
| Adjustments for share options ('000)                                                    | -                       | 236                     |
| Weighted average number of ordinary shares for diluted earnings per share ('000)        | <b>381,208</b>          | 382,081                 |
| Earnings per share (in cents per share)                                                 |                         |                         |
| - Basic                                                                                 | <b>6.11</b>             | 6.45                    |
| - Diluted                                                                               | <b>6.11</b>             | 6.45                    |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 10. EARNINGS PER SHARE (CONTINUED)

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

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. There are no potential dilutive ordinary shares as at 30 June 2019. As at 30 June 2018, the Company has one category of dilutive potential ordinary shares in the form of share options under the Option Scheme 2007.

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

## 11. CASH AND CASH EQUIVALENTS

|                          | Group                     |                           |                          | Company                   |                           |
|--------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
|                          | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Cash at bank and on hand | <b>56,296</b>             | 57,621                    | 64,414                   | <b>6,705</b>              | 7,025                     |
| Short-term bank deposits | <b>78,030</b>             | 36,604                    | 66,346                   | <b>2</b>                  | 2                         |
|                          | <b>134,326</b>            | 94,225                    | 130,760                  | <b>6,707</b>              | 7,027                     |

Included in cash and cash equivalents of the Group is an amount of approximately \$3,499,000 (2018: \$197,000, 2017: \$877,000) held under the Malaysia's Housing Developers (Control and Licensing) Act 1966 and an amount of approximately \$1,699,000 (2018: \$Nil, 2017: \$Nil) held under the Singapore's Housing Developers (Project Account) Rules (1997 Ed.), withdrawals from which are restricted to payments for expenditure incurred on the project.

As at 30 June 2019, short-term bank deposits of \$580,000 (2018: \$581,000, 2017: \$537,000) were pledged as security for bank facilities.

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

|                                                                    | Group                     |                           |                          |
|--------------------------------------------------------------------|---------------------------|---------------------------|--------------------------|
|                                                                    | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 |
| Cash and bank balances (as above)                                  | <b>134,326</b>            | 94,225                    | 130,760                  |
| Less: Cash and cash equivalents pledged                            | <b>(580)</b>              | (581)                     | (537)                    |
| Cash and cash equivalents per consolidated statement of cash flows | <b>133,746</b>            | 93,644                    | 130,223                  |

## 12. TRADE AND OTHER RECEIVABLES

## (a) Current

|                                               | Group                     |                           |                          | Company                   |                           |
|-----------------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
|                                               | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Trade receivables                             |                           |                           |                          |                           |                           |
| - Non-related parties                         | 26,041                    | 21,806                    | 32,081                   | -                         | -                         |
| - Related party*                              | 26                        | -                         | -                        | 26                        | -                         |
| - Joint venture and associated companies      | 39                        | 5                         | 6                        | 34                        | -                         |
|                                               | 26,106                    | 21,811                    | 32,087                   | 60                        | -                         |
| Less: Allowance for impairment of receivables |                           |                           |                          |                           |                           |
| - Non-related parties                         | (150)                     | (9)                       | -                        | -                         | -                         |
| Trade receivables - net                       | 25,956                    | 21,802                    | 32,087                   | 60                        | -                         |
| Construction contracts                        |                           |                           |                          |                           |                           |
| Retention sums receivable                     |                           |                           |                          |                           |                           |
| - Non-related parties                         | 19,008                    | 24,900                    | 17,948                   | -                         | -                         |
| - Joint venture                               | 2,143                     | -                         | -                        | -                         | -                         |
| Advances to subsidiaries (i)                  | -                         | -                         | -                        | 79,291                    | 91,271                    |
| Less: Allowance for impairment                | -                         | -                         | -                        | (27,267)                  | (27,267)                  |
|                                               | -                         | -                         | -                        | 52,024                    | 64,004                    |
| Interest receivable                           | 16                        | 4                         | 18                       | -                         | -                         |
| Other receivables                             | 1,544                     | 3,390                     | 90                       | 1                         | 3                         |
| Accrued income                                | 305                       | 655                       | 1,103                    | -                         | -                         |
| Advances to a joint venture (ii)              | 6,730                     | 12,276                    | -                        | -                         | -                         |
| Advances to a relate company (iii)            | 676                       | -                         | -                        | -                         | -                         |
|                                               | 56,378                    | 63,027                    | 51,246                   | 52,085                    | 64,007                    |

\* Related party refers to a Company with a common Director.

- (i) The advances to subsidiaries are unsecured, repayable on demand and interest-free except for an amount of \$Nil (2018: \$250,000) which bears interest at an effective interest rate of Nil% (2018: 0.5%) per annum at the balance sheet date.
- (ii) The advances to a joint venture are unsecured, interest-free and repayable on demand.
- (iii) The advances to a related company are unsecured, bears interest at 8% per annum and is repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (b) Non-current

|                                         | Group                     |                           |                          | Company                   |                           |
|-----------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
|                                         | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Construction contracts                  |                           |                           |                          |                           |                           |
| Retention sums receivable               |                           |                           |                          |                           |                           |
| - Non-related parties                   | 12,859                    | 13,522                    | 31,028                   | -                         | -                         |
| - Joint venture                         | 2,144                     | 1,061                     | -                        | -                         | -                         |
| Advances to a joint venture (i)         | 65,500                    | 59,427                    | 45,000                   | -                         | -                         |
| Less: Allowance for impairment          | -                         | -                         | (883)                    | -                         | -                         |
|                                         | 65,500                    | 59,427                    | 44,117                   | -                         | -                         |
| Other receivables                       | 167                       | -                         | -                        | -                         | -                         |
| Advances to subsidiaries (ii)           | -                         | -                         | -                        | 160,186                   | 136,846                   |
| Advances to an associated company (iii) | 106                       | 106                       | 106                      | -                         | -                         |
|                                         | 80,776                    | 74,116                    | 75,251                   | 160,186                   | 136,846                   |

(i) The advances to a joint venture of \$65,500,000 (2018: \$59,427,000, 2017: \$45,000,000) is unsecured, interest-free and have no fixed terms of repayment. Settlement of the advances is neither planned nor likely to occur in the foreseeable future. As at 30 June 2019, the Group has made an allowance for impairment of the advances to a joint venture (Note 19) amounting to \$Nil (2018: \$Nil, 2017: \$883,000).

(ii) The advances to subsidiaries amounting to \$160,186,000 (2018: \$136,846,000, 2017: \$117,645,000) are unsecured, interest-free and have no fixed terms of repayment. Settlement of these advances is neither planned nor likely to occur in the foreseeable future.

Included in the advances to subsidiaries is an amount of \$25,910,000 (2018: \$27,042,000, 2017: \$27,065,000) that has been subordinated to a bank loan of a subsidiary.

(iii) The advances to an associated company amounting to \$106,000 (2018: \$106,000, 2017: \$106,000) is unsecured, interest-free and have no fixed terms of repayment. Settlement of these advances is neither planned nor likely to occur in the foreseeable future.

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

## 13. CONTRACTS ASSETS AND LIABILITIES

|                                                                                                                           | 30 June<br>2019<br>\$'000 | Group<br>30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 |
|---------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------|--------------------------|
| Contract assets                                                                                                           |                           |                                    |                          |
| - Construction contracts for civil and building works                                                                     | 42,006                    | 13,405                             | 27,868                   |
| - Construction contracts for development properties                                                                       | 4,270                     | 3,107                              | -                        |
|                                                                                                                           | <b>46,276</b>             | 16,512                             | 27,868                   |
| Contract liabilities                                                                                                      |                           |                                    |                          |
| - Construction contracts for civil and building works                                                                     | 39,948                    | -                                  | 12,188                   |
| - Construction contracts for development properties                                                                       | 33                        | -                                  | -                        |
|                                                                                                                           | <b>39,981</b>             | -                                  | 12,188                   |
| (i) Revenue recognised in relation to contract liabilities                                                                |                           |                                    |                          |
|                                                                                                                           |                           | Group                              |                          |
|                                                                                                                           | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000          | 1 July<br>2017<br>\$'000 |
| Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period |                           |                                    |                          |
| - Construction contracts for civil and building works                                                                     | -                         | -                                  | -                        |
| - Construction contracts for development properties                                                                       | -                         | -                                  | -                        |
|                                                                                                                           | -                         | -                                  | -                        |
| Revenue recognised in current period from performance obligations satisfied in previous periods                           |                           |                                    |                          |
| - Construction contracts for civil and building works                                                                     | 4,690                     | -                                  | -                        |
| - Construction contracts for development properties                                                                       | -                         | -                                  | -                        |
|                                                                                                                           | <b>4,690</b>              | -                                  | -                        |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 13. CONTRACTS ASSETS AND LIABILITIES (CONTINUED)

### (ii) Unsatisfied performance obligations

|                                                                                                          | 30 June<br>2019<br>\$'000 | Group<br>30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 |
|----------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------|--------------------------|
| Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied |                           |                                    |                          |
| - Construction contracts for civil and building works                                                    | 1,307,719                 | -#                                 | -#                       |
| - Construction contracts for development properties                                                      | 22,249                    | -#                                 | -#                       |
|                                                                                                          | <b>1,329,968</b>          | <b>-#</b>                          | <b>-#</b>                |

# As permitted under the transitional provision in the SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 1 July 2018 is not disclosed.

Management expects that the transaction price allocated to the unsatisfied performance obligations as of 30 June 2019 may be recognised as revenue during the next eight financial years. The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of period one year or less, or are billed based on time incurred, is not disclosed.

## 14. PROPERTIES HELD FOR SALE

|                                    | 30 June<br>2019<br>\$'000 | Group<br>30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 |
|------------------------------------|---------------------------|------------------------------------|--------------------------|
| Properties held for sale – at cost | 338                       | 1,289                              | 4,065                    |

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

## 15. DEVELOPMENT PROPERTIES

|                               | <b>30 June<br/>2019<br/>\$'000</b> | <b>Group<br/>30 June<br/>2018<br/>\$'000</b> | <b>1 July<br/>2017<br/>\$'000</b> |
|-------------------------------|------------------------------------|----------------------------------------------|-----------------------------------|
| Properties under construction | <b>119,052</b>                     | 119,930                                      | 44,593                            |

Sale and purchase agreements on certain properties under construction have been signed.

- (a) Details of the development properties as of 30 June 2019 are as follows:

| <b>Location</b>                                                                                         | <b>Description<br/>of<br/>development</b> | <b>Tenure/<br/>Group's<br/>interest in<br/>property</b> | <b>Site<br/>area<br/>sq.m.</b> | <b>Estimated<br/>gross<br/>floor area<br/>sq.m.</b> | <b>Stage of<br/>completion/<br/>Expected date<br/>of completion</b> |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------|--------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|
| 2 parcels of land at Lot No. 990 and 1308 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia | Residential development                   | Freehold/<br>100%                                       | 622,703                        | 227,120                                             | 62%/<br>December 2021                                               |
| GM7799 Lot 62391 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia                          | Residential development <sup>#</sup>      | Freehold/<br>100%                                       | 11,767                         | -#                                                  | -#                                                                  |
| One Tree Hill, Singapore <sup>^</sup>                                                                   | Residential development <sup>^</sup>      | Freehold/<br>100%                                       | 3,831                          | 6,938                                               | 21% <sup>^</sup> /<br>May 2020                                      |

<sup>#</sup> Management has not yet commenced the development of the development property as at year end.

<sup>^</sup> The development property was charged as security for a bank loan as disclosed in Note 25 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

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

|                                                                         | Group           |                 |
|-------------------------------------------------------------------------|-----------------|-----------------|
|                                                                         | 30 June<br>2019 | 30 June<br>2018 |
|                                                                         | \$'000          | \$'000          |
| Beginning of financial year                                             | 7,383           | 7,642           |
| Reclassification at 1 July 2018*                                        | (7,383)         | -               |
| Fair value losses recognised in other comprehensive income [Note 28(d)] | -               | (262)           |
| Addition                                                                | -               | 3               |
| End of financial year                                                   | -               | 7,383           |

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

|                                    | Group           |                 |
|------------------------------------|-----------------|-----------------|
|                                    | 30 June<br>2018 | 30 June<br>2017 |
|                                    | \$'000          | \$'000          |
| <b>Unlisted equity investments</b> |                 |                 |
| <i>At cost</i>                     |                 |                 |
| - Singapore                        | 4,684           | 4,684           |
| <i>At fair value</i>               |                 |                 |
| - British Virgin Islands           | 2,699           | 2,958           |
|                                    | 7,383           | 7,642           |

\* See Note 2.2 for details of reclassification as at 1 July 2018 on adoption of SFRS(I) 9.

## 16(b). FINANCIAL ASSETS, AT FVOCI

|                                  | Group           |                 |
|----------------------------------|-----------------|-----------------|
|                                  | 30 June<br>2019 | 30 June<br>2018 |
|                                  | \$'000          | \$'000          |
| Beginning of financial year      | -               | -               |
| Reclassification at 1 July 2018* | 7,383           | -               |
| Fair value gains                 | 9,053           | -               |
| End of financial year            | 16,436          | -               |

\* See Note 2.2 for details of reclassification as at 1 July 2018 on adoption of SFRS(I) 9.

## 16(b). FINANCIAL ASSETS, AT FVOCI (CONTINUED)

|                                    | Group                     |                           |
|------------------------------------|---------------------------|---------------------------|
|                                    | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Unlisted equity investments</b> |                           |                           |
| <i>At fair value</i>               |                           |                           |
| - Singapore                        | 13,762                    | -                         |
| - British Virgin Islands           | 2,674                     | -                         |
|                                    | <b>16,436</b>             | -                         |

## 16(c). FINANCIAL ASSETS, AT FVPL

|                             | Group                     |                           |
|-----------------------------|---------------------------|---------------------------|
|                             | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Beginning of financial year | -                         | -                         |
| Addition                    | 4,734                     | -                         |
| End of financial year       | <b>4,734</b>              | -                         |

|                                 | Group                     |                           |
|---------------------------------|---------------------------|---------------------------|
|                                 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Unlisted debt instrument</b> |                           |                           |
| - Convertible loan              | 4,734                     | -                         |
|                                 | <b>4,734</b>              | -                         |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 17. OTHER ASSETS

### (a) Current

|                                |               | Group   |        | Company    |         |
|--------------------------------|---------------|---------|--------|------------|---------|
|                                | 30 June       | 30 June | 1 July | 30 June    | 30 June |
|                                | 2019          | 2018    | 2017   | 2019       | 2018    |
|                                | \$'000        | \$'000  | \$'000 | \$'000     | \$'000  |
| Deposits                       | 891           | 934     | 7,115  | 157        | 154     |
| Deposits in Escrow account (i) | 9,588         | -       | -      | -          | -       |
| Prepayments                    | 159           | 216     | 269    | -          | -       |
|                                | <b>10,638</b> | 1,150   | 7,384  | <b>157</b> | 154     |

### (b) Non-current

|             |              | Group   |        | Company |         |
|-------------|--------------|---------|--------|---------|---------|
|             | 30 June      | 30 June | 1 July | 30 June | 30 June |
|             | 2019         | 2018    | 2017   | 2019    | 2018    |
|             | \$'000       | \$'000  | \$'000 | \$'000  | \$'000  |
| Deposits    | 436          | -       | -      | -       | -       |
| Prepayments | 812          | 957     | 1,127  | -       | -       |
|             | <b>1,248</b> | 957     | 1,127  | -       | -       |

- (i) The deposits in Escrow account was set aside for the payment of redevelopment costs for the Group's investment property located in the United Kingdom.

## 18. CLUB MEMBERSHIPS

|                                 | Group                     |                           |                          | Company                   |                           |
|---------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
|                                 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Cost</b>                     |                           |                           |                          |                           |                           |
| Beginning of financial year     | 1,071                     | 1,152                     | 1,178                    | 815                       | 812                       |
| Additions                       | 154                       | 3                         | 73                       | 157                       | 3                         |
| Disposals                       | (34)                      | (84)                      | (99)                     | -                         | -                         |
| End of financial year           | 1,191                     | 1,071                     | 1,152                    | 972                       | 815                       |
| <b>Accumulated amortisation</b> |                           |                           |                          |                           |                           |
| Beginning of financial year     | 710                       | 712                       | 729                      | 572                       | 554                       |
| Amortisation charge             | 38                        | 31                        | 42                       | 17                        | 18                        |
| Disposals                       | (3)                       | (33)                      | (59)                     | -                         | -                         |
| End of financial year           | 745                       | 710                       | 712                      | 589                       | 572                       |
| <b>Accumulated impairment</b>   |                           |                           |                          |                           |                           |
| Beginning of financial year     | 40                        | 98                        | 116                      | 18                        | 30                        |
| Reversal of impairment charge   | 75                        | (12)                      | -                        | (5)                       | (12)                      |
| Disposals                       | (22)                      | (46)                      | (18)                     | -                         | -                         |
| End of financial year           | 93                        | 40                        | 98                       | 13                        | 18                        |
| <b>Net book value</b>           | <b>353</b>                | <b>321</b>                | <b>342</b>               | <b>370</b>                | <b>225</b>                |

## 19. INVESTMENTS IN JOINT VENTURES

|                                  | Group                     |                           |
|----------------------------------|---------------------------|---------------------------|
|                                  | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Beginning of financial year      | 8,478                     | 1,989                     |
| Currency translation differences | (49)                      | 83                        |
| Additions                        | 9,810                     | -*                        |
| Share of results, net of tax     | 14,966                    | 6,406                     |
| End of financial year            | 33,205                    | 8,478                     |

\* The additions to investment in joint ventures during the financial year ended 30 June 2018 amounted to \$1.

During the financial year ended 30 June 2019, the share of profits of joint ventures amounted to \$16,217,000 of which \$14,966,000 is credited to investments in joint ventures and \$1,251,000 is credited to unrealised profit from the transaction between a subsidiary and a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

During the financial year ended 30 June 2019, the Group invested additional capital into Lum Chang Tien Wah Property Sdn Bhd to fund the final settlement of the acquisition of a land for property development purposes.

During the financial year ended 30 June 2018, the Group invested a 50% interest in CLI CP (Netherlands) Pte Ltd ("CLI") pursuant to a shareholders' agreement entered into for the purpose of investing in an office building in Germany. Under the shareholders' agreement, both parties have joint control over CLI, and accordingly, this investment has been accounted for as a joint venture.

During the financial year ended 30 June 2018, the share of profits of joint ventures amounted to \$7,387,000 of which \$6,406,000 is credited to investments in joint ventures, \$883,000 relates to write-back of allowance for impairment on a loan to a joint venture [Note 12(b)] and \$98,000 is credited to unrealised profit from the transaction between a subsidiary and a joint venture.

The Group has \$20,928,000 (2018: \$31,772,000) of commitments to provide funding if called, relating to its joint venture. There are no contingent liabilities relating to the Group's interest in the joint venture.

Set out below are the joint ventures of the Group as at 30 June 2019, which, in the opinion of the directors, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

| Name                                                          | Principal activities | Place of incorporation and business | Effective equity interest held by Group |              |
|---------------------------------------------------------------|----------------------|-------------------------------------|-----------------------------------------|--------------|
|                                                               |                      |                                     | 30 June 2019                            | 30 June 2018 |
|                                                               |                      |                                     | %                                       | %            |
| <b>Held by subsidiaries</b>                                   |                      |                                     |                                         |              |
| Dorado Holdings Pte Ltd and its subsidiaries ("Dorado Group") | Property investment  | Singapore                           | 50                                      | 50           |
| Lum Chang Tien Wah Property Sdn Bhd                           | Property development | Malaysia                            | 50                                      | 50           |
| CLI CP (Netherlands) Pte Ltd and its subsidiary ("CLI Group") | Property investment  | Singapore                           | 50                                      | 50           |

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Dorado Group's principal activity is property investment. Dorado Group is re-developing its existing commercial property into a mixed-use development comprising serviced apartments and retail units.

Lum Chang Tien Wah Property Sdn Bhd is a property development company in Malaysia. The principal activity of the company is to develop a mixed-use development in Malaysia.

CLI Group's principal activity is property investment. CLI Group has invested in an office building in Germany.

*Summarised financial information for joint ventures*

Set out below is the summarised financial information for Dorado Group, Lum Chang Tien Wah Property Sdn Bhd and CLI Group.

*Summarised balance sheet*

|                                                           | <b>Dorado Holdings<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Lum Chang<br/>Tien Wah<br/>Property<br/>Sdn Bhd<br/>\$'000</b> | <b>CLI CP<br/>(Netherlands)<br/>Pte Ltd and its<br/>subsidiary<br/>\$'000</b> |
|-----------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <b>As at 30 June 2019</b>                                 |                                                                        |                                                                   |                                                                               |
| <b>Current assets</b>                                     | 8,631                                                                  | 1,994                                                             | 18,519                                                                        |
| Includes:                                                 |                                                                        |                                                                   |                                                                               |
| - Cash and cash equivalents                               | 7,856                                                                  | 47                                                                | 323                                                                           |
| - Other current assets                                    | 108                                                                    | -                                                                 | -                                                                             |
| <b>Current liabilities</b>                                | (240,817)                                                              | (218)                                                             | (18,467)                                                                      |
| Includes:                                                 |                                                                        |                                                                   |                                                                               |
| - Financial liabilities (excluding trade payables)        | (240,759)                                                              | (218)                                                             | (18,467)                                                                      |
| - Other current liabilities<br>(including trade payables) | (58)                                                                   | -                                                                 | -                                                                             |
| <b>Non-current assets</b>                                 | 413,936                                                                | 20,287                                                            | -                                                                             |
| <b>Non-current liabilities</b>                            | (135,287)                                                              | -                                                                 | -                                                                             |
| Includes:                                                 |                                                                        |                                                                   |                                                                               |
| - Financial liabilities                                   | (135,287)                                                              | -                                                                 | -                                                                             |
| <b>Net assets</b>                                         | 46,463                                                                 | 22,063                                                            | 52                                                                            |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

*Summarised balance sheet (continued)*

|                                                           | <b>Dorado<br/>Holdings<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Lum Chang<br/>Tien Wah<br/>Property<br/>Sdn Bhd<br/>\$'000</b> | <b>CLI CP<br/>(Netherlands)<br/>Pte Ltd and its<br/>subsidiary<br/>\$'000</b> |
|-----------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <b>As at 30 June 2018</b>                                 |                                                                            |                                                                   |                                                                               |
| <b>Current assets</b>                                     | 8,695                                                                      | 2,169                                                             | 25,986                                                                        |
| Includes:                                                 |                                                                            |                                                                   |                                                                               |
| - Cash and cash equivalents                               | 8,325                                                                      | 581                                                               | -                                                                             |
| - Other current assets                                    | 3                                                                          | -                                                                 | -                                                                             |
| <b>Current liabilities</b>                                | (2,221)                                                                    | (20,521)                                                          | (25,892)                                                                      |
| Includes:                                                 |                                                                            |                                                                   |                                                                               |
| - Financial liabilities (excluding trade payables)        | (2,167)                                                                    | (20,521)                                                          | (25,892)                                                                      |
| - Other current liabilities<br>(including trade payables) | (54)                                                                       | -                                                                 | -                                                                             |
| <b>Non-current assets</b>                                 | 309,616                                                                    | 21,423                                                            | 13,854                                                                        |
| <b>Non-current liabilities</b>                            | (302,654)                                                                  | -                                                                 | (13,854)                                                                      |
| Includes:                                                 |                                                                            |                                                                   |                                                                               |
| - Financial liabilities                                   | (302,654)                                                                  | -                                                                 | (13,854)                                                                      |
| <b>Net assets</b>                                         | 13,436                                                                     | 3,071                                                             | 94                                                                            |

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

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

*Summarised statement of comprehensive income*

|                                          | <b>Dorado<br/>Holdings<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Lum Chang<br/>Tien Wah<br/>Property<br/>Sdn Bhd<br/>\$'000</b> | <b>CLI CP<br/>(Netherlands)<br/>Pte Ltd and its<br/>subsidiary<br/>\$'000</b> |
|------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <b>For the year ended 30 June 2019</b>   |                                                                            |                                                                   |                                                                               |
| Revenue                                  | -                                                                          | -                                                                 | -                                                                             |
| Other gains                              | 33,869                                                                     | -                                                                 | -                                                                             |
| Other income                             | 63                                                                         | 422                                                               | 2                                                                             |
| Interest income                          | 22                                                                         | 5                                                                 | 215                                                                           |
| Expenses                                 | (927)                                                                      | (960)                                                             | (256)                                                                         |
| Includes:                                |                                                                            |                                                                   |                                                                               |
| - Depreciation                           | -                                                                          | (444)                                                             | -                                                                             |
| - Interest expense                       | -                                                                          | (377)                                                             | (108)                                                                         |
| <b>Total comprehensive income/(loss)</b> | <b>33,027</b>                                                              | <b>(533)</b>                                                      | <b>(39)</b>                                                                   |
| <b>For the year ended 30 June 2018</b>   |                                                                            |                                                                   |                                                                               |
| Revenue                                  | -                                                                          | -                                                                 | -                                                                             |
| Other gains                              | 15,767                                                                     | -                                                                 | -                                                                             |
| Other income                             | 116                                                                        | 928                                                               | -                                                                             |
| Interest income                          | 11                                                                         | 11                                                                | 163                                                                           |
| Expenses                                 | (692)                                                                      | (1,440)                                                           | (69)                                                                          |
| Includes:                                |                                                                            |                                                                   |                                                                               |
| - Depreciation                           | (2)                                                                        | (444)                                                             | -                                                                             |
| - Interest expense                       | -                                                                          | (900)                                                             | -                                                                             |
| <b>Total comprehensive income/(loss)</b> | <b>15,202</b>                                                              | <b>(501)</b>                                                      | <b>94</b>                                                                     |

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

|                          | <b>30 June<br/>2019<br/>\$'000</b> | <b>30 June<br/>2018<br/>\$'000</b> |
|--------------------------|------------------------------------|------------------------------------|
| Net loss                 | <b>10</b>                          | 10                                 |
| Total comprehensive loss | <b>10</b>                          | 10                                 |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

### *Reconciliation of summarised financial information*

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

|                                                                    | <b>Dorado<br/>Holdings<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Lum Chang<br/>Tien Wah<br/>Property<br/>Sdn Bhd<br/>\$'000</b> | <b>CLI CP<br/>(Netherlands)<br/>Pte Ltd and its<br/>subsidiary<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------|
| <b>As at 30 June 2019</b>                                          |                                                                            |                                                                   |                                                                               |                         |
| <b>Net Assets</b>                                                  |                                                                            |                                                                   |                                                                               |                         |
| <b>Beginning of financial year</b>                                 | 13,436                                                                     | 3,071                                                             | 93                                                                            | 16,600                  |
| Shares issued                                                      | -                                                                          | 19,620                                                            | -                                                                             | 19,620                  |
| Profit/(loss) for the year                                         | 33,027                                                                     | (533)                                                             | (39)                                                                          | 32,455                  |
| Foreign exchange differences                                       | -                                                                          | (95)                                                              | (2)                                                                           | (97)                    |
| <b>End of financial year</b>                                       | <b>46,463</b>                                                              | <b>22,063</b>                                                     | <b>52</b>                                                                     | <b>68,578</b>           |
| Interest in joint ventures (50%)                                   | 23,231                                                                     | 11,031                                                            | 26                                                                            | 34,288                  |
| <b>Carrying value of individually<br/>immaterial joint venture</b> |                                                                            |                                                                   |                                                                               | 266                     |
| Elimination                                                        |                                                                            |                                                                   |                                                                               | (1,349)                 |
| <b>Carrying value of Group's<br/>interest in joint ventures</b>    |                                                                            |                                                                   |                                                                               | <b>33,205</b>           |

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

*Reconciliation of summarised financial information (continued)*

|                                                                    | <b>Dorado<br/>Holdings<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Lum Chang<br/>Tien Wah<br/>Property<br/>Sdn Bhd<br/>\$'000</b> | <b>CLI CP<br/>(Netherlands)<br/>Pte Ltd and its<br/>subsidiary<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------|
| <b>As at 30 June 2018</b>                                          |                                                                            |                                                                   |                                                                               |                         |
| <b>Net Assets</b>                                                  |                                                                            |                                                                   |                                                                               |                         |
| <b>Beginning of financial year</b>                                 | -                                                                          | 3,406                                                             | -                                                                             | 3,406                   |
| Shares issued                                                      | -                                                                          | -                                                                 | - <sup>^</sup>                                                                | - <sup>^</sup>          |
| Profit/(loss) for the year                                         | 15,202                                                                     | (501)                                                             | 94                                                                            | 14,795                  |
| Foreign exchange differences                                       | -                                                                          | 166                                                               | (1)                                                                           | 165                     |
| Others                                                             | (1,766)                                                                    | -                                                                 | -                                                                             | (1,766)                 |
| <b>End of financial year</b>                                       | <b>13,436</b>                                                              | <b>3,071</b>                                                      | <b>93</b>                                                                     | <b>16,600</b>           |
| Interest in joint ventures (50%)                                   | 6,718                                                                      | 1,536                                                             | 46                                                                            | 8,300                   |
| <b>Carrying value of individually<br/>immaterial joint venture</b> |                                                                            |                                                                   |                                                                               | 276                     |
| Elimination                                                        |                                                                            |                                                                   |                                                                               | (98)                    |
| <b>Carrying value of Group's<br/>interest in joint ventures</b>    |                                                                            |                                                                   |                                                                               | <b>8,478</b>            |

<sup>^</sup> The Group along with its joint venture partner incorporated CLI CP (Netherlands) Pte Ltd and its subsidiary with share capital of \$2 during the financial year ended 30 June 2018 of which the Group contributed \$1 and the joint venture partner contributed \$1.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 20. INVESTMENTS IN ASSOCIATED COMPANIES

|                                               | Group                     |                           |
|-----------------------------------------------|---------------------------|---------------------------|
|                                               | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Beginning of financial year                   | 1,909                     | 11,542                    |
| Share of profits, net of tax                  | 167                       | 176                       |
| Share of other comprehensive (loss)/income    | (16)                      | 22                        |
| Return of investment arising from liquidation | -                         | (1,766)                   |
| Dividend recognised                           | (1,500)                   | (8,035)                   |
| Currency translation differences              | (1)                       | (30)                      |
| End of financial year                         | 559                       | 1,909                     |

Included in dividend recognised during the financial year ended 30 June 2018 is an amount of \$7,500,000 received in cash and an amount of \$535,000 which was set off against advances from an associated company.

Set out below are the associated companies of the Group as at 30 June 2019, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

| Name | Principal activities | Place of<br>incorporation<br>and business | Effective equity<br>interest held<br>by Group |                      |
|------|----------------------|-------------------------------------------|-----------------------------------------------|----------------------|
|      |                      |                                           | 30 June<br>2019<br>%                          | 30 June<br>2018<br>% |

### Held by subsidiaries

#### Unquoted equity shares

|                         |                      |           |    |    |
|-------------------------|----------------------|-----------|----|----|
| FCL Compassvale Pte Ltd | Property development | Singapore | 20 | 20 |
| FCL Admiralty Pte Ltd   | Property development | Singapore | 30 | 30 |

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

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

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

*Summarised financial information for associated companies*

Set out below are the summarised financial information for FCL Compassvale Pte Ltd and FCL Admiralty Pte Ltd.

*Summarised balance sheet*

|                                                    | FCL Compassvale<br>Pte Ltd |        | FCL Admiralty<br>Pte Ltd |         | Total          |         |
|----------------------------------------------------|----------------------------|--------|--------------------------|---------|----------------|---------|
|                                                    | As at 30 June              |        | As at 30 June            |         | As at 30 June  |         |
|                                                    | 2019                       | 2018   | 2019                     | 2018    | 2019           | 2018    |
|                                                    | \$'000                     | \$'000 | \$'000                   | \$'000  | \$'000         | \$'000  |
| <b>Current assets</b>                              | <b>1,539</b>               | 3,095  | <b>6,518</b>             | 10,466  | <b>8,057</b>   | 13,561  |
| Includes:                                          |                            |        |                          |         |                |         |
| - Cash and cash equivalents                        | <b>1,539</b>               | 3,095  | <b>6,514</b>             | 10,464  | <b>8,053</b>   | 13,559  |
| <b>Current liabilities</b>                         | <b>(543)</b>               | (531)  | <b>(5,298)</b>           | (5,864) | <b>(5,841)</b> | (6,395) |
| Includes:                                          |                            |        |                          |         |                |         |
| - Financial liabilities (excluding trade payables) | <b>(5)</b>                 | (1)    | <b>(3)</b>               | (3)     | <b>(8)</b>     | (4)     |
| <b>Non-current assets</b>                          | -                          | -      | -                        | -       | -              | -       |
| <b>Non-current liabilities</b>                     | -                          | -      | -                        | -       | -              | -       |
| <b>Net assets</b>                                  | <b>996</b>                 | 2,564  | <b>1,220</b>             | 4,602   | <b>2,216</b>   | 7,166   |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

*Summarised statement of comprehensive income*

|                                          | FCL Compassvale<br>Pte Ltd    |             | FCL Admiralty<br>Pte Ltd      |                 | Total                         |                 |
|------------------------------------------|-------------------------------|-------------|-------------------------------|-----------------|-------------------------------|-----------------|
|                                          | For the year ended<br>30 June |             | For the year ended<br>30 June |                 | For the year ended<br>30 June |                 |
|                                          | 2019                          | 2018        | 2019                          | 2018            | 2019                          | 2018            |
|                                          | \$'000                        | \$'000      | \$'000                        | \$'000          | \$'000                        | \$'000          |
| Revenue                                  | -                             | -           | -                             | -               | -                             | -               |
| Interest income                          | -                             | -           | 134                           | 127             | 134                           | 127             |
| Expenses                                 |                               |             |                               |                 |                               |                 |
| Includes:                                |                               |             |                               |                 |                               |                 |
| - Interest expense                       | -                             | -           | -                             | -               | -                             | -               |
| <b>(Loss)/profit before income tax</b>   | <b>(68)</b>                   | <b>(64)</b> | <b>618</b>                    | <b>92</b>       | <b>550</b>                    | <b>28</b>       |
| Income tax credit                        | -                             | 598         | -                             | -               | -                             | 598             |
| <b>Total comprehensive (loss)/income</b> | <b>(68)</b>                   | <b>534</b>  | <b>618</b>                    | <b>92</b>       | <b>550</b>                    | <b>626</b>      |
| <b>Dividends distributed</b>             | <b>(300)</b>                  | <b>-</b>    | <b>(1,200)</b>                | <b>(25,000)</b> | <b>(1,500)</b>                | <b>(25,000)</b> |

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

|                                          | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
|------------------------------------------|---------------------------|---------------------------|
| Loss from continuing operations          | (5)                       | (5)                       |
| Other comprehensive (loss)/income        | (16)                      | 63                        |
| <b>Total comprehensive (loss)/income</b> | <b>(21)</b>               | <b>58</b>                 |

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

*Reconciliation of summarised financial information*

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

|                                                                              | FCL Compassvale<br>Pte Ltd |        | FCL Admiralty<br>Pte Ltd |          | Total          |          |
|------------------------------------------------------------------------------|----------------------------|--------|--------------------------|----------|----------------|----------|
|                                                                              | As at 30 June              |        | As at 30 June            |          | As at 30 June  |          |
|                                                                              | 2019                       | 2018   | 2019                     | 2018     | 2019           | 2018     |
|                                                                              | \$'000                     | \$'000 | \$'000                   | \$'000   | \$'000         | \$'000   |
| <b>Net Assets</b>                                                            |                            |        |                          |          |                |          |
| <b>Beginning of financial year</b>                                           | <b>2,564</b>               | 2,030  | <b>4,602</b>             | 29,510   | <b>7,166</b>   | 31,540   |
| Return of investment arising from liquidation                                | -                          | -      | -                        | -        | -              | -        |
| Profit for the year                                                          | <b>(68)</b>                | 534    | <b>618</b>               | 92       | <b>550</b>     | 626      |
| Foreign exchange differences                                                 | -                          | -      | -                        | -        | -              | -        |
| Dividends distributed                                                        | <b>(1,500)</b>             | -      | <b>(4,000)</b>           | (25,000) | <b>(5,500)</b> | (25,000) |
| <b>End of financial year</b>                                                 | <b>996</b>                 | 2,564  | <b>1,220</b>             | 4,602    | <b>2,216</b>   | 7,166    |
| Interest in associated companies (20%; 30%)                                  | <b>199</b>                 | 513    | <b>366</b>               | 1,381    | <b>565</b>     | 1,894    |
| <b>Carrying value</b>                                                        | <b>199</b>                 | 513    | <b>366</b>               | 1,381    | <b>565</b>     | 1,894    |
| <b>Add:</b>                                                                  |                            |        |                          |          |                |          |
| Carrying value of individually immaterial associated companies, in aggregate |                            |        |                          |          | <b>(6)</b>     | 15       |
| <b>Carrying value of Group's interest in associated companies</b>            |                            |        |                          |          | <b>559</b>     | 1,909    |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 21. INVESTMENTS IN SUBSIDIARIES

|                                       | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
|---------------------------------------|---------------------------|---------------------------|
| Equity investment at cost             | <b>98,562</b>             | 97,173                    |
| Less: Allowance for impairment losses | <b>(26,277)</b>           | (25,377)                  |
|                                       | <b>72,285</b>             | 71,796                    |

The movement in allowance for impairment losses is as follows:

|                                                 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
|-------------------------------------------------|---------------------------|---------------------------|
| Beginning of financial year                     | <b>25,377</b>             | 31,062                    |
| Allowance for/(write-back of) impairment losses | <b>900</b>                | (5,685)                   |
| End of financial year                           | <b>26,277</b>             | 25,377                    |

Details of subsidiaries are provided in Note 39.

On 27 June 2019, the Group acquired an additional 12,250 shares in Lum Chang (Suzhou) Investments Pte Ltd ("LCZ") for a purchase consideration of \$1,389,000. The Group holds 100% of the equity share capital of LCZ as at 30 June 2019. The Group derecognised non-controlling interest of \$1,357,000 (Note 29) and recorded a decrease in equity attributable to owners of the parent of \$32,000.

## 21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

*Summarised financial information of subsidiaries with non-controlling interests*

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

*Summarised balance sheet*

|                                                                                                    | <b>UK Property<br/>Investment<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Wembley<br/>Properties Pte<br/>Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Lum Chang<br/>(Suzhou)<br/>Investments<br/>Pte Ltd<br/>\$'000</b> | <b>Lum Chang<br/>Interior<br/>Pte Ltd<br/>\$'000</b> |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------|
| <b>As at 30 June 2019</b>                                                                          |                                                                                   |                                                                               |                                                                      |                                                      |
| <b>Current</b>                                                                                     |                                                                                   |                                                                               |                                                                      |                                                      |
| Assets                                                                                             | 5,679                                                                             | 33,328                                                                        | -                                                                    | 7,482                                                |
| Liabilities                                                                                        | (2,728)                                                                           | (1,913)                                                                       | -                                                                    | (5,906)                                              |
| Total current net assets                                                                           | 2,951                                                                             | 31,415                                                                        | -                                                                    | 1,576                                                |
| <b>Non-current</b>                                                                                 |                                                                                   |                                                                               |                                                                      |                                                      |
| Assets                                                                                             | 91,164                                                                            | 25,704                                                                        | -                                                                    | 776                                                  |
| Liabilities                                                                                        | (87,869)                                                                          | (63)                                                                          | -                                                                    | -                                                    |
| Total non-current net assets                                                                       | 3,295                                                                             | 25,641                                                                        | -                                                                    | 776                                                  |
| <b>Net assets</b>                                                                                  | 6,246                                                                             | 57,056                                                                        | -                                                                    | 2,352                                                |
| <b>Non-controlling interests' share of<br/>net assets in subsidiaries<br/>(30%; 30%; 0%; 20%)</b>  | <b>1,874</b>                                                                      | <b>17,117</b>                                                                 | <b>-</b>                                                             | <b>470</b>                                           |
| <b>As at 30 June 2018</b>                                                                          |                                                                                   |                                                                               |                                                                      |                                                      |
| <b>Current</b>                                                                                     |                                                                                   |                                                                               |                                                                      |                                                      |
| Assets                                                                                             | 6,583                                                                             | 3,328                                                                         | 22                                                                   | 4,124                                                |
| Liabilities                                                                                        | (2,969)                                                                           | (399)                                                                         | (496)                                                                | (2,724)                                              |
| Total current net assets/(liabilities)                                                             | 3,614                                                                             | 2,929                                                                         | (474)                                                                | 1,400                                                |
| <b>Non-current</b>                                                                                 |                                                                                   |                                                                               |                                                                      |                                                      |
| Assets                                                                                             | 94,791                                                                            | 58,478                                                                        | 3,184                                                                | 145                                                  |
| Liabilities                                                                                        | (92,756)                                                                          | (9,837)                                                                       | -                                                                    | -                                                    |
| Total non-current net assets                                                                       | 2,035                                                                             | 48,641                                                                        | 3,184                                                                | 145                                                  |
| <b>Net assets</b>                                                                                  | 5,649                                                                             | 51,570                                                                        | 2,710                                                                | 1,545                                                |
| <b>Non-controlling interests' share of<br/>net assets in subsidiaries<br/>(30%; 30%; 49%; 20%)</b> | <b>1,695</b>                                                                      | <b>15,471</b>                                                                 | <b>1,328</b>                                                         | <b>309</b>                                           |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

*Summarised income statement*

|                                                                         | <b>UK Property<br/>Investment<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Wembley<br/>Properties<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Lum Chang<br/>(Suzhou)<br/>Investments<br/>Pte Ltd<br/>\$'000</b> | <b>Lum Chang<br/>Interior<br/>Pte Ltd<br/>\$'000</b> |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------|
| <b>For the year ended<br/>30 June 2019</b>                              |                                                                                   |                                                                               |                                                                      |                                                      |
| Revenue                                                                 | 3,146                                                                             | 112                                                                           | 68                                                                   | 12,553                                               |
| <b>Profit before income tax</b>                                         | 897                                                                               | 12,268                                                                        | 59                                                                   | 1,541                                                |
| Income tax expense                                                      | (39)                                                                              | 36                                                                            | -                                                                    | (234)                                                |
| <b>Post-tax profit</b>                                                  | 858                                                                               | 12,304                                                                        | 59                                                                   | 1,307                                                |
| Other comprehensive loss                                                | (260)                                                                             | (2,375)                                                                       | -                                                                    | -                                                    |
| <b>Total comprehensive income</b>                                       | <b>598</b>                                                                        | <b>9,929</b>                                                                  | <b>59</b>                                                            | <b>1,307</b>                                         |
| Total comprehensive income<br>allocated to non-controlling<br>interests | <b>179</b>                                                                        | <b>2,979</b>                                                                  | <b>29</b>                                                            | <b>262</b>                                           |
| Dividends paid to non-controlling<br>interests                          | -                                                                                 | <b>1,322</b>                                                                  | -                                                                    | <b>100</b>                                           |
| <b>For the year ended<br/>30 June 2018</b>                              |                                                                                   |                                                                               |                                                                      |                                                      |
| Revenue                                                                 | 3,652                                                                             | 416                                                                           | 131                                                                  | 3,997                                                |
| <b>Profit before income tax</b>                                         | 634                                                                               | 6,183                                                                         | 122                                                                  | 1,210                                                |
| Income tax expense                                                      | (94)                                                                              | (20)                                                                          | -                                                                    | (165)                                                |
| <b>Post-tax profit</b>                                                  | 540                                                                               | 6,163                                                                         | 122                                                                  | 1,045                                                |
| Other comprehensive loss                                                | (10)                                                                              | (68)                                                                          | -                                                                    | -                                                    |
| <b>Total comprehensive income</b>                                       | <b>530</b>                                                                        | <b>6,095</b>                                                                  | <b>122</b>                                                           | <b>1,045</b>                                         |
| Total comprehensive income<br>allocated to non-controlling<br>interests | 159                                                                               | 1,828                                                                         | 60                                                                   | 209                                                  |
| Dividends paid to non-controlling<br>interests                          | -                                                                                 | -                                                                             | -                                                                    | 200                                                  |

## 21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

*Summarised cash flows*

|                                                                    | <b>UK Property<br/>Investment<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Wembley<br/>Properties<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Lum Chang<br/>(Suzhou)<br/>Investments<br/>Pte Ltd<br/>\$'000</b> | <b>Lum Chang<br/>Interior<br/>Pte Ltd<br/>\$'000</b> |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------|
| <b>For the year ended<br/>30 June 2019</b>                         |                                                                                   |                                                                               |                                                                      |                                                      |
| Cash flows from operating activities                               |                                                                                   |                                                                               |                                                                      |                                                      |
| Cash generated from/(used in)<br>operations                        | 2,273                                                                             | (13,290)                                                                      | (6)                                                                  | 2,074                                                |
| Income tax (paid)/refunded                                         | (4)                                                                               | 8                                                                             | -                                                                    | (158)                                                |
| <b>Net cash generated from/<br/>(used in) operating activities</b> | <b>2,269</b>                                                                      | <b>(13,282)</b>                                                               | <b>(6)</b>                                                           | <b>1,916</b>                                         |
| <b>Net cash (used in)/generated<br/>from investing activities</b>  | <b>(126)</b>                                                                      | <b>47,577</b>                                                                 | <b>68</b>                                                            | <b>(6)</b>                                           |
| <b>Net cash used in financing<br/>activities</b>                   | <b>(2,715)</b>                                                                    | <b>(14,096)</b>                                                               | <b>(62)</b>                                                          | <b>(500)</b>                                         |
| <b>Net (decrease)/increase in cash<br/>and cash equivalents</b>    | <b>(572)</b>                                                                      | <b>20,199</b>                                                                 | <b>-</b>                                                             | <b>1,410</b>                                         |
| Cash and cash equivalents at<br>beginning of year                  | 5,502                                                                             | 3,285                                                                         | 22                                                                   | 1,890                                                |
| <b>Cash and cash equivalents at<br/>end of year</b>                | <b>4,930</b>                                                                      | <b>23,484</b>                                                                 | <b>22</b>                                                            | <b>3,300</b>                                         |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

*Summarised cash flows (continued)*

|                                                                    | <b>UK Property<br/>Investment<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Wembley<br/>Properties<br/>Pte Ltd and its<br/>subsidiaries<br/>\$'000</b> | <b>Lum Chang<br/>(Suzhou)<br/>Investments<br/>Pte Ltd<br/>\$'000</b> | <b>Lum Chang<br/>Interior<br/>Pte Ltd<br/>\$'000</b> |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------|
| <b>For the year ended<br/>30 June 2018</b>                         |                                                                                   |                                                                               |                                                                      |                                                      |
| Cash flows from operating activities                               |                                                                                   |                                                                               |                                                                      |                                                      |
| Cash generated from/(used in)<br>operations                        | 5,137                                                                             | (209)                                                                         | (6)                                                                  | 1,540                                                |
| Income tax paid                                                    | (180)                                                                             | (60)                                                                          | -                                                                    | -                                                    |
| <b>Net cash generated from/<br/>(used in) operating activities</b> | <b>4,957</b>                                                                      | <b>(269)</b>                                                                  | <b>(6)</b>                                                           | <b>1,540</b>                                         |
| <b>Net cash (used in)/generated<br/>from investing activities</b>  | <b>-</b>                                                                          | <b>(4,030)</b>                                                                | <b>131</b>                                                           | <b>(150)</b>                                         |
| <b>Net cash (used in)/generated<br/>from financing activities</b>  | <b>(2,529)</b>                                                                    | <b>3,642</b>                                                                  | <b>(131)</b>                                                         | <b>500</b>                                           |
| <b>Net increase/(decrease) in cash<br/>and cash equivalents</b>    | <b>2,428</b>                                                                      | <b>(657)</b>                                                                  | <b>(6)</b>                                                           | <b>1,890</b>                                         |
| Cash and cash equivalents at<br>beginning of year                  | 3,074                                                                             | 3,942                                                                         | 28                                                                   | -                                                    |
| <b>Cash and cash equivalents at<br/>end of year</b>                | <b>5,502</b>                                                                      | <b>3,285</b>                                                                  | <b>22</b>                                                            | <b>1,890</b>                                         |

## 22. INVESTMENT PROPERTIES

|                                                                         | <b>Group</b>                       |                                    |
|-------------------------------------------------------------------------|------------------------------------|------------------------------------|
|                                                                         | <b>30 June<br/>2019<br/>\$'000</b> | <b>30 June<br/>2018<br/>\$'000</b> |
| Beginning of financial year                                             | <b>180,658</b>                     | 171,383                            |
| Capitalisation of expenditure for re-development of investment property | <b>4,546</b>                       | 4,030                              |
| Disposal of investment property                                         | <b>(34,711)</b>                    | -                                  |
| Fair value gain recognised in profit or loss [Note 5(b)]                | <b>287</b>                         | 5,426                              |
| Currency translation differences                                        | <b>(6,484)</b>                     | (181)                              |
| End of financial year                                                   | <b>144,296</b>                     | 180,658                            |

## 22. INVESTMENT PROPERTIES (CONTINUED)

During the financial year ended 30 June 2019, the Group disposed a portion of its investment property in the United Kingdom for a cash consideration of \$48,562,000. The carrying value of the portion of the investment property disposed is \$34,711,000. The Group's gain on disposal of the investment property after accounting for related transaction costs amounting to \$1,128,000 is \$12,723,000 [Note 5(b)].

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

- (i) Located in Singapore:

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

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

- (ii) Located in the United Kingdom:

|                       | Description/Existing use | Tenure of land |
|-----------------------|--------------------------|----------------|
| 130 Wood Street       | Office building          | Freehold       |
| Kelaty House, Wembley | Under construction*      | Freehold       |

\* The Group has obtained planning consent to redevelop the investment property into serviced apartment.

- (b) At 30 June 2019, certain investment properties with total carrying value of \$115,232,000 (2018: \$118,859,000) are charged by way of mortgages in favour of banks for bank loans as disclosed in Note 25 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 22. INVESTMENT PROPERTIES (CONTINUED)

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

|                                                             | <b>Group</b>  |               |
|-------------------------------------------------------------|---------------|---------------|
|                                                             | <b>2019</b>   | <b>2018</b>   |
|                                                             | <b>\$'000</b> | <b>\$'000</b> |
| Rental income                                               | <b>4,503</b>  | 5,326         |
| Fair value gains recognised in profit or loss               | <b>287</b>    | 5,426         |
| Direct operating expenses arising from:                     |               |               |
| - Investment properties that generated rental income        | <b>(859)</b>  | (869)         |
| - Investment properties that did not generate rental income | <b>(457)</b>  | -             |

(d) Fair value hierarchy

| <b>Description</b>                       | <b>Fair value measurements<br/>using significant<br/>unobservable inputs<br/>(Level 3)</b> |
|------------------------------------------|--------------------------------------------------------------------------------------------|
|                                          | <b>\$'000</b>                                                                              |
| <b>Recurring fair value measurements</b> |                                                                                            |
| <b>30 June 2019</b>                      |                                                                                            |
| Singapore:                               |                                                                                            |
| - Commercial properties                  | 27,429                                                                                     |
| United Kingdom:                          |                                                                                            |
| - Commercial properties                  | 116,867                                                                                    |
| <b>Recurring fair value measurements</b> |                                                                                            |
| <b>30 June 2018</b>                      |                                                                                            |
| Singapore:                               |                                                                                            |
| - Commercial properties                  | 27,429                                                                                     |
| United Kingdom:                          |                                                                                            |
| - Commercial properties                  | 153,229                                                                                    |

### Valuation processes of the Group

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

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

## 22. INVESTMENT PROPERTIES (CONTINUED)

### (d) Fair value hierarchy (continued)

#### **Valuation techniques used to derive Level 3 fair values**

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

- (i) the Direct Market Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant inputs to the valuation approach would be the adopted value per square meter of net lettable area, adopted value per square meter of gross floor area and adopted value per acre of site area.
- (ii) the Income Method where the approach is to capitalise the rental income for the property by an appropriate market based yield taken from the analysis of comparable transactions. The most significant inputs to the valuation approach would be the estimated rental value per square feet of net lettable area and the yield rate.
- (iii) the Residual Valuation Method where the property is valued in its existing partially completed state of construction taking into account the cost of work done by deducting estimated cost to complete and other relevant costs from gross development value of the proposed development, assuming satisfactory completion.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 22. INVESTMENT PROPERTIES (CONTINUED)

### (d) Fair value hierarchy (continued)

#### Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy at 30 June 2019:

| Description                                               | Valuation technique (s)         | Unobservable inputs*                                | Range of unobservable inputs (probability weighted average)              | Relationship of unobservable inputs to fair value                           |
|-----------------------------------------------------------|---------------------------------|-----------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Commercial properties in Singapore and United Kingdom     | Direct Market Comparison Method | Adopted value per square meter of net lettable area | \$6,780 to \$26,880 per sq. m.<br>(2018: \$6,780 to \$26,880 per sq. m.) | The higher the adopted value, the higher the fair value                     |
|                                                           | Income Method                   | Capitalisation rate                                 | 4.85%<br>(2018: 4.85%)                                                   | The lower the yield rate, the higher the fair value                         |
| Commercial properties under development in United Kingdom | Residual Valuation Method       | Total gross development value                       | \$100,245,000<br>(2018: \$247,153,000)                                   | The higher the total gross development value, the higher the fair value     |
|                                                           |                                 | Total estimated cost to completion                  | \$68,064,000<br>(2018: \$160,546,000)                                    | The lower the total estimated cost to completion, the higher the fair value |

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

## 23. PROPERTY, PLANT AND EQUIPMENT

|                                  | Leasehold<br>buildings<br>\$'000 | Plant and<br>machinery<br>\$'000 | Furniture,<br>office<br>equipment<br>and fittings<br>\$'000 | Motor<br>vehicles<br>\$'000 | Total<br>\$'000 |
|----------------------------------|----------------------------------|----------------------------------|-------------------------------------------------------------|-----------------------------|-----------------|
| <b>Group</b>                     |                                  |                                  |                                                             |                             |                 |
| <b>30 June 2019</b>              |                                  |                                  |                                                             |                             |                 |
| <b>Cost</b>                      |                                  |                                  |                                                             |                             |                 |
| Beginning of financial year      | 23,004                           | 17,770                           | 7,797                                                       | 6,176                       | 54,747          |
| Currency translation differences | -                                | -                                | (11)                                                        | (10)                        | (21)            |
| Additions                        | -                                | 2,330                            | 422                                                         | 914                         | 3,666           |
| Disposals                        | -                                | (648)                            | (20)                                                        | (579)                       | (1,247)         |
| End of financial year            | 23,004                           | 19,452                           | 8,188                                                       | 6,501                       | 57,145          |
| <b>Accumulated depreciation</b>  |                                  |                                  |                                                             |                             |                 |
| Beginning of financial year      | 5,500                            | 14,904                           | 6,927                                                       | 2,027                       | 29,358          |
| Currency translation differences | -                                | -                                | (11)                                                        | (7)                         | (18)            |
| Depreciation charge (Note 6)     | 938                              | 837                              | 477                                                         | 812                         | 3,064           |
| Disposals                        | -                                | (505)                            | (20)                                                        | (406)                       | (931)           |
| End of financial year            | 6,438                            | 15,236                           | 7,373                                                       | 2,426                       | 31,473          |
| <b>Net book value</b>            |                                  |                                  |                                                             |                             |                 |
| End of financial year            | <b>16,566</b>                    | <b>4,216</b>                     | <b>815</b>                                                  | <b>4,075</b>                | <b>25,672</b>   |
| <b>30 June 2018</b>              |                                  |                                  |                                                             |                             |                 |
| <b>Cost</b>                      |                                  |                                  |                                                             |                             |                 |
| Beginning of financial year      | 23,004                           | 18,538                           | 7,287                                                       | 5,683                       | 54,512          |
| Currency translation differences | -                                | -                                | 15                                                          | 18                          | 33              |
| Additions                        | -                                | 96                               | 576                                                         | 2,694                       | 3,366           |
| Disposals                        | -                                | (864)                            | (81)                                                        | (2,219)                     | (3,164)         |
| End of financial year            | 23,004                           | 17,770                           | 7,797                                                       | 6,176                       | 54,747          |
| <b>Accumulated depreciation</b>  |                                  |                                  |                                                             |                             |                 |
| Beginning of financial year      | 4,562                            | 14,292                           | 6,085                                                       | 2,789                       | 27,728          |
| Currency translation differences | -                                | -                                | 15                                                          | 12                          | 27              |
| Depreciation charge (Note 6)     | 938                              | 1,302                            | 908                                                         | 648                         | 3,796           |
| Disposals                        | -                                | (690)                            | (81)                                                        | (1,422)                     | (2,193)         |
| End of financial year            | 5,500                            | 14,904                           | 6,927                                                       | 2,027                       | 29,358          |
| <b>Net book value</b>            |                                  |                                  |                                                             |                             |                 |
| End of financial year            | <b>17,504</b>                    | <b>2,866</b>                     | <b>870</b>                                                  | <b>4,149</b>                | <b>25,389</b>   |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

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

|                                 | <b>Furniture,<br/>office<br/>equipment<br/>and fittings<br/>\$'000</b> | <b>Motor<br/>vehicles<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---------------------------------|------------------------------------------------------------------------|--------------------------------------|-------------------------|
| <b>Company</b>                  |                                                                        |                                      |                         |
| <b>30 June 2019</b>             |                                                                        |                                      |                         |
| <b>Cost</b>                     |                                                                        |                                      |                         |
| Beginning of financial year     | 407                                                                    | 1,997                                | 2,404                   |
| Additions                       | 9                                                                      | 364                                  | 373                     |
| Disposals                       | -                                                                      | (344)                                | (344)                   |
| End of financial year           | 416                                                                    | 2,017                                | 2,433                   |
| <b>Accumulated depreciation</b> |                                                                        |                                      |                         |
| Beginning of financial year     | 383                                                                    | 758                                  | 1,141                   |
| Depreciation charge             | 15                                                                     | 260                                  | 275                     |
| Disposals                       | -                                                                      | (254)                                | (254)                   |
| End of financial year           | 398                                                                    | 764                                  | 1,162                   |
| <b>Net book value</b>           |                                                                        |                                      |                         |
| End of financial year           | <b>18</b>                                                              | <b>1,253</b>                         | <b>1,271</b>            |
| <b>30 June 2018</b>             |                                                                        |                                      |                         |
| <b>Cost</b>                     |                                                                        |                                      |                         |
| Beginning of financial year     | 414                                                                    | 1,904                                | 2,318                   |
| Additions                       | 5                                                                      | 668                                  | 673                     |
| Disposals                       | (12)                                                                   | (575)                                | (587)                   |
| End of financial year           | 407                                                                    | 1,997                                | 2,404                   |
| <b>Accumulated depreciation</b> |                                                                        |                                      |                         |
| Beginning of financial year     | 343                                                                    | 872                                  | 1,215                   |
| Depreciation charge             | 52                                                                     | 201                                  | 253                     |
| Disposals                       | (12)                                                                   | (315)                                | (327)                   |
| End of financial year           | 383                                                                    | 758                                  | 1,141                   |
| <b>Net book value</b>           |                                                                        |                                      |                         |
| End of financial year           | <b>24</b>                                                              | <b>1,239</b>                         | <b>1,263</b>            |

- (a) Included in additions of the Group are motor vehicles acquired under finance leases (Note 26) amounting to \$160,000 (2018: \$233,000). As at 30 June 2019, the Group has motor vehicles acquired under finance leases with a net book value of \$307,000 (2018: \$358,000).

As at 30 June 2019, the Company has motor vehicles under finance leases with a net book value of approximately \$307,000 (2018: \$Nil).

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

- (b) An amount of \$1,574,000 (2018: \$1,771,000 included in the Group's depreciation charge for leasehold buildings, plant and machinery, furniture, office equipment and fittings, and motor vehicles has been included in direct construction costs during the financial year.
- (c) One of the leasehold buildings with carrying amount of approximately \$13,094,000 (2018: \$13,484,000) as at 30 June 2019 is charged by way of a mortgage in favour of a bank for a bank loan as disclosed in Note 25 to the financial statements.

## 24. TRADE AND OTHER PAYABLES

## (a) Current

|                                                    | Group                     |                           |                          | Company                   |                           |
|----------------------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
|                                                    | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Trade payables                                     |                           |                           |                          |                           |                           |
| - Non-related parties                              | <b>82,019</b>             | 67,254                    | 108,419                  | <b>139</b>                | 151                       |
| <u>Construction contracts</u>                      |                           |                           |                          |                           |                           |
| - Retention sums payable                           | <b>6,990</b>              | 11,950                    | 7,201                    | -                         | -                         |
| <u>Development projects</u>                        |                           |                           |                          |                           |                           |
| - Retention sums payable                           | <b>1,664</b>              | 1,527                     | 1,472                    | -                         | -                         |
| - Advances received on development projects        | <b>43</b>                 | 46                        | -                        | -                         | -                         |
| Loans and advances from:                           |                           |                           |                          |                           |                           |
| - Subsidiaries (c)                                 | -                         | -                         | -                        | <b>124,107</b>            | 114,039                   |
| - Non-controlling shareholders of subsidiaries (d) | -                         | 240                       | 303                      | -                         | -                         |
| - Associated companies (c)                         | -                         | -                         | 7,007                    | -                         | -                         |
| Accruals for development costs                     | <b>2,423</b>              | 134                       | 150                      | -                         | -                         |
| Accruals for operating expenses                    | <b>7,487</b>              | 8,185                     | 6,493                    | <b>2,707</b>              | 924                       |
| Provision for other liabilities                    | <b>16,502</b>             | 19,450                    | 23,560                   | -                         | -                         |
| Other payables                                     | <b>875</b>                | 1,064                     | 677                      | <b>380</b>                | 258                       |
| Deposits received                                  | <b>1,150</b>              | 1,522                     | 822                      | -                         | -                         |
| Rent received in advance                           | <b>1,149</b>              | 1,314                     | 1,202                    | -                         | -                         |
| Loan interest payable                              | <b>785</b>                | 915                       | 950                      | <b>583</b>                | 716                       |
| Unclaimed dividends                                | <b>51</b>                 | 46                        | 42                       | <b>51</b>                 | 46                        |
|                                                    | <b>121,138</b>            | 113,647                   | 158,298                  | <b>127,967</b>            | 116,134                   |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 24. TRADE AND OTHER PAYABLES (CONTINUED)

### (a) Current (continued)

Provision for other liabilities relates to provision for warranty, costs and foreseeable losses.

The movement in provision for other liabilities is as follows:

|                             | Group                     |                           | Company                   |                           |
|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                             | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Beginning of financial year | 19,450                    | 23,560                    | -                         | -                         |
| Provision made              | 2,095                     | 1,914                     | -                         | -                         |
| Provision utilised          | (136)                     | (1,324)                   | -                         | -                         |
| Provision written back      | (4,907)                   | (4,700)                   | -                         | -                         |
| End of financial year       | 16,502                    | 19,450                    | -                         | -                         |

### (b) Non-current

|                                                                | Group                     |                           | Company                   |                           |
|----------------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                                                | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Deposits received                                              | 295                       | -                         | -                         | -                         |
| <u>Construction contracts</u>                                  |                           |                           |                           |                           |
| - Retention sums payable                                       | 13,895                    | 8,745                     | -                         | -                         |
| <u>Development projects</u>                                    |                           |                           |                           |                           |
| - Retention sums payable                                       | 597                       | 584                       | -                         | -                         |
| Advances from non-controlling shareholders of subsidiaries (e) | 11,104                    | 14,540                    | -                         | -                         |
|                                                                | 25,891                    | 23,869                    | -                         | -                         |

- (c) Loans and advances from subsidiaries and associated companies are unsecured, interest-free and repayable on demand.
- (d) The loans from the non-controlling shareholders of subsidiaries are unsecured and interest-free, except for an amount of \$Nil (2018: \$240,000) which bears interest at an effective interest rate of Nil% (2018: 0.5%) per annum at the balance sheet date. The loans are repayable on demand.
- (e) The advances from the non-controlling shareholders of subsidiaries are unsecured, interest-free and are not expected to be repaid within the next financial year. Settlement of the advances is neither planned nor likely to occur in the foreseeable future.
- (f) The fair values of the financial liabilities included in non-current trade and other payables approximate their carrying amounts as at the balance sheet date.

## 25. BORROWINGS

|                                                               | Group                     |                           | Company                   |                           |
|---------------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                                               | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Current</b>                                                |                           |                           |                           |                           |
| Bank loans                                                    | 9,385                     | 1,022                     | 8,000                     | -                         |
| Finance lease liabilities (Note 26)                           | 87                        | 54                        | 30                        | -                         |
| 5.5% medium term notes due 2018, net of transaction costs (b) | -                         | 49,916                    | -                         | 49,916                    |
|                                                               | <b>9,472</b>              | <b>50,992</b>             | <b>8,030</b>              | <b>49,916</b>             |
| <b>Non-current</b>                                            |                           |                           |                           |                           |
| Bank loans                                                    | 163,179                   | 148,058                   | -                         | -                         |
| Finance lease liabilities (Note 26)                           | 238                       | 189                       | 106                       | -                         |
| 5.8% medium term notes due 2021, net of transaction costs (b) | 39,842                    | -                         | 39,842                    | -                         |
|                                                               | <b>203,259</b>            | <b>148,247</b>            | <b>39,948</b>             | <b>-</b>                  |
| Total borrowings                                              | <b>212,731</b>            | <b>199,239</b>            | <b>47,978</b>             | <b>49,916</b>             |

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

(a) **Security granted**

Total borrowings as at 30 June 2019 included the following:

Certain revolving and term loans amounting to \$164,564,000 (2018: \$149,081,000) are secured by two of the Group's development properties (Note 15), an investment property (Note 22), a leasehold building (Note 23), the assignment of sales and rental proceeds and insurance policies relating to the properties, and a corporate guarantee from the Company.

(b) **Medium term notes**

On 31 March 2014, the Company established a \$300,000,000 Multicurrency Medium Term Note Programme (the "Programme"). Under the Programme, the Company may, subject to compliance with all relevant laws and regulations and directives, from time to time issue notes in series or tranches. The notes may be in Singapore dollars or in other currencies, in various amounts and tenors, and may bear interest at a fixed, floating, variable or hybrid rate, or may not bear interest, as agreed between the Company and the relevant dealer.

On 28 March 2016, the Company issued Medium Term Notes amounting to \$50,000,000, with transaction costs amounting to \$332,000. The notes which bear a fixed interest of 5.50% per annum had matured on 28 March 2019. \$22,750,000 notes was repaid during the financial year and the remaining \$27,250,000 notes was exchanged for the new notes issued on 27 September 2018.

On 27 September 2018, the Company issued Medium Term Notes amounting to \$40,000,000, with transaction costs amounting to \$207,000. The notes will mature on 27 September 2021 and bears a fixed interest of 5.80% per annum which is payable semi-annually.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 25. BORROWINGS (CONTINUED)

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

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

## 26. FINANCE LEASE LIABILITIES

|                                                                         | Group                     |                           | Company                   |                           |
|-------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                                                         | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Minimum lease payments due:                                             |                           |                           |                           |                           |
| - not later than 1 year                                                 | 100                       | 65                        | 36                        | -                         |
| - between 1 and 5 years                                                 | 255                       | 205                       | 114                       | -                         |
|                                                                         | 355                       | 270                       | 150                       | -                         |
| Less: Future finance charges                                            | (30)                      | (27)                      | (14)                      | -                         |
| Present value of lease liabilities                                      | 325                       | 243                       | 136                       | -                         |
| The present value of finance lease liabilities are analysed as follows: |                           |                           |                           |                           |
| - not later than 1 year (Note 25)                                       | 87                        | 54                        | 30                        | -                         |
| - between 1 and 5 years (Note 25)                                       | 238                       | 189                       | 106                       | -                         |
|                                                                         | 325                       | 243                       | 136                       | -                         |

Finance leases are in respect of motor vehicles (2018: motor vehicles).

## 27. SHARE CAPITAL AND TREASURY SHARES

|                             | ← No. of ordinary shares → |                 | ← Amount →           |                 |
|-----------------------------|----------------------------|-----------------|----------------------|-----------------|
|                             | Issued share capital       | Treasury shares | Issued share capital | Treasury shares |
|                             | '000                       | '000            | \$'000               | \$'000          |
| <b>Group and Company</b>    |                            |                 |                      |                 |
| <b>30 June 2019</b>         |                            |                 |                      |                 |
| Beginning of financial year | 385,030                    | (2,819)         | 86,574               | (1,025)         |
| Purchase of treasury shares | -                          | (1,994)         | -                    | (696)           |
| Treasury shares reissued    | -                          | 270             | (2)                  | 101             |
| End of financial year       | 385,030                    | (4,543)         | 86,572               | (1,620)         |
| <b>30 June 2018</b>         |                            |                 |                      |                 |
| Beginning of financial year | 385,030                    | (3,489)         | 86,579               | (1,273)         |
| Treasury shares reissued    | -                          | 670             | (5)                  | 248             |
| End of financial year       | 385,030                    | (2,819)         | 86,574               | (1,025)         |

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

The Company did not issue any ordinary shares during the financial years ended 30 June 2019 and 30 June 2018.

(a) **Treasury shares**

During the financial year, the Company acquired 1,994,000 (2018: Nil) shares in the Company in the open market. The total amount paid to acquire the shares was \$696,000 (2018: \$Nil) and this was presented as a component within shareholders' equity.

During the financial year ended 30 June 2019, 270,000 (2018: 670,000) treasury shares of the Company were reissued pursuant to the Option Scheme 2007 for a total cash consideration of \$87,000 (2018: \$213,000) upon the exercise of options by:

| Holders of   | No. of ordinary shares |              | Exercise price<br>\$ |
|--------------|------------------------|--------------|----------------------|
|              | 30 June 2019           | 30 June 2018 |                      |
| 2013 Options | 270,000                | 670,000      | 0.32                 |
|              | 270,000                | 670,000      |                      |

The cost of treasury shares reissued amounted to \$101,000 (2018: \$248,000). The gain/(loss) on reissue of the treasury shares is recognised directly in share capital account.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

### (b) Share options

Share options were granted to key management personnel and employees with more than 12 months of service with the Group under the Option Scheme 2007 which became operative on 26 October 2007. The scheme had expired on 26 October 2017 after being in place for 10 years and the exercisable period for the last batch of options granted in 2013 had lapsed on 20 September 2018.

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

|                          | No. of ordinary shares under option |                               |                                 |                                 | Exercise price | Exercise Period          |
|--------------------------|-------------------------------------|-------------------------------|---------------------------------|---------------------------------|----------------|--------------------------|
|                          | Beginning of financial year         | Granted during financial year | Forfeited during financial year | Exercised during financial year |                |                          |
| <b>Group and Company</b> |                                     |                               |                                 |                                 |                |                          |
| <b>2019</b>              |                                     |                               |                                 |                                 |                |                          |
| 2013 Options             | 1,390,000                           | -                             | (1,120,000)                     | (270,000)                       | \$0.32         | 21.09.2015 to 20.09.2018 |
|                          | 1,390,000                           | -                             | (1,120,000)                     | (270,000)                       | -              |                          |
| <b>2018</b>              |                                     |                               |                                 |                                 |                |                          |
| 2013 Options             | 2,235,000                           | -                             | (175,000)                       | (670,000)                       | \$0.32         | 21.09.2015 to 20.09.2018 |
| 2012 Options             | 400,000                             | -                             | (400,000)                       | -                               | \$0.27         | 28.07.2014 to 27.07.2017 |
|                          | 2,635,000                           | -                             | (575,000)                       | (670,000)                       | 1,390,000      |                          |

There was no outstanding share options as at 30 June 2019. Out of the unexercised options for 1,390,000 shares as at 30 June 2018, options for 1,390,000 shares are exercisable at 30 June 2018. Options exercised during the financial year ended 30 June 2019 resulted in 270,000 (2018: 670,000) treasury shares being reissued at the exercise price of \$0.32 per share. The weighted average share price during the year was \$0.34 (2018: \$0.37) per share.

## 28. CAPITAL AND OTHER RESERVES

|                                      | Group          |         |        | Company      |         |
|--------------------------------------|----------------|---------|--------|--------------|---------|
|                                      | 30 June        | 30 June | 1 July | 30 June      | 30 June |
|                                      | 2019           | 2018    | 2017   | 2019         | 2018    |
|                                      | \$'000         | \$'000  | \$'000 | \$'000       | \$'000  |
| (a) <b>Composition</b>               |                |         |        |              |         |
| Capital reserves                     | <b>19,131</b>  | 19,131  | 19,131 | <b>2,800</b> | 2,800   |
| Share option reserve                 | <b>382</b>     | 394     | 424    | <b>382</b>   | 394     |
| Fair value reserve                   | <b>9,079</b>   | 42      | 282    | -            | -       |
| Foreign currency translation reserve | <b>(2,012)</b> | 3,485   | -      | -            | -       |
| Capital redemption reserve           | <b>342</b>     | 229     | 229    | -            | -       |
|                                      | <b>26,922</b>  | 23,281  | 20,066 | <b>3,182</b> | 3,194   |

|                                         | Group         |         | Company      |         |
|-----------------------------------------|---------------|---------|--------------|---------|
|                                         | 30 June       | 30 June | 30 June      | 30 June |
|                                         | 2019          | 2018    | 2019         | 2018    |
|                                         | \$'000        | \$'000  | \$'000       | \$'000  |
| (b) <b>Movement in capital reserves</b> |               |         |              |         |
| Beginning and end of financial year     | <b>19,131</b> | 19,131  | <b>2,800</b> | 2,800   |

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

|                                                         | Group       |         | Company     |         |
|---------------------------------------------------------|-------------|---------|-------------|---------|
|                                                         | 30 June     | 30 June | 30 June     | 30 June |
|                                                         | 2019        | 2018    | 2019        | 2018    |
|                                                         | \$'000      | \$'000  | \$'000      | \$'000  |
| (c) <b>Movement in share option reserve</b>             |             |         |             |         |
| Beginning of financial year                             | <b>394</b>  | 424     | <b>394</b>  | 424     |
| Employee share option scheme                            |             |         |             |         |
| - Treasury shares reissued on exercise of share options | <b>(12)</b> | (30)    | <b>(12)</b> | (30)    |
| End of financial year                                   | <b>382</b>  | 394     | <b>382</b>  | 394     |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 28. CAPITAL AND OTHER RESERVES (CONTINUED)

|                                                                                                                                     | Group                     |                           | Company                   |                           |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                                                                                                                     | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| (d) <b>Movement in fair value reserve</b>                                                                                           |                           |                           |                           |                           |
| Beginning of financial year                                                                                                         | 42                        | 282                       | -                         | -                         |
| Available-for-sale financial assets                                                                                                 |                           |                           |                           |                           |
| - Fair value losses [Note 16(a)]                                                                                                    | -                         | (262)                     | -                         | -                         |
| Financial assets, at FVOCI                                                                                                          |                           |                           |                           |                           |
| - Fair value gains [Note 16(b)]                                                                                                     | 9,053                     | -                         | -                         | -                         |
| Share of an associated company's fair value gains on<br>available-for-sale financial assets, net of tax                             | (16)                      | 22                        | -                         | -                         |
| End of financial year                                                                                                               | 9,079                     | 42                        | -                         | -                         |
| (e) <b>Movement in foreign currency translation reserve</b>                                                                         |                           |                           |                           |                           |
| Beginning of financial year                                                                                                         | 3,485                     | -                         | -                         | -                         |
| Net currency translation differences of financial<br>statements of foreign subsidiaries, joint ventures and<br>associated companies | (6,136)                   | 3,432                     | -                         | -                         |
| Reclassification on repayment of loan receivables                                                                                   | (152)                     | 30                        | -                         | -                         |
| Less: Non-controlling interests                                                                                                     | 791                       | 23                        | -                         | -                         |
| End of financial year                                                                                                               | (2,012)                   | 3,485                     | -                         | -                         |
| (f) <b>Movement in capital redemption reserve</b>                                                                                   |                           |                           |                           |                           |
| Beginning of financial year                                                                                                         | 229                       | 229                       | -                         | -                         |
| Transfer of reserves                                                                                                                | 113                       | -                         | -                         | -                         |
| End of financial year                                                                                                               | 342                       | 229                       | -                         | -                         |

During the financial year ended 30 June 2019, a wholly-owned Malaysia subsidiary of the Group redeemed its Class "B" redeemable non-cumulative preference shares out of profits. When the shares were redeemed, an amount which is not available for distribution as dividends to the shareholder was transferred from retained profits to capital redemption reserve as required by the Malaysia Companies Act.

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

## 29. NON-CONTROLLING INTERESTS

|                                                    | <b>Group</b>                       |                                    |
|----------------------------------------------------|------------------------------------|------------------------------------|
|                                                    | <b>30 June<br/>2019<br/>\$'000</b> | <b>30 June<br/>2018<br/>\$'000</b> |
| Beginning of financial year                        | <b>18,803</b>                      | 16,447                             |
| Profit for the financial year                      | <b>4,239</b>                       | 2,279                              |
| Other comprehensive loss                           | <b>(791)</b>                       | (23)                               |
| Capital contribution by a non-controlling interest | -                                  | 300                                |
| Dividends paid to non-controlling interests        | <b>(1,421)</b>                     | (200)                              |
| Derecognised non-controlling interest (Note 21)    | <b>(1,357)</b>                     | -                                  |
| End of financial year                              | <b>19,473</b>                      | 18,803                             |

During the financial year ended 30 June 2018, the Company along with the non-controlling shareholder of a subsidiary proportionately increased their paid-up share capital by \$1,200,000 and \$300,000 respectively in accordance with their shareholding of the subsidiary via capital injection.

## 30. RETAINED PROFITS

(a) **Group**

Retained profits of the Group are distributable except for the retained profits of associated companies and joint venture amounting to \$21,482,000 (2018: \$7,849,000). Retained profits of the Company are distributable.

(b) **Company**

Movements in retained profits of the Company are as follows:

|                               | <b>Company</b>                     |                                    |
|-------------------------------|------------------------------------|------------------------------------|
|                               | <b>30 June<br/>2019<br/>\$'000</b> | <b>30 June<br/>2018<br/>\$'000</b> |
| Beginning of financial year   | <b>26,456</b>                      | 10,837                             |
| Profit for the financial year | <b>9,250</b>                       | 21,346                             |
| Dividends paid (Note 31)      | <b>(6,878)</b>                     | (5,727)                            |
| End of financial year         | <b>28,828</b>                      | 26,456                             |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 31. DIVIDENDS

|                                                                                                                                                   | <b>Group and Company</b> |                |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------|
|                                                                                                                                                   | <b>30 June</b>           | <b>30 June</b> |
|                                                                                                                                                   | <b>2019</b>              | <b>2018</b>    |
|                                                                                                                                                   | <b>\$'000</b>            | <b>\$'000</b>  |
| Interim dividend of 0.3 cents (2018: 0.3 cents) per ordinary share, paid in respect of the financial year ended 30 June 2019 (2018: 30 June 2018) | <b>1,141</b>             | 1,145          |
| Final dividend of 1.5 cents (2018: 1.2 cents) per ordinary share, paid in respect of the financial year ended 30 June 2018 (2018: 30 June 2017)   | <b>5,737</b>             | 4,582          |
| Total dividends paid                                                                                                                              | <b>6,878</b>             | 5,727          |

The directors have proposed a final dividend for 2019 of 1.5 cents per share, amounting to approximately \$5,707,000. These financial statements do not reflect these proposed dividends, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2020.

## 32. CONTINGENCIES

### Guarantees (unsecured)

|                                                                                                                 | <b>Group</b>   |                | <b>Company</b> |                |
|-----------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                                                                 | <b>30 June</b> | <b>30 June</b> | <b>30 June</b> | <b>30 June</b> |
|                                                                                                                 | <b>2019</b>    | <b>2018</b>    | <b>2019</b>    | <b>2018</b>    |
|                                                                                                                 | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>  |
| Financial guarantees given to banks and finance companies in connection with facilities given to subsidiaries   | -              | -              | <b>207,416</b> | 128,881        |
| Financial guarantees given to banks and finance companies in connection with facilities given to joint ventures | <b>115,487</b> | 98,604         | <b>115,487</b> | 98,604         |

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

## 33. COMMITMENTS

|                                                                                                                                                                  | Group         |              | Company  |          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|----------|----------|
|                                                                                                                                                                  | 30 June       | 30 June      | 30 June  | 30 June  |
|                                                                                                                                                                  | 2019          | 2018         | 2019     | 2018     |
|                                                                                                                                                                  | \$'000        | \$'000       | \$'000   | \$'000   |
| (a) Commitments not provided for in the financial statements excluding those held by associated companies (Note 20) and joint ventures (Note 19) are as follows: |               |              |          |          |
| Development expenditure contracted for                                                                                                                           |               |              |          |          |
| development properties                                                                                                                                           | 13,277        | 4,033        | -        | -        |
| Investment commitments                                                                                                                                           | 10,477        | 5,388        | -        | -        |
| Purchase of property, plant and equipment                                                                                                                        | -             | 3            | -        | -        |
|                                                                                                                                                                  | <b>23,754</b> | <b>9,424</b> | <b>-</b> | <b>-</b> |

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

The Group leases office premises and dormitories from non-related parties and the Company leases office premises from a subsidiary under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

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

|                       | Group        |            | Company      |            |
|-----------------------|--------------|------------|--------------|------------|
|                       | 30 June      | 30 June    | 30 June      | 30 June    |
|                       | 2019         | 2018       | 2019         | 2018       |
|                       | \$'000       | \$'000     | \$'000       | \$'000     |
| Not later than 1 year | 971          | 64         | 503          | 330        |
| Between 1 and 5 years | 1,102        | 62         | 833          | -          |
|                       | <b>2,073</b> | <b>126</b> | <b>1,336</b> | <b>330</b> |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 33. COMMITMENTS (CONTINUED)

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

The Group leases out retail space and office premises to non-related parties under non-cancellable operating leases. The leases have varying terms and renewal rights.

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

|                       | Group                     |                           |
|-----------------------|---------------------------|---------------------------|
|                       | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| Not later than 1 year | 3,917                     | 4,613                     |
| Between 1 and 5 years | 11,464                    | 12,798                    |
| Later than 5 years    | 3,422                     | 6,256                     |
|                       | <b>18,803</b>             | <b>23,667</b>             |

## 34. FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

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

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

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

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) **Market risk**(i) *Currency risk*

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

|                                                                                                              | <b>Group</b>  |                 |               | <b>Company</b> |               |
|--------------------------------------------------------------------------------------------------------------|---------------|-----------------|---------------|----------------|---------------|
|                                                                                                              | <b>RM</b>     | <b>GBP</b>      | <b>USD</b>    | <b>RM</b>      | <b>GBP</b>    |
|                                                                                                              | <b>\$'000</b> | <b>\$'000</b>   | <b>\$'000</b> | <b>\$'000</b>  | <b>\$'000</b> |
| <b>At 30 June 2019</b>                                                                                       |               |                 |               |                |               |
| <b>Financial assets</b>                                                                                      |               |                 |               |                |               |
| Cash and cash equivalents                                                                                    | 20,027        | 29,473          | -             | 34             | 844           |
| Financial assets, at FVPL                                                                                    | -             | -               | 4,734         | -              | -             |
| Financial assets, at FVOCI                                                                                   | -             | -               | 2,674         | -              | -             |
| Trade and other receivables                                                                                  | 8,553         | 1,006           | 683           | -              | -             |
| Intercompany receivables                                                                                     | 229           | 71,297          | -             | -              | -             |
| Other financial assets                                                                                       | 436           | 9,588           | -             | -              | -             |
|                                                                                                              | 29,245        | 111,364         | 8,091         | 34             | 844           |
| <b>Financial liabilities</b>                                                                                 |               |                 |               |                |               |
| Borrowings                                                                                                   | (16,530)      | (51,858)        | -             | -              | -             |
| Trade and other payables                                                                                     | (4,735)       | (14,465)        | -             | -              | -             |
| Intercompany payables                                                                                        | (229)         | (71,271)        | -             | -              | -             |
|                                                                                                              | (21,494)      | (137,594)       | -             | -              | -             |
| <b>Net financial assets/(liabilities)</b>                                                                    | <b>7,751</b>  | <b>(26,230)</b> | <b>8,091</b>  | <b>34</b>      | <b>844</b>    |
| Less: Net financial (assets)/liabilities<br>denominated in the respective<br>entities' functional currencies | (7,711)       | 27,463          | -             | -              | -             |
| <b>Currency exposure</b>                                                                                     | <b>40</b>     | <b>1,233</b>    | <b>8,091</b>  | <b>34</b>      | <b>844</b>    |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

|                                                                                                              | RM<br>\$'000  | Group<br>GBP<br>\$'000 | USD<br>\$'000 | Company<br>RM<br>\$'000 | Company<br>GBP<br>\$'000 |
|--------------------------------------------------------------------------------------------------------------|---------------|------------------------|---------------|-------------------------|--------------------------|
| <b>At 30 June 2018</b>                                                                                       |               |                        |               |                         |                          |
| <b>Financial assets</b>                                                                                      |               |                        |               |                         |                          |
| Cash and cash equivalents                                                                                    | 19,697        | 9,563                  | -             | 38                      | 588                      |
| Available-for-sale financial assets                                                                          | -             | -                      | 2,699         | -                       | -                        |
| Trade and other receivables                                                                                  | 9,181         | 1,100                  | -             | -                       | 103                      |
| Intercompany receivables                                                                                     | 237           | 73,451                 | -             | -                       | -                        |
| Other financial assets                                                                                       | 441           | 4                      | -             | -                       | -                        |
|                                                                                                              | 29,556        | 84,118                 | 2,699         | 38                      | 691                      |
| <b>Financial liabilities</b>                                                                                 |               |                        |               |                         |                          |
| Borrowings                                                                                                   | (28)          | (55,103)               | -             | -                       | -                        |
| Trade and other payables                                                                                     | (221)         | (16,508)               | -             | -                       | (21)                     |
| Intercompany payables                                                                                        | (238)         | (73,349)               | -             | -                       | -                        |
|                                                                                                              | (487)         | (144,960)              | -             | -                       | (21)                     |
| <b>Net financial assets/(liabilities)</b>                                                                    | <b>29,069</b> | <b>(60,842)</b>        | <b>2,699</b>  | <b>38</b>               | <b>670</b>               |
| Less: Net financial (assets)/liabilities<br>denominated in the respective<br>entities' functional currencies | (29,026)      | 61,531                 | -             | -                       | -                        |
| <b>Currency exposure</b>                                                                                     | <b>43</b>     | <b>689</b>             | <b>2,699</b>  | <b>38</b>               | <b>670</b>               |

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) **Market risk** (continued)(i) *Currency risk* (continued)

|                                                                                                              | RM<br>\$'000  | Group<br>GBP<br>\$'000 | USD<br>\$'000 | Company<br>RM<br>\$'000 | GBP<br>\$'000 |
|--------------------------------------------------------------------------------------------------------------|---------------|------------------------|---------------|-------------------------|---------------|
| <b>At 1 July 2017</b>                                                                                        |               |                        |               |                         |               |
| <b>Financial assets</b>                                                                                      |               |                        |               |                         |               |
| Cash and cash equivalents                                                                                    | 16,911        | 10,048                 | -             | 37                      | 2,777         |
| Available-for-sale financial assets                                                                          | -             | -                      | 2,958         | -                       | -             |
| Trade and other receivables                                                                                  | 4,597         | 2,909                  | -             | -                       | -             |
| Intercompany receivables                                                                                     | 225           | 67,789                 | -             | -                       | -             |
| Other financial assets                                                                                       | 428           | -                      | -             | -                       | -             |
|                                                                                                              | 22,161        | 80,746                 | 2,958         | 37                      | 2,777         |
| <b>Financial liabilities</b>                                                                                 |               |                        |               |                         |               |
| Borrowings                                                                                                   | (40)          | (56,020)               | -             | -                       | -             |
| Trade and other payables                                                                                     | (5,436)       | (17,737)               | -             | -                       | (2,228)       |
| Intercompany payables                                                                                        | (493)         | (67,521)               | -             | -                       | -             |
|                                                                                                              | (5,969)       | (141,278)              | -             | -                       | (2,228)       |
| <b>Net financial assets/(liabilities)</b>                                                                    | <b>16,192</b> | <b>(60,532)</b>        | <b>2,958</b>  | <b>37</b>               | <b>549</b>    |
| Less: Net financial (assets)/liabilities<br>denominated in the respective<br>entities' functional currencies | (16,419)      | 61,363                 | -             | -                       | -             |
| <b>Currency exposure</b>                                                                                     | <b>(227)</b>  | <b>831</b>             | <b>2,958</b>  | <b>37</b>               | <b>549</b>    |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

##### *Sensitivity analysis for currency risk*

If the RM changes against the SGD by 4% (2018: 4%, 2017: 4%) and the GBP and USD changes against the SGD by 5% (2018: 5%, 2017: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

|                 | <div style="display: flex; align-items: center; justify-content: center;"> <span style="margin-right: 10px;">←</span> <b>Increase/(Decrease)</b> <span style="margin-left: 10px;">→</span> </div> |                     |                    |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|
|                 | <b>Profit after tax</b>                                                                                                                                                                           |                     |                    |
|                 | <b>30 June 2019</b>                                                                                                                                                                               | <b>30 June 2018</b> | <b>1 July 2017</b> |
|                 | <b>\$'000</b>                                                                                                                                                                                     | <b>\$'000</b>       | <b>\$'000</b>      |
| <b>Group</b>    |                                                                                                                                                                                                   |                     |                    |
| RM against SGD  |                                                                                                                                                                                                   |                     |                    |
| - strengthened  | -                                                                                                                                                                                                 | (1)                 | 322                |
| - weakened      | -                                                                                                                                                                                                 | 1                   | (322)              |
| GBP against SGD |                                                                                                                                                                                                   |                     |                    |
| - strengthened  | <b>16</b>                                                                                                                                                                                         | 29                  | 34                 |
| - weakened      | <b>(16)</b>                                                                                                                                                                                       | (29)                | (34)               |
| USD against SGD |                                                                                                                                                                                                   |                     |                    |
| - strengthened  | <b>336</b>                                                                                                                                                                                        | 112                 | 123                |
| - weakened      | <b>(336)</b>                                                                                                                                                                                      | (112)               | (123)              |
| <b>Company</b>  |                                                                                                                                                                                                   |                     |                    |
| RM against SGD  |                                                                                                                                                                                                   |                     |                    |
| - strengthened  | <b>1</b>                                                                                                                                                                                          | 1                   | 1                  |
| - weakened      | <b>(1)</b>                                                                                                                                                                                        | (1)                 | (1)                |
| GBP against SGD |                                                                                                                                                                                                   |                     |                    |
| - strengthened  | <b>35</b>                                                                                                                                                                                         | 28                  | 23                 |
| - weakened      | <b>(35)</b>                                                                                                                                                                                       | (28)                | (23)               |

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) **Market risk** (continued)(ii) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

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

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

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD and GBP. If the SGD interest rate increases/decreases by 0.5% (2018: 0.5%) and the GBP interest rates increases/decreases by 0.5% (2018: 0.5%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company will be lower/higher by \$618,000 (2018: \$351,000) and \$5,400 (2018: \$22,000) respectively as a result of higher/lower interest expense on these borrowings.

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

|                        | ← Variable rates →    |                   |                 | ← Fixed rates →       |                   |                 |                 | Total          |
|------------------------|-----------------------|-------------------|-----------------|-----------------------|-------------------|-----------------|-----------------|----------------|
|                        | Less than<br>6 months | 6 to 12<br>months | 1 to 5<br>years | Less than<br>6 months | 6 to 12<br>months | 1 to 5<br>years | Over 5<br>years |                |
|                        | \$'000                | \$'000            | \$'000          | \$'000                | \$'000            | \$'000          | \$'000          | \$'000         |
| <b>Group</b>           |                       |                   |                 |                       |                   |                 |                 |                |
| <b>At 30 June 2019</b> | <b>164,400</b>        | <b>164</b>        | <b>-</b>        | <b>8,043</b>          | <b>44</b>         | <b>40,080</b>   | <b>-</b>        | <b>212,731</b> |
| At 30 June 2018        | 149,081               | -                 | -               | 26                    | 49,943            | 189             | -               | 199,239        |
| <b>Company</b>         |                       |                   |                 |                       |                   |                 |                 |                |
| <b>At 30 June 2019</b> | <b>-</b>              | <b>-</b>          | <b>-</b>        | <b>8,015</b>          | <b>15</b>         | <b>39,948</b>   | <b>-</b>        | <b>47,978</b>  |
| At 30 June 2018        | -                     | -                 | -               | -                     | 49,916            | -               | -               | 49,916         |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk

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

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

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

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

The trade receivables of the Group comprise four debtors (2018: three debtors) that individually represented 7% to 36% (2018: 12% to 37%) of trade receivables.

The construction contracts due from customers of the Group comprise five debtors (2018: five debtors) that individually represented 11% to 40% (2018: 11% to 41%) of construction contract due from customers.

The retention sums receivable of the Group comprise three debtors (2018: three debtors) that individually represented 12% to 57% (2018: 11% to 62%) of retention sums receivable.

The movements in credit loss allowance are as follows:

|                                                                 | Trade receivables <sup>(a)</sup><br>\$'000 | Contract assets <sup>(a)</sup><br>\$'000 | Total<br>\$'000 |
|-----------------------------------------------------------------|--------------------------------------------|------------------------------------------|-----------------|
| <b>Group</b>                                                    |                                            |                                          |                 |
| <b>Balance at 1 July 2018</b>                                   | 9                                          | -                                        | 9               |
| Loss allowance recognised in profit or loss during the year on: |                                            |                                          |                 |
| - Assets acquired/originated                                    | 141                                        | -                                        | 141             |
| <b>Balance at 30 June 2019</b>                                  | <b>150</b>                                 | <b>-</b>                                 | <b>150</b>      |

<sup>(a)</sup> Loss allowance measured at lifetime ECL

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) **Credit risk** (continued)

#### (i) *Trade receivables and contract assets*

The Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss, the Group considers historical loss rates for each category of receivables and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Management has considered, among other factors (including forward-looking information), the Group's historical loss pattern over the last three financial years. Based on the above, management concluded that the expected credit loss rate for trade receivables and unbilled revenue is close to zero. The loss allowance provision for trade receivables and unbilled revenue was assessed as not material.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables and contract assets due. Where recoveries are made, these are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

#### (i) Trade receivables and contract assets (continued)

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 30 June 2019 and 1 July 2018 are set out in the provision matrix as follows:

|                                                            |         | ←           | Past due | →           |        |
|------------------------------------------------------------|---------|-------------|----------|-------------|--------|
|                                                            | Current | Less than 3 | 3 to 6   | More than 6 | Total  |
|                                                            | \$'000  | months      | months   | months      | \$'000 |
|                                                            |         | \$'000      | \$'000   | \$'000      | \$'000 |
| <b>Group</b>                                               |         |             |          |             |        |
| <b>As at 30 June 2019</b>                                  |         |             |          |             |        |
| <b>Construction contracts for civil and building works</b> |         |             |          |             |        |
| Contract assets                                            | 42,006  | -           | -        | -           | 42,006 |
| Trade receivables                                          | 12,468  | 10,068      | 20       | 11          | 22,567 |
| Less: Specific allowance                                   | (139)   | -           | -        | -           | (139)  |
|                                                            | 54,335  | 10,068      | 20       | 11          | 64,434 |
| Expected loss rates                                        | 0%      | 0%          | 0%       | 0%          | 0%     |
| Loss allowance                                             | -       | -           | -        | -           | -      |
| <b>Property and development</b>                            |         |             |          |             |        |
| Contract assets                                            | 4,270   | -           | -        | -           | 4,270  |
| Trade receivables                                          | 3,263   | 191         | -        | 85          | 3,539  |
| Less: Specific allowance                                   | (11)    | -           | -        | -           | (11)   |
|                                                            | 7,522   | 191         | -        | 85          | 7,798  |
| Expected loss rates                                        | 0%      | 0%          | 0%       | 0%          | 0%     |
| Loss allowance                                             | -       | -           | -        | -           | -      |

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) **Credit risk** (continued)(i) *Trade receivables and contract assets* (continued)

|                                                            |         | <div> <div>←</div> <div>Past due</div> <div>→</div> </div> |        |             |        |
|------------------------------------------------------------|---------|------------------------------------------------------------|--------|-------------|--------|
|                                                            | Current | Less than 3                                                | 3 to 6 | More than 6 | Total  |
|                                                            | \$'000  | months                                                     | months | months      | \$'000 |
|                                                            | \$'000  | \$'000                                                     | \$'000 | \$'000      | \$'000 |
| <b>Group</b>                                               |         |                                                            |        |             |        |
| <b>As at 1 July 2018</b>                                   |         |                                                            |        |             |        |
| <b>Construction contracts for civil and building works</b> |         |                                                            |        |             |        |
| Contract assets                                            | 13,405  | -                                                          | -      | -           | 13,405 |
| Trade receivables                                          | 18,588  | 63                                                         | 6      | -           | 18,657 |
| Less: Specific allowance                                   | -       | -                                                          | -      | -           | -      |
|                                                            | 31,993  | 63                                                         | 6      | -           | 32,062 |
| Expected loss rates                                        | 0%      | 0%                                                         | 0%     | 0%          | 0%     |
| Loss allowance                                             | -       | -                                                          | -      | -           | -      |
| <b>Property and development</b>                            |         |                                                            |        |             |        |
| Contract assets                                            | 3,107   | -                                                          | -      | -           | 3,107  |
| Trade receivables                                          | 3,154   | -                                                          | -      | -           | 3,154  |
| Less: Specific allowance                                   | (9)     | -                                                          | -      | -           | (9)    |
|                                                            | 6,252   | -                                                          | -      | -           | 6,252  |
| Expected loss rates                                        | 0%      | 0%                                                         | 0%     | 0%          | 0%     |
| Loss allowance                                             | -       | -                                                          | -      | -           | -      |

(ii) *Financial guarantee contracts*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

*Previous accounting policy for impairment of trade receivables*

In the financial year of 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

*Previous accounting policy for impairment of trade receivables (continued)*

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

- Significant financial difficulties of the debtor;
- Breach of contract, such as default or past due event.
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS 39 as at 30 June 2018 and 1 July 2017 are set out in the provision matrix as follows:

|                                 |         | ←           | Past due | →           |        |
|---------------------------------|---------|-------------|----------|-------------|--------|
|                                 | Current | Less than 3 | 3 to 6   | More than 6 | Total  |
|                                 | \$'000  | months      | months   | months      | \$'000 |
|                                 | \$'000  | \$'000      | \$'000   | \$'000      | \$'000 |
| <b>As at 30 June 2018</b>       |         |             |          |             |        |
| <b>Trade receivables</b>        |         |             |          |             |        |
| Gross carrying amount:          |         |             |          |             |        |
| - Not past due                  | 38,254  | -           | -        | -           | 38,254 |
| - Past due but not impaired     | -       | 63          | 6        | -           | 69     |
| - Past due and impaired         | -       | -           | -        | -           | -      |
|                                 | 38,254  | 63          | 6        | -           | 38,323 |
| Less: Allowances for impairment |         |             |          |             | (9)    |
| Net carrying amount             |         |             |          |             | 38,314 |
|                                 |         | ←           | Past due | →           |        |
|                                 | Current | Less than 3 | 3 to 6   | More than 6 | Total  |
|                                 | \$'000  | months      | months   | months      | \$'000 |
|                                 | \$'000  | \$'000      | \$'000   | \$'000      | \$'000 |
| <b>As at 1 July 2017</b>        |         |             |          |             |        |
| <b>Trade receivables</b>        |         |             |          |             |        |
| Gross carrying amount:          |         |             |          |             |        |
| - Not past due                  | 59,046  | -           | -        | -           | 59,046 |
| - Past due but not impaired     | -       | 908         | -        | -           | 908    |
| - Past due and impaired         | -       | -           | -        | -           | -      |
|                                 | 59,046  | 908         | -        | -           | 59,954 |
| Less: Allowances for impairment |         |             |          |             | -      |
| Net carrying amount             |         |             |          |             | 59,954 |

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) **Credit risk** (continued)

*Previous accounting policy for impairment of trade receivables (continued)*

*Financial assets that are neither past due nor impaired*

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and retention sum receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Other than the above, there are no credit loss allowance for other financial assets at amortised costs as at 30 June 2018 and 1 July 2017.

(c) **Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities to meet obligations when due and the ability to close out market positions at short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

|                               | Less than<br>1 year<br>\$'000 | Between 1<br>and 5 years<br>\$'000 | Over<br>5 years<br>\$'000 | Total<br>\$'000 |
|-------------------------------|-------------------------------|------------------------------------|---------------------------|-----------------|
| <b>Group</b>                  |                               |                                    |                           |                 |
| <b>At 30 June 2019</b>        |                               |                                    |                           |                 |
| Trade and other payables      | 143,425                       | 14,787                             | 11,104                    | 169,316         |
| Borrowings                    | 17,345                        | 220,312                            | -                         | 237,657         |
| Financial guarantee contracts | 115,487                       | -                                  | -                         | 115,487         |
| <b>At 30 June 2018</b>        |                               |                                    |                           |                 |
| Trade and other payables      | 92,837                        | 12,280                             | 11,589                    | 116,706         |
| Borrowings                    | 57,186                        | 158,279                            | -                         | 215,465         |
| Financial guarantee contracts | 98,604                        | -                                  | -                         | 98,604          |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (continued)

|                               | Less than<br>1 year<br>\$'000 | Between 1<br>and 5 years<br>\$'000 | Over<br>5 years<br>\$'000 | Total<br>\$'000 |
|-------------------------------|-------------------------------|------------------------------------|---------------------------|-----------------|
| <b>Company</b>                |                               |                                    |                           |                 |
| <b>At 30 June 2019</b>        |                               |                                    |                           |                 |
| Trade and other payables      | 127,967                       | -                                  | -                         | 127,967         |
| Borrowings                    | 10,414                        | 42,992                             | -                         | 53,406          |
| Financial guarantee contracts | 322,903                       | -                                  | -                         | 322,903         |
| <b>At 30 June 2018</b>        |                               |                                    |                           |                 |
| Trade and other payables      | 116,134                       | -                                  | -                         | 116,134         |
| Borrowings                    | 52,042                        | -                                  | -                         | 52,042          |
| Financial guarantee contracts | 227,485                       | -                                  | -                         | 227,485         |

### (d) Capital risk

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

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks and financial institutions to maintain a gearing ratio of not exceeding 150% (2018: 150%). The Group's and the Company's strategies, which were unchanged from 2018, are to maintain gearing ratios within the limits required.

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

|                      | <b>Group</b>              |                           |                          | <b>Company</b>            |                           |                          |
|----------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
|                      | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 1 July<br>2017<br>\$'000 |
| Net debt             | 78,985                    | 105,595                   | (1,549)                  | 41,271                    | 42,889                    | 11,147                   |
| Total equity         | 276,624                   | 256,648                   | 231,922                  | 116,962                   | 115,199                   | 99,367                   |
| <b>Gearing ratio</b> | <b>29%</b>                | 41%                       | -1%                      | <b>35%</b>                | 37%                       | 11%                      |

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2018 and 2019.

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Fair value measurements

The following table presents financial assets, at FVOCI and financial assets, at FVPL measured at fair value and classified by level of the following fair value measurement hierarchy.

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

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

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

|                                     | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|-------------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>30 June 2019</b>                 |                   |                   |                   |                 |
| Financial assets, at FVOCI          | -                 | -                 | 16,436            | 16,436          |
| Financial assets, at FVPL           | -                 | -                 | 4,734             | 4,734           |
| <b>30 June 2018</b>                 |                   |                   |                   |                 |
| Available-for-sale financial assets | -                 | -                 | 7,383             | 7,383           |
| <b>1 July 2017</b>                  |                   |                   |                   |                 |
| Available-for-sale financial assets | -                 | -                 | 7,642             | 7,642           |

The following table presents the changes in Level 3 instruments:

|                                                                         | Unlisted equity<br>investments<br>\$'000 | Unlisted debt<br>investments<br>\$'000 |
|-------------------------------------------------------------------------|------------------------------------------|----------------------------------------|
| <b>At 30 June 2019</b>                                                  |                                          |                                        |
| Beginning of financial year                                             | 7,383                                    | -                                      |
| Fair value gains recognised in other comprehensive income [Note 16(b)]  | 9,053                                    | -                                      |
| Additions                                                               | -                                        | 4,734                                  |
| <b>End of financial year</b>                                            | <b>16,436</b>                            | <b>4,734</b>                           |
| <b>At 30 June 2018</b>                                                  |                                          |                                        |
| Beginning of financial year                                             | 7,642                                    | -                                      |
| Fair value losses recognised in other comprehensive income [Note 16(b)] | (262)                                    | -                                      |
| Additions                                                               | 3                                        | -                                      |
| <b>End of financial year</b>                                            | <b>7,383</b>                             | <b>-</b>                               |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (e) Fair value measurements (continued)

Valuation techniques and inputs used in Level 3 fair value measurements:

| Description                       | Fair value at<br>30 June 2019<br>\$'000 | Valuation<br>technique      | Unobservable<br>input       | Range of<br>unobservable<br>input |
|-----------------------------------|-----------------------------------------|-----------------------------|-----------------------------|-----------------------------------|
| <b>Financial assets, at FVOCI</b> |                                         |                             |                             |                                   |
| Unlisted equity investments       | <b>16,436</b>                           | Adjusted net asset<br>value | Net asset value             | Not Applicable                    |
| <b>Financial assets, at FVPL</b>  |                                         |                             |                             |                                   |
| Unlisted debt investments         | <b>4,734</b>                            | Latest transaction<br>price | Latest transaction<br>price | Not Applicable                    |

### (f) Financial instruments by category

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

|                                          | Group<br>\$'000 | Company<br>\$'000 |
|------------------------------------------|-----------------|-------------------|
| <b>30 June 2019</b>                      |                 |                   |
| Financial assets, at amortised cost      | <b>282,395</b>  | <b>219,135</b>    |
| Financial liabilities, at amortised cost | <b>342,033</b>  | <b>175,945</b>    |
| <b>30 June 2018</b>                      |                 |                   |
| Loans and receivables                    | 248,814         | 208,034           |
| Financial liabilities, at amortised cost | 315,945         | 166,050           |
| <b>1 July 2017</b>                       |                 |                   |
| Loans and receivables                    | 292,240         | 207,446           |
| Financial liabilities, at amortised cost | 291,716         | 177,531           |

### 35. RELATED PARTY TRANSACTIONS

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

(a) **Sales and purchases of goods and services**

|                                                | <b>Group</b>   |                |
|------------------------------------------------|----------------|----------------|
|                                                | <b>30 June</b> | <b>30 June</b> |
|                                                | <b>2019</b>    | <b>2018</b>    |
|                                                | <b>\$'000</b>  | <b>\$'000</b>  |
| <b>Joint ventures and associated companies</b> |                |                |
| Revenue from construction contracts            | <b>28,486</b>  | 6,307          |
| Management services fees                       | <b>310</b>     | 275            |
| Project management fees                        | <b>396</b>     | 396            |

Outstanding balances at 30 June 2019, arising from sale/purchase of goods and services, are set out in Notes 12 and 24.

(b) **Key management remuneration**

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

|                                                 | <b>Group</b>   |                |
|-------------------------------------------------|----------------|----------------|
|                                                 | <b>30 June</b> | <b>30 June</b> |
|                                                 | <b>2019</b>    | <b>2018</b>    |
|                                                 | <b>\$'000</b>  | <b>\$'000</b>  |
| Salaries and other short-term employee benefits | <b>9,077</b>   | 8,954          |
| Post-employment benefits – contribution to CPF  | <b>119</b>     | 111            |
|                                                 | <b>9,196</b>   | 9,065          |

Included in above is total remuneration to directors of the Company amounting to \$5,379,000 (2018: \$5,419,000).

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 36. SEGMENT INFORMATION

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

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

The segment information provided to the Exco for the reportable segments for the financial years ended 30 June 2019 and 30 June 2018 are as follows:

|                                                                      | Construction<br>\$'000 | Property<br>development<br>and<br>investment<br>\$'000 | Investment<br>holding<br>and others<br>\$'000 | Total<br>\$'000 |
|----------------------------------------------------------------------|------------------------|--------------------------------------------------------|-----------------------------------------------|-----------------|
| <b>Financial year ended 30 June 2019</b>                             |                        |                                                        |                                               |                 |
| Revenue from external customers                                      | 222,829                | 17,078                                                 | 344                                           | 240,251         |
| Inter-segment revenue                                                | 28,690                 | 1,275                                                  | 28,512                                        | 58,477          |
|                                                                      | 251,519                | 18,353                                                 | 28,856                                        | 298,728         |
| Elimination                                                          |                        |                                                        |                                               | (58,477)        |
| Revenue                                                              |                        |                                                        |                                               | 240,251         |
| <b>Segment results</b>                                               | 14,991                 | 31,125                                                 | 17,107                                        | 63,223          |
| Elimination                                                          |                        |                                                        |                                               | (26,297)        |
|                                                                      |                        |                                                        |                                               | 36,926          |
| Finance expense                                                      |                        |                                                        |                                               | (8,249)         |
| Profit before income tax                                             |                        |                                                        |                                               | 28,677          |
| Income tax expense                                                   |                        |                                                        |                                               | (1,151)         |
| <b>Net profit</b>                                                    |                        |                                                        |                                               | 27,526          |
| <b>Segment results include:</b>                                      |                        |                                                        |                                               |                 |
| Interest income                                                      | 670                    | 129                                                    | 53                                            | 852             |
| Depreciation of property, plant and equipment                        | (2,170)                | (619)                                                  | (275)                                         | (3,064)         |
| Write-back of/(impairment loss) on club membership                   | 4                      | (79)                                                   | -                                             | (75)            |
| Share of (losses)/profits of associated companies and joint ventures | (11)                   | 16,400                                                 | (5)                                           | 16,384          |

## 36. SEGMENT INFORMATION (CONTINUED)

|                                                                         | Construction<br>\$'000 | Property<br>development<br>and<br>investment<br>\$'000 | Investment<br>holding<br>and others<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------------------------------------|------------------------|--------------------------------------------------------|-----------------------------------------------|-----------------|
| <b>Financial year ended 30 June 2018</b>                                |                        |                                                        |                                               |                 |
| Revenue from external customers                                         | 243,328                | 18,628                                                 | 371                                           | 262,327         |
| Inter-segment revenue                                                   | 6,307                  | 1,257                                                  | 26,451                                        | 34,015          |
|                                                                         | 249,635                | 19,885                                                 | 26,822                                        | 296,342         |
| Elimination                                                             |                        |                                                        |                                               | (34,015)        |
| Revenue                                                                 |                        |                                                        |                                               | 262,327         |
| <b>Segment results</b>                                                  | 28,844                 | 15,525                                                 | 17,573                                        | 61,942          |
| Elimination                                                             |                        |                                                        |                                               | (23,133)        |
|                                                                         |                        |                                                        |                                               | 38,809          |
| Finance expense                                                         |                        |                                                        |                                               | (6,401)         |
| Profit before income tax                                                |                        |                                                        |                                               | 32,408          |
| Income tax expense                                                      |                        |                                                        |                                               | (5,490)         |
| <b>Net profit</b>                                                       |                        |                                                        |                                               | 26,918          |
| <b>Segment results include:</b>                                         |                        |                                                        |                                               |                 |
| Interest income                                                         | 387                    | 272                                                    | 99                                            | 758             |
| Depreciation of property, plant<br>and equipment                        | (2,528)                | (1,015)                                                | (253)                                         | (3,796)         |
| Write-back of impairment loss on club<br>membership                     | -                      | -                                                      | (12)                                          | (12)            |
| Share of (losses)/profits of associated<br>companies and joint ventures | (10)                   | 7,577                                                  | (4)                                           | 7,563           |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 36. SEGMENT INFORMATION (CONTINUED)

|                                                                          | Construction<br>\$'000 | Property<br>development<br>and<br>investment<br>\$'000 | Investment<br>holding<br>and others<br>\$'000 | Elimination<br>\$'000 | Total<br>\$'000  |
|--------------------------------------------------------------------------|------------------------|--------------------------------------------------------|-----------------------------------------------|-----------------------|------------------|
| <b>As at 30 June 2019</b>                                                |                        |                                                        |                                               |                       |                  |
| Segment assets                                                           | 192,152                | 453,910                                                | 30,708                                        | (2,483)               | 674,287          |
| Tax recoverable                                                          |                        |                                                        |                                               |                       | 1,191            |
| Deferred income tax assets                                               |                        |                                                        |                                               |                       | 4,189            |
| Consolidated total assets                                                |                        |                                                        |                                               |                       | <u>679,667</u>   |
| <b>Segment assets include:</b>                                           |                        |                                                        |                                               |                       |                  |
| Investment in associates and<br>joint ventures                           | 266                    | 33,499                                                 | -                                             | -                     | 33,765           |
| Capital expenditure on property,<br>plant and equipment                  | 3,287                  | 7                                                      | 373                                           | -                     | 3,667            |
| Segment liabilities                                                      | (162,035)              | (21,371)                                               | (3,900)                                       | 296                   | (187,010)        |
| Borrowings                                                               |                        |                                                        |                                               |                       | (212,731)        |
| Deferred income tax liabilities<br>and current income tax<br>liabilities |                        |                                                        |                                               |                       | (3,302)          |
| Consolidated total liabilities                                           |                        |                                                        |                                               |                       | <u>(403,043)</u> |
| <b>As at 30 June 2018</b>                                                |                        |                                                        |                                               |                       |                  |
| Segment assets                                                           | 142,828                | 440,073                                                | 16,495                                        | (2,455)               | 596,941          |
| Tax recoverable                                                          |                        |                                                        |                                               |                       | 1,214            |
| Deferred income tax assets                                               |                        |                                                        |                                               |                       | 1,224            |
| Consolidated total assets                                                |                        |                                                        |                                               |                       | <u>599,379</u>   |
| <b>Segment assets include:</b>                                           |                        |                                                        |                                               |                       |                  |
| Investment in associates and<br>joint ventures                           | 276                    | 10,095                                                 | 16                                            | -                     | 10,387           |
| Capital expenditure on property,<br>plant and equipment                  | 2,400                  | 59                                                     | 674                                           | -                     | 3,133            |
| Segment liabilities                                                      | (111,750)              | (23,675)                                               | (2,383)                                       | 292                   | (137,516)        |
| Borrowings                                                               |                        |                                                        |                                               |                       | (199,239)        |
| Deferred income tax liabilities<br>and current income tax<br>liabilities |                        |                                                        |                                               |                       | (5,976)          |
| Consolidated total liabilities                                           |                        |                                                        |                                               |                       | <u>(342,731)</u> |

### 36. SEGMENT INFORMATION (CONTINUED)

The Group is organised into three main business segments:

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

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

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

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

#### **Geographical information**

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 36. SEGMENT INFORMATION (CONTINUED)

### Geographical information (continued)

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

|                                                          | Total sales    |         | Non-current assets* |         |
|----------------------------------------------------------|----------------|---------|---------------------|---------|
|                                                          | 30 June        | 30 June | 30 June             | 30 June |
|                                                          | 2019           | 2018    | 2019                | 2018    |
|                                                          | \$'000         | \$'000  | \$'000              | \$'000  |
| Singapore                                                | <b>229,836</b> | 244,883 | <b>54,188</b>       | 53,977  |
| Malaysia                                                 | <b>7,156</b>   | 13,376  | <b>514</b>          | 119     |
| United Kingdom                                           | <b>3,259</b>   | 4,068   | <b>116,867</b>      | 153,229 |
|                                                          | <b>240,251</b> | 262,327 | <b>171,569</b>      | 207,325 |
| Investment in associated companies<br>and joint ventures |                |         | <b>33,764</b>       | 10,387  |
|                                                          |                |         | <b>205,333</b>      | 217,712 |

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

## 37. EVENT OCCURRING AFTER BALANCE SHEET DATE

- (a) Divestment of 5.1% effective interest in MAC Property Company B.V. and MAC Car Park Company B.V.

On 17 July 2019, the Group's wholly owned subsidiary, Sky Real Estate Investment Pte. Ltd. ("SREI"), has through its joint venture company, divested all of its 5.1% effective interest in MAC Property Company B.V. and MAC Car Park Company B.V. ("MAC Entities"), to a subsidiary of Capitaland Commercial Trust ("CCT") for a cash consideration of EUR8.1 million (approximately \$12.5 million).

Arising from the divestment, the Group's estimated gain upon completion of the transaction will be approximately EURO.7 million (approximately \$1.1 million) and SREI will have no further interest in the MAC Entities. The transaction is expected to complete at the later part of September 2019.

### 38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

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

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

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

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

As at 30 June 2019, the Group has non-cancellable operating lease commitments of \$2,073,000 [Note 33(b)]. Of these commitments, \$346,000 relate to short-term leases and \$5,000 to low-value leases which will both be recognised on a straight-line basis as an expense in profit or loss.

For the remaining lease commitments the Group expects to recognise right-of-use assets and lease liabilities of approximately \$1,598,000 on 1 July 2019. Net current assets will be \$535,000 lower due to the presentation of a portion of the liability as a current liability.

The Group expects that net profit after tax will decrease by approximately \$21,000 for 2020 as a result of adopting the new rules.

Operating cash flows will increase and financing cash flows decrease by approximately \$606,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

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

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

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

The Group does not expect additional tax liability to be recognised on the adoption of the interpretation on 1 July 2019.

## 39. COMPANIES IN THE GROUP

(a) The subsidiaries are as follows:

| Name                                                | Principal activities              | Place of incorporation and business | Effective equity interest held by Group |                |
|-----------------------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------------|----------------|
|                                                     |                                   |                                     | 30 June 2019 %                          | 30 June 2018 % |
| Held by the Company                                 |                                   |                                     |                                         |                |
| Unquoted equity shares                              |                                   |                                     |                                         |                |
| <sup>1</sup> Lum Chang Asia Pacific Pte Ltd         | Investment holding                | Singapore                           | 100                                     | 100            |
| <sup>1</sup> Lum Chang Corporation Pte Ltd          | Investment holding                | Singapore                           | 100                                     | 100            |
| <sup>1</sup> Lum Chang Properties Ltd               | Investment holding                | Singapore                           | 100                                     | 100            |
| <sup>1</sup> Lum Chang (Suzhou) Investments Pte Ltd | Investment holding                | Singapore                           | 100                                     | 51             |
| <sup>2</sup> Nexus Sdn Bhd                          | Dormant                           | Malaysia                            | 100                                     | 100            |
| <sup>8</sup> Urban Assignment Sdn Bhd               | In member’s voluntary liquidation | Malaysia                            | 100                                     | 100            |
| <sup>1</sup> Binjai Holdings Pte Ltd                | Investment holding                | Singapore                           | 100                                     | 100            |
| <sup>1</sup> Kemensah Holdings Pte Ltd              | Investment holding                | Singapore                           | 100                                     | 100            |
| Lum Chang Orion Pte Ltd                             | Liquidated in 2019                | Singapore                           | -                                       | 100            |
| <sup>3</sup> Twin Palms Development Sdn Bhd         | Property development              | Malaysia                            | 100                                     | 100            |
| <sup>1</sup> UK Property Investment Pte Ltd         | Investment holding                | Singapore                           | 70                                      | 70             |
| <sup>1</sup> Wembley Properties Pte Ltd             | Investment holding                | Singapore                           | 70                                      | 70             |
| <sup>1</sup> Tucana Investments Pte Ltd             | Investment holding                | Singapore                           | 100                                     | 100            |
| <sup>1</sup> Sky Real Estate Investment Pte Ltd     | Investment holding                | Singapore                           | 100                                     | 100            |
| <sup>1</sup> Solluna Investments Pte Ltd            | Investment holding                | Singapore                           | 100                                     | 100            |

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2019

## 39. COMPANIES IN THE GROUP (CONTINUED)

(a) The subsidiaries are as follows:

| Name                                                | Principal activities                          | Place of incorporation and business | Effective equity interest held by Group |                |
|-----------------------------------------------------|-----------------------------------------------|-------------------------------------|-----------------------------------------|----------------|
|                                                     |                                               |                                     | 30 June 2019 %                          | 30 June 2018 % |
| Held by subsidiaries                                |                                               |                                     |                                         |                |
| Unquoted equity shares                              |                                               |                                     |                                         |                |
| <sup>1</sup> Lum Chang Auriga Pte Ltd               | Property development                          | Singapore                           | 100                                     | 100            |
| <sup>1</sup> Lum Chang Property Investments Pte Ltd | Property investment                           | Singapore                           | 100                                     | 100            |
| <sup>1</sup> Lum Chang Building Contractors Pte Ltd | Building construction                         | Singapore                           | 100                                     | 100            |
| <sup>1</sup> Lum Chang Interior Pte Ltd             | Building construction                         | Singapore                           | 80                                      | 80             |
| <sup>2</sup> Lum Chang Sdn Bhd                      | Dormant                                       | Malaysia                            | 100                                     | 100            |
| <sup>8</sup> Uptown Viewpoint Sdn Bhd               | In member’s voluntary liquidation             | Malaysia                            | 100                                     | 100            |
| <sup>3</sup> Venus Capital Corporation Sdn Bhd      | Property development                          | Malaysia                            | 100                                     | 100            |
| <sup>3</sup> Fabulous Range Sdn Bhd                 | Property development                          | Malaysia                            | 100                                     | 100            |
| <sup>4</sup> PJBOX Sdn Bhd                          | Dormant                                       | Malaysia                            | 100                                     | -              |
| <sup>6</sup> 130 WS Holdings Limited                | Investment holding                            | Jersey, Channel Islands             | 70                                      | 70             |
| <sup>6</sup> 130 WS Investments Limited             | Investment holding                            | Jersey, Channel Islands             | 70                                      | 70             |
| <sup>6</sup> 130 Wood Street Unit Trust             | Property investment                           | Jersey, Channel Islands             | 70                                      | 70             |
| <sup>6</sup> Kelaty Holdings Limited                | Investment holding                            | Jersey, Channel Islands             | 70                                      | 70             |
| <sup>6</sup> Kelaty Propco Limited                  | Property investment                           | Jersey, Channel Islands             | 70                                      | 70             |
| <sup>6</sup> Kelaty Leaseco Limited                 | Property investment                           | Jersey, Channel Islands             | 70                                      | 70             |
| <sup>6</sup> Lum Chang Development Services Limited | Property management and technical consultancy | England and Wales                   | 100                                     | 100            |

## 39. COMPANIES IN THE GROUP (CONTINUED)

(b) The associated companies are as follows:

| Name                                 | Principal activities | Place of incorporation and business | Effective equity interest held by Group |                |
|--------------------------------------|----------------------|-------------------------------------|-----------------------------------------|----------------|
|                                      |                      |                                     | 30 June 2019 %                          | 30 June 2018 % |
| Held by subsidiaries                 |                      |                                     |                                         |                |
| Unquoted equity shares               |                      |                                     |                                         |                |
| <sup>9</sup> FCL Compassvale Pte Ltd | Property development | Singapore                           | 20                                      | 20             |
| <sup>9</sup> FCL Admiralty Pte Ltd   | Property development | Singapore                           | 30                                      | 30             |
| <sup>1</sup> Pavo Holdings Pte Ltd   | Investment holding   | Singapore                           | 40                                      | 40             |

(c) The joint ventures are as follows:

| Name                                                            | Principal activities | Place of incorporation and business | Effective equity interest held by Group |                |
|-----------------------------------------------------------------|----------------------|-------------------------------------|-----------------------------------------|----------------|
|                                                                 |                      |                                     | 30 June 2019 %                          | 30 June 2018 % |
| Held by subsidiaries                                            |                      |                                     |                                         |                |
| <sup>1</sup> Dorado Holdings Pte Ltd                            | Investment holding   | Singapore                           | 50                                      | 50             |
| <sup>10</sup> Lum Chang Tien Wah Property Sdn Bhd               | Property development | Malaysia                            | 50                                      | 50             |
| <sup>5,7</sup> Nishimatsu – Lum Chang JV                        | Dormant              | Singapore                           | 50                                      | 50             |
| <sup>9</sup> CLI CP (Netherlands) Pte Ltd                       | Investment holding   | Singapore                           | 50                                      | 50             |
| Subsidiaries held by joint venture Dorado Holdings Pte Ltd      |                      |                                     |                                         |                |
| <sup>1</sup> Columba Holdings Pte Ltd                           | Investment holding   | Singapore                           | 50                                      | 50             |
| <sup>1</sup> Corwin Holding Pte Ltd                             | Property investment  | Singapore                           | 50                                      | 50             |
| <sup>1</sup> Dorado Retail Holdco Pte Ltd                       | Investment holding   | Singapore                           | 50                                      | 50             |
| <sup>1</sup> Dorado Retail Pte Ltd                              | Dormant              | Singapore                           | 50                                      | 50             |
| <sup>1</sup> Xin Tekka Pte Ltd                                  | Dormant              | Singapore                           | 50                                      | -              |
| Subsidiaries held by joint venture CLI CP (Netherlands) Pte Ltd |                      |                                     |                                         |                |
| <sup>11</sup> CLI CP (Netherlands) B.V.                         | Investment holding   | Netherlands                         | 50                                      | 50             |

## 39. COMPANIES IN THE GROUP (CONTINUED)

- 1 Audited by PricewaterhouseCoopers LLP, Singapore.
- 2 Audited by LT Lim & Associates, Malaysia.
- 3 Audited by PricewaterhouseCoopers, Malaysia.
- 4 Incorporated during the financial year. Audit not required in the financial year.
- 5 Unincorporated jointly – controlled partnerships.
- 6 Audited by PricewaterhouseCoopers LLP, United Kingdom.
- 7 Not required to be audited in 2019 as entity is dormant.
- 8 Not required to be audited in 2019 as entity is in member's voluntary liquidation.
- 9 Audited by KPMG LLP, Singapore.
- 10 Audited by KPMG, Malaysia.
- 11 Not required to be audited in the country of incorporation.

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

## 40. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lum Chang Holdings Limited on 12 September 2019.

# STATISTICS OF SHAREHOLDINGS

As at 5 September 2019

|                                  |                                    |
|----------------------------------|------------------------------------|
| Issued and Fully Paid-Up Capital | - \$86,572,309                     |
| Class of Shares                  | - Ordinary Shares                  |
|                                  | - 380,486,304 (with voting rights) |
| Voting Rights                    | - 1 vote per share                 |

| DISTRIBUTION OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | %             | NO. OF SHARES      | % <sup>(1)</sup> |
|-------------------------------|---------------------|---------------|--------------------|------------------|
| 1 - 99                        | 285                 | 2.70          | 13,141             | 0.00             |
| 100 - 1,000                   | 1,484               | 14.05         | 781,319            | 0.21             |
| 1,001 - 10,000                | 6,048               | 57.25         | 28,763,731         | 7.56             |
| 10,001 - 1,000,000            | 2,725               | 25.80         | 108,465,009        | 28.51            |
| 1,000,001 and above           | 21                  | 0.20          | 242,463,104        | 63.72            |
| <b>TOTAL</b>                  | <b>10,563</b>       | <b>100.00</b> | <b>380,486,304</b> | <b>100.00</b>    |

| TWENTY LARGEST SHAREHOLDERS           | NO. OF SHARES      | % <sup>(1)</sup> |
|---------------------------------------|--------------------|------------------|
| Hong Leong Finance Nominees Pte Ltd   | 64,000,000         | 16.82            |
| United Overseas Bank Nominees Pte Ltd | 32,368,131         | 8.51             |
| Citibank Nominees Singapore Pte Ltd   | 29,184,709         | 7.67             |
| Four Seas Nominees Pte Ltd            | 29,000,000         | 7.62             |
| Lum Kwan Sung                         | 15,531,080         | 4.08             |
| DBS Nominees Pte Ltd                  | 14,529,274         | 3.82             |
| Lum Kok Seng                          | 10,944,964         | 2.88             |
| Beverian Holdings Pte Ltd             | 10,368,300         | 2.73             |
| Lum Chang Investments Pte Ltd         | 6,954,942          | 1.83             |
| OCBC Nominees Singapore Pte Ltd       | 5,957,499          | 1.57             |
| Leung Kai Fook Medical Co. Pte Ltd    | 4,591,000          | 1.21             |
| Phillip Securities Pte Ltd            | 3,429,268          | 0.90             |
| Raffles Nominees (Pte) Limited        | 2,847,336          | 0.75             |
| Loh Tee Pheng                         | 2,350,000          | 0.62             |
| Tang Woon Ee                          | 1,743,700          | 0.46             |
| Tan Thian Hwee                        | 1,723,000          | 0.45             |
| UOB Kay Hian Pte Ltd                  | 1,546,476          | 0.41             |
| Chiam Hock Poh                        | 1,543,400          | 0.41             |
| Ow Yong Heng Leong                    | 1,482,000          | 0.39             |
| Leh Bee Hoe                           | 1,214,000          | 0.32             |
|                                       | <b>241,309,079</b> | <b>63.45</b>     |

| SUBSTANTIAL SHAREHOLDERS (INCLUDING DEEMED INTERESTS) | NO. OF SHARES             | % <sup>(1)</sup> |
|-------------------------------------------------------|---------------------------|------------------|
| Raymond Lum Kwan Sung                                 | 75,483,339 <sup>(2)</sup> | 19.84            |
| Lum Chang Investments Pte Ltd                         | 59,954,942                | 15.76            |
| David Lum Kok Seng                                    | 81,306,736 <sup>(3)</sup> | 21.37            |
| Beverian Holdings Pte Ltd                             | 70,368,300                | 18.49            |
| Edlyn Lum Wen Ee                                      | 59,954,942 <sup>(2)</sup> | 15.76            |
| Emlyn Lum Wen Yan                                     | 59,954,942 <sup>(2)</sup> | 15.76            |
| Saray Developed Markets Value Fund                    | 20,349,500                | 5.35             |

Based on information available to the Company as at 5 September 2019, approximately 59% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

**Notes:** (1) Percentage computed is based on 380,486,304 shares in issue (excluding treasury shares which have no voting rights).

(2) Raymond Lum Kwan Sung, Edlyn Lum Wen Ee and Emlyn Lum Wen Yan are deemed interested in 59,954,942 shares held directly by Lum Chang Investments Pte Ltd and through its nominee accounts.

(3) David Lum Kok Seng is deemed interested in 70,368,300 shares held directly by Beverian Holdings Pte Ltd and through its nominee accounts.

# NOTICE OF ANNUAL GENERAL MEETING AND BOOKS CLOSURE

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

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **37<sup>th</sup> Annual General Meeting** of the Company will be held at Orchard Rendezvous Hotel (formerly known as Orchard Parade Hotel), Antica I & II, Level 2, 1 Tanglin Road, Singapore 247905 on **29 October 2019, Tuesday at 10.30 a.m.** to transact the following business:-

### ***As Ordinary Business:***

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 30 June 2019 and the Auditor's Report thereon.  
*(Resolution 1)*
2. To declare a Final tax exempt (one-tier) Dividend of 1.5 cents per share as recommended by the Directors for the year ended 30 June 2019.  
*(Resolution 2)*
3. To approve the amount of S\$377,000 proposed as Directors' fees for the year ended 30 June 2019 (year ended 30 June 2018: S\$326,000).  
*(Resolution 3)*
4. To re-elect the following Directors, retiring by rotation under Article 107(2) of the Company's Constitution and who, being eligible, offer themselves for re-election:-
  - (a) Mr Raymond Lum Kwan Sung *(Resolution 4)*
  - (b) Mr Kelvin Lum Wen Sum *(Resolution 5)*
  - (c) Dr Willie Lee Leng Ghee *(Resolution 6)*

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

(b) Mr Kelvin Lum Wen Sum, when re-elected, will remain as a Non-independent Non-executive Director of the Company.

(c) Dr Willie Lee Leng Ghee, a non-executive independent Director, when re-elected, will remain as the Chairman of the Nominating Committee and a member of the Audit and Risk Committee and the Remuneration Committee.

*(See Explanatory Note 1)*
5. To re-appoint PricewaterhouseCoopers LLP as independent 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 as Ordinary Resolutions with or without modifications:-

6. **Authority to Directors to issue Shares**

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

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

PROVIDED ALWAYS THAT:-

- (I) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution (as calculated in accordance with subparagraph (II) below), of which the aggregate number of Shares issued other than on a *pro rata* basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with subparagraph (II) below);
- (II) subject to such manner of calculation as may be prescribed by SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (I) above, the total number of the issued Shares is based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution after adjusting for:
  - (a) new Shares arising from the conversion or exercise of convertible securities;
  - (b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

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

*(Resolution 8)*  
*(See Explanatory Note 2)*

## 7. **Approval for renewal of Share Purchase Mandate**

- (a) “That for the purposes of Sections 76C and 76E of the Companies Act (Cap. 50) of Singapore (the **“Act”**), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the **“Shares”**) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) on-market purchases (each an **“On-Market Share Purchase”**) on the Singapore Exchange Securities Trading Limited (the **“SGX-ST”**); and/or
  - (ii) off-market purchases (each an **“Off-Market Share Purchase”**) effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

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

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next Annual General Meeting of the Company is held;
  - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
  - (iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;
- (c) in this Resolution:

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

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

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

where:

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

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

*(Resolution 9)*

*(See Explanatory Note 3)*

#### 8. **Any Other Business**

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

#### **NOTICE OF BOOKS CLOSURE**

NOTICE IS ALSO HEREBY GIVEN THAT subject to shareholders’ approval being obtained for the proposed Final tax exempt (one-tier) Dividend of 1.5 cents per share for the financial year ended 30 June 2019 (the **“Dividend”**), the Share Transfer Books and the Register of Members of the Company will be closed on **8 November 2019** for the purpose of determining shareholders’ entitlements to the Dividend.

Duly completed transfers received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services of **80 Robinson Road #02-00 Singapore 068898**, up to 5.00 p.m. on **7 November 2019** will be registered to determine shareholders’ entitlements to the Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the shares as at 5.00 p.m. on **7 November 2019** will be entitled to the Dividend.

Payment of the Dividend, if approved by shareholders, will be paid on **22 November 2019**.

#### **BY ORDER OF THE BOARD**

**TONY FONG**

**TAN ENG CHAN GERALD**

Company Secretaries

Singapore

26 September 2019

**Notes:**

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

**“Relevant intermediary”** means:

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

**Personal Data Privacy:**

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

**Explanatory Notes to the Resolutions:**

1. Detailed information on these Directors can be found under “Board of Directors”, “Present and Past Directorships” and “Corporate Governance” sections in the Company’s 2019 Annual Report.
2. Ordinary resolution 8, if passed, will empower the Directors, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, to issue Shares up to an amount not exceeding (i) 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of Shares which may be issued shall be based on the total number of issued Shares at the time that ordinary resolution 8 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that ordinary resolution 8 is passed, and any subsequent bonus issue or consolidation or subdivision of Shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
3. Ordinary resolution 9, if passed, will enable the Directors, unless varied or revoked by the Company in general meeting, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated, whichever is the earliest, to purchase Shares by way of On-Market Share Purchases and/or Off-Market Share Purchases of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of the ordinary resolution and up to the Maximum Price. The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its purchase of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchase of Shares cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchase. The rationale for, the authority and the limits on, and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 30 June 2019 (for illustrative purposes only) are set out in greater detail in the Appendix to the Notice of Annual General Meeting dated 26 September 2019 in relation to the proposed renewal of the Share Purchase Mandate.

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# Proxy Form for Annual General Meeting

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

Company Registration No. 198203949N

Important:

1. Relevant intermediaries as defined in Section 181 of the Companies Act (Cap. 50) of Singapore, may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Lum Chang Holdings Limited shares, the Summary Financial Report and/or Annual Report is forwarded to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 September 2019.

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/ Passport/ UEN Number)

of \_\_\_\_\_ (Address)

being a member/members of Lum Chang Holdings Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Annual General Meeting of the Company ("AGM") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM to be held at Orchard Rendezvous Hotel (formerly known as Orchard Parade Hotel), Antica I & II, Level 2, 1 Tanglin Road, Singapore 247905 on Tuesday, 29 October 2019 at 10.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM.

| No.                      | Resolutions                                                                                                                                     | For* | Against* |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|------|----------|
| <b>Ordinary Business</b> |                                                                                                                                                 |      |          |
| 1.                       | To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 30 June 2019 and the Auditor's Report thereon |      |          |
| 2.                       | To declare the payment of proposed Final Dividend                                                                                               |      |          |
| 3.                       | To approve Directors' Fees                                                                                                                      |      |          |
| 4.                       | To re-elect Mr Raymond Lum Kwan Sung as a Director retiring under Article 107(2) of the Company's Constitution                                  |      |          |
| 5.                       | To re-elect Mr Kelvin Lum Wen Sum as a Director retiring under Article 107(2) of the Company's Constitution                                     |      |          |
| 6.                       | To re-elect Dr Willie Lee Leng Ghee as a Director retiring under Article 107(2) of the Company's Constitution                                   |      |          |
| 7.                       | To re-appoint PricewaterhouseCoopers LLP as independent auditors and to authorise the Directors to fix their remuneration                       |      |          |
| <b>Special Business</b>  |                                                                                                                                                 |      |          |
| 8.                       | To authorise Directors to issue shares pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore                                      |      |          |
| 9.                       | To approve the renewal of the Share Purchase Mandate                                                                                            |      |          |

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please indicate with an "X" within the relevant box provided. Otherwise, please indicate the number of votes in the boxes provided.

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

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

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

IMPORTANT: PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM.

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

### Notes:

- 1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
- 2) A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead at the Annual General Meeting ("**AGM**") of the Company. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- 3) A member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one (1) proxy, the number of shares and the class of such 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 (Cap. 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 (Cap. 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 (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 4) The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 14 Kung Chong Road, #08-01 Lum Chang Building, Singapore 159150 not less than 72 hours before the time appointed for holding the AGM.
- 5) A proxy need not be a member of the Company.
- 6) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
- 7) Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 8) A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Cap. 50) of Singapore.
- 9) The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.
- 10) The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by the Depository to the Company.

### Personal Data Privacy:

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

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