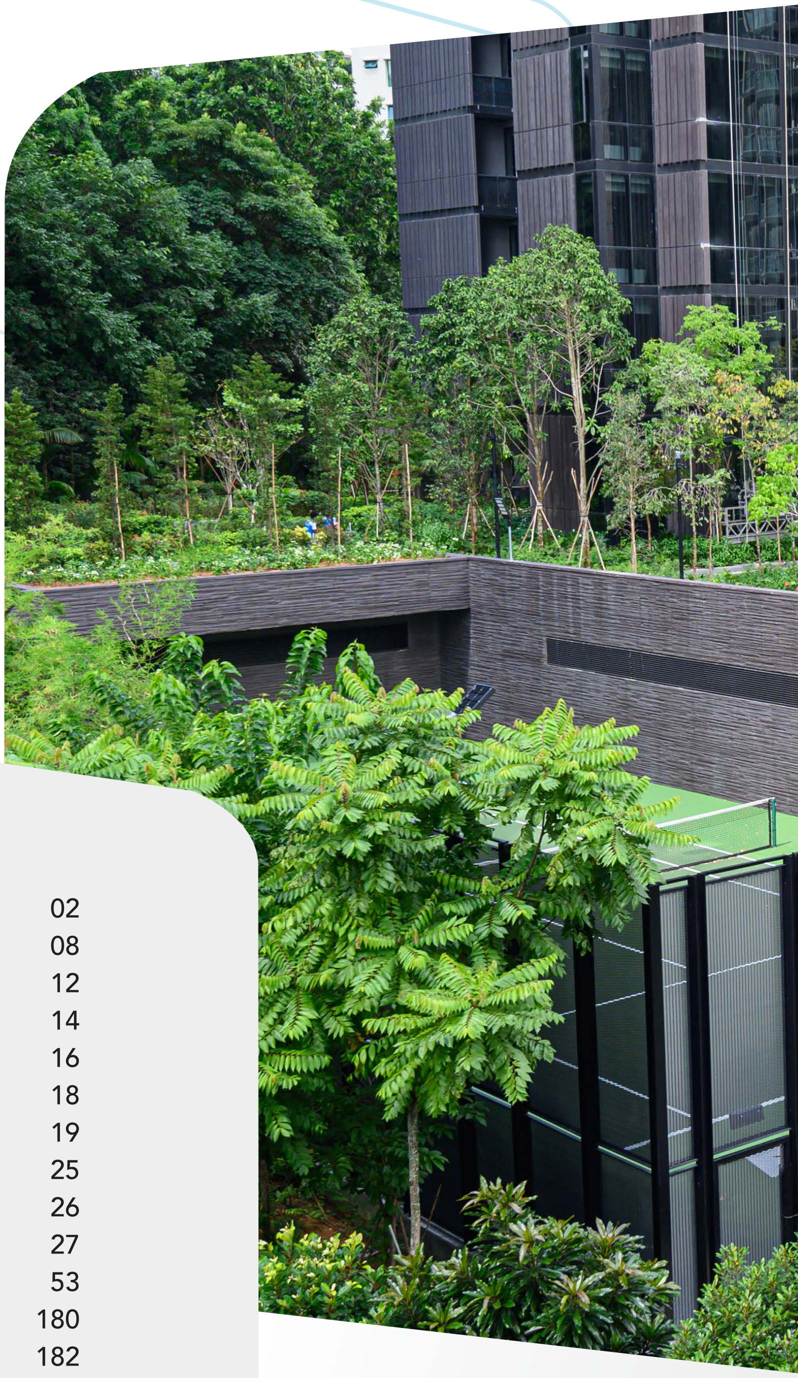
2021 Annual Report

Staying Focused
Remaining Resilient

聯明集團有限公司
LIAN BENG GROUP LTD



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MISSION STATEMENT

To provide the

BEST QUALITY

services and products to all our customers at the most competitive cost.

Chairman's Statement

We will continue to explore business opportunities in the region, in a cautious and prudent manner, for sustainable growth.

ONG PANG AIK BBM (L)
Chairman and Managing Director

As Singapore seeks to bring the COVID-19 situation under control, and effect a gradual economic recovery, we will leverage our track record and capabilities to return to higher levels of growth and productivity.

Dear Shareholders,

For Lian Beng, the financial year ended 31 May 2021 ("FY2021") was a year of adaptation and adjustments, as we worked hard to overcome manpower and operational challenges arising from the COVID-19 pandemic. These developments weighed heavily on the Group's performance. Notwithstanding the difficult business environment, we were able to leverage our strong capabilities and diversified business activities to make progress on our strategic plans. I am pleased to provide you with an update as follows:

FINANCIAL HIGHLIGHTS

The Group recorded a decline in revenue across all business segments as business activities were constrained by the implementation of COVID-19 containment measures during the financial year. As a result, our Group revenue fell 7.5% to S$514.5 million in FY2021, from S$556.0 million for the full year ended 31 May 2020 ("FY2020").

In line with the lower level of business activity, cost of sales decreased by 3.6% to S$454.7 million in FY2021, from S$471.6 million in FY2020. Gross profit fell 29.2% to S$59.8 million, from S$84.5 million in the preceeding financial year.

Other operating income increased by 72.8% to S$36.1 million in the current financial year, compared to S$20.9 million in FY2020, taking into account pandemic-related government grants and incentives, net foreign exchange gain, fair value gain of investment securities, as well as decrease in interest income in FY2021, and the absence of gain on disposal of a subsidiary that was recognised in FY2020.

REVENUE
S$514.5
MILLION

PROFIT BEFORE TAXATION
S$42.4
MILLION

NET PROFIT
S$35.2
MILLION

DIVIDEND PER SHARE
1.0
SINGAPORE CENT

▲ The Jovell (*Artist's Impression*)

We registered a turnaround in share of results from associates to S$6.5 million in FY2021, from a loss of S$10.9 million in FY2020, mainly due to contribution from the Property Development and Dormitory segment. Our finance cost declined 33.5% to S$12.2 million, versus S$18.3 million in the previous financial year as a result of the lower interest rates environment.

Taking into account the above, profit attributable to shareholders was S$26.1 million in FY2021, which represented a 9.0% contraction from the S$28.7 million in FY2020.

At the close of the financial year, our cash and cash equivalents remained at a healthy S$208.6 million. Net asset value per share increased to 148.1 Singapore cents as at 31 May 2021, compared to 141.2 Singapore cents as at 31 May 2020.

The Board has proposed a final cash dividend of one Singapore cent per share to be paid on 15 October 2021, subject to shareholders' approval at the forthcoming Annual General Meeting.

SEGMENTAL HIGHLIGHTS

Revenue for the Construction segment was affected by the slow pace of work resumption amid manpower shortage arising from tighter border measures, disruptions in manpower deployment due to the workers' movement control, as well as additional safe management measures implemented at the worksites. The safe management measures introduced to the construction industry saw us investing significant time and resources to ensure their compliance. Our efforts to adhere to these measures has inevitably resulted in us incurring higher costs while compromising on productivity. While these safety measures served to curb the spread of the virus, they led to project delays and the decline in revenue, thus weighing down on our financial results. The manpower shortage has also caused the labour cost to increase significantly during FY2021. Despite the tough environment, Martin

Modern has received its Temporary Occupation Permit during the year.

Our Property Development segment, which is operated by our 77.6%-owned subsidiary, SLB Development Ltd., also recorded lower revenue mainly due to lower revenue recognition from the construction of Mactaggart Foodlink, following its receipt of the Temporary Occupation Permit in March 2021. The decline was partially mitigated by higher revenue recognition from construction progress made in INSPACE, along with the sale of T-Space's remaining unit during the year.

Our associate companies also turned in commendable performances, with the respective units of private residential developments such as Riverfront Residences, Affinity @ Serangoon and Rezi 24 being almost fully sold. We have also completed the acquisition of Thye Hong Centre and are looking forward to redeveloping it at the appropriate time.

Revenue from our Investment Holding and Dormitory segment saw a contraction on the back of rental relief extended to tenants and lower occupancy for the dormitory business. Nevertheless, we had the opportunity to enhance our investment holding portfolio through the acquisition of BreadTalk IHQ, and are looking forward to generating returns from this investment going forward.

REMAINING RESILIENT

Moving forward, operating conditions in the construction sector are expected to remain challenging. The pace of construction activities is likely to be constrained by manpower shortage and deployment challenges, in view of the prevailing COVID-19 situation in the region. The foreign worker labour crunch and the resultant higher labour cost are anticipated to pose challenges to business recovery.

Our order book remains strong, and we will closely monitor the delivery of these projects, while selectively tendering for new public and private sector contracts.

With regard to our Property Development segment, possible delays in the completion for some of its development projects are expected in view of the manpower constraints. We will actively monitor the situation to ensure smooth progress, and take the necessary initiatives to moderate any financial impact arising from such delays.

We will continue to prudently manage the costs in the year ahead through our Group-wide cost management measures. As Singapore seeks to bring the COVID-19 situation under control, and effect a gradual economic recovery, we will leverage on our track record and capabilities to return to higher levels of growth and productivity. We also look forward to participating in project tenders at the opportune time, to strengthen our financial position.

Our longstanding strategy to build diversified income streams has strengthened our ability to withstand prevailing challenges. We will continue to explore business opportunities in the region, in a cautious and prudent manner, for sustainable growth.

APPRECIATION

My fellow directors and I would like to thank our management and staff who have demonstrated persistence and commitment amidst the difficult economic environment. I am also grateful to all our shareholders, customers, business partners and associates for their unwavering support and belief in us. We will continue doing our best to grow in resilience as we weather the obstacles ahead as a Group.

Ong Pang Aik BBM(L)
Chairman and Managing Director

主席致辞

随着新加坡逐步控制疫情局势以实现经济复苏，我们希望凭借良好的施工记录和卓越的能力推动增长和提高生产力。

尊敬的股东：

对于联明集团而言，截至2021年5月31日的财政年度里（“2021财年”）是集团调整和适应、努力克服冠状病毒疫情所带来的人力和运营挑战的一年。然而，尽管艰巨的市场环境和当前挑战打击了集团表现，我们仍凭借我们稳固的实力和多元化的业务活动实施并推进我们的战略计划。

财务摘要

由于政府为遏制冠状病毒疫情而实施的防疫措施，导致集团业务活动在2021财年受限，各个领域的业务营收都相对减少。由此，集团在2021财年的营收从2020财年的新币5亿5600万元降低了7.5%至新币5亿1450万元。

随着业务活动的降低，集团的营收成本从2020财年的新币4亿7160万元下降3.6%至新币4亿5470万元。毛利从2020财年的新币8450万元下降29.2%至2021财年的新币5980万元。

其他收入从2020财年的新币2090万元增加至2021财年的新币3610万元，涨幅达72.8%。这可归因于政府给予的疫情相关补贴，外汇净收益，以及投资证券公允价值收益，但是也受到2021财年利息收入的减少以及缺少了脱售子公司收益的影响。

集团联营公司的应占业绩从2020财年的新币1090万元亏损转为2021财年的新币650万元收益，主要来自从事房地产开发和宿舍业务的联营公司的盈利。此外，低利率环境也使得利息支出从2020财年的新币1830万元下降33.5%至新币1220万元。

综合以上因素，股东应占净利从2020财年的新币2870万元下降9.0%至2021财年的新币2610万元。

截至2021年5月31日，集团的现金及现金等价物处于稳健的新币2亿860万元。集团每普通股净资产值从截至2020年5月31日的新币141.2分起至2021年5月31日的新币148.1分。

董事会提议派发每股新币1分的末期股息。若是在来临的股东大会上获得股东批准，末期股息将于2021年10月15日支付给股东。

部门业务摘要

基于新加坡收紧边境管制导致人力短缺、客工行动限制影响人力部署、以及实施于建筑工地的各项安全管理措施等因素影响，工地复工的进度相当缓慢，打击了集团在建筑业务的营收表现。在此期间，集团投入了大量的时间和资源以遵循实施于建筑行业的安全管理措施。然而这也意味着更高的成本开支和生产力的下跌。这些措施虽有助于克制疫情的传播，但也同时导致项目延迟竣工以及减少了营收，从而拖累了集团的业绩表现。人力短缺也导致人力成本大幅度增加。然而，尽管环境严峻，Martin Modern已于2021财年获得了临时入伙证。

由集团持有77.6%股权的子公司新联明发展有限公司（“新联明”）所经营的房地产发展业务也面对营收下滑。这主要鉴于 Mactaggart Foodlink 已在2021年3月获得临时入伙证，因而收入贡献有所减少。然而INSPACE项目的兴建进度以及T-Space剩余单位的售出收入则部分缓解了房地产发展业务的营收下滑。

与此同时，集团的联营公司在2021财年取得了良好表现，私宅项目如 Riverfront Residences, Affinity @ Serangoon 和 Rezi 24等的单位都分别将近售罄。另外我们也完成了 Thye Hong Centre 的收购，并期待适时对其进行房地产发展。

集团投资业务和客工宿舍业务营收有所缩减，主要是因为集团在2021财年提供租户部分租金减免以及较低的客工宿舍入住率。尽管如此，集团把握时机通过收购BreadTalk IHQ来增强投资业务组合，我们期待未来这项投资带来的投资收入。

顽强不屈

建筑业的营运环境今后预计仍然艰难，眼前疫情仍然在区域传播，建筑活动恢复的步伐依旧受限于当前的人力短缺和部署问题的挑战。此外，外籍客工供应紧缩而导致的高劳工成本将影响建筑业的恢复。

集团现有的建筑订单依然强劲，我们将着重完成当前进行中的项目，并谨慎参与新的公共与私人项目投标。

房地产发展业务方面，因人力短缺影响，一些项目预计将延期竣工。我们会积极掌控工程进展，并采取合适的措施缓解项目延期可能带来的财务影响。

集团将会继续实施各种成本管理措施来达到成本控制。随着新加坡寻求控制疫情局势以逐步实现经济复苏，我们希望凭借我们良好的施工记录和卓越的能力推动增长和提高生产力。我们也期待在合适的时间参与项目投标，加强集团的财务状况。

集团一向来贯彻的多元化业务策略，使得集团能够承受眼前所面对的挑战。同时集团将会谨慎地寻找区域内的商业发展机会，以确保持续增长。

致谢

我与董事会各成员由衷感谢管理团队和员工们在这个艰难的经济环境中展现的韧性和毅力。我也感激股东、客户和生意伙伴给予集团的坚定支持和信任。我们将会继续努力增强集团的韧性以克服当前的难关。

王邦益 BBM(L)
集团主席兼执行董事

Board of Directors

MR ONG PANG AIK BBM (L)

Chairman and Managing Director

Mr Ong Pang Aik joined the Group in 1978 and was instrumental in growing the business from its early days as a subcontractor into an A1-graded building construction enterprise registered with the Building & Construction Authority today. He is responsible for the overall strategic direction and business expansion of the Group.

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

Apart from his commitment to business excellence, Mr Ong is passionate and involved himself in many community outreach. He is a volunteer in various grassroots organisations and the Chairman of the Ci Yuan Community Club Building Fund Committee. Mr Ong is also the Patron of the Ang Mo Kio-Hougang Citizens' Consultative Committee, Braddell Heights Community Club Management Committee and Braddell Heights Constituency Sports Club. Mr Ong is also the Co-Chairman of Braddell Heights Community Club Fundraising 2019 – A successful activity when the funds are raised for the upgrading of the community club, provide financial assistance to needy residents, and support community events, organised by the various Braddell Heights Grassroots Organisations (GROs).

In recognition of his contributions to the community, Mr Ong was awarded the Public Service Medal (PBM) in 2001, the Public Service Star (BBM) in 2008 and the Public Service Star (Bar) (BBM (L)) in 2020.

MS ONG LAY KOON

Executive Director

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

Ms Ong is responsible for the organisation and management of the Group's accounting, finance and corporate affairs, as well as for all matters relating to human resource. Together with her fellow executive directors and key executives, she is also involved in progress reviews and implementation of workflow initiatives for the purpose of improving and fine-tuning the Group's work processes in accordance to new market trends and changes. She also plays a vital role in making the Group's investment decisions.

Ms Ong was appointed Executive Director of the Board on 20 March 1999 and was last re-elected on 27 September 2018. She was also appointed Non-Executive Non-Independent Chairman of SLB Development Ltd., a subsidiary of Lian Beng Group Ltd, which was listed on the Catalist board of SGX-ST in April 2018.

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

MS ONG LAY HUAN
Executive Director

Ms Ong Lay Huan joined the Group in 1991 and heads the Group's Contracts department. With more than 25 years of experience in the construction industry, she oversees several key aspects of the Group's construction operations, including tendering, management and review of project costs and budget, key materials procurement, and the award of contracts to subcontractors. In addition, she also oversees progress reviews and implementation of workflow initiatives that seek to improve and fine-tune the Group's work processes in accordance to new market trends and changes.

Ms Ong was appointed as Executive Director of the Board on 20 March 1999 and was last re-elected on 28 September 2020.

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

MR LOW BENG TIN BBM (L)
Independent Director

Mr Low Beng Tin was appointed to the Board on 8 July 2015 and was last re-elected on 27 September 2018. He serves as Chairman of the Nominating and Audit Committees. He is also a member of the Remuneration Committee.

Mr Low has more than 35 years of experience in engineering fields related to the oil, gas, petrochemical, chemical and marine industries. Mr Low is currently the Executive Director of Assimilated Technologies (S) Pte Ltd. He is also the Non-Executive Chairman/ Independent Director of Cosmosteel Holdings Limited, Independent Director of JP Nelson Holdings, and Fuji Offset Plates Manufacturing Ltd. He is the Non-Executive Director of AA Vehicle Inspection Centre Pte. Ltd, Autoswift Recovery Pte Ltd, SMF Centre for Corporate Learning Pte. Ltd., Res Q Me Pte. Ltd. and Singapore Innovation and Productivity Institute Pte Ltd.

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

In recognition of his contribution to the community, Mr Low was conferred the Public Service Medal (PBM), the Public Service Star (BBM), the Public Service Star (Bar) (BBM (L)) by the President of Singapore in 2004, 2009 and 2019 respectively.

Board of Directors

MR KO CHUAN AUN
Independent Director

Mr Ko Chuan Aun was appointed to the Board on 10 July 2015 and was last re-elected on 28 September 2020. He serves as Chairman of the Remuneration Committee and is also a member of the Nominating and Audit Committees.

He is currently the Chairman of HSK Resources Pte Ltd. Mr Ko was the President and Executive Director of KOP Limited from May 2014 to October 2017. Prior to the reverse take-over exercise by the former, Mr Ko was the Executive Director/Group CEO of Scorpio East Holdings Ltd from March 2012 to May 2014. Mr Ko also holds chairmanships and directorships in various private and public companies.

Mr Ko is an Independent Director of Koon Holdings Ltd, KSH Holdings Ltd and Pavillon Holdings Ltd. Mr Ko has more than 15 years of working experience with the former Trade Development Board of Singapore (TDB, now known as Enterprise Singapore or ESG). His last appointment with then TDB was Head of China Operations.

In the past 30 years, Mr Ko has been very actively involved in business investments in the PRC market. He was previously appointed as a Member of the Steering Committee of the Network China. In addition, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade & Investment Committee, as well as Investment Advisor to the Fushun Foreign Trade & Economic Cooperation Bureau, PRC.

Mr Ko is currently Vice President of ESG Society, as well as the Vice Chairman of Public Relation Committee under the Singapore-China Business Association. Mr Ko was awarded the Service to Education (Pewter) by the Ministry of Education in 2016.

Mr Ko holds a Diploma in Export Marketing, which is equivalent to the Danish Niels Brock International Business Degree Program. Mr Ko has also been appointed the Class Monitor at the Regional Business Leaders Executive Education Program conducted by Tsinghua School of Economics and Management.

MR ANG CHUN GIAP PBM
Independent Director

Mr Ang Chun Giap joined the Board as an Independent Director on 12 October 2016 and was last re-elected on 27 September 2019. He is a member of the Nominating Committee, Remuneration Committee and Audit Committee.

He is presently the Managing Director of Acevision & Associates PAC, a public accounting corporation. He has over 20 years of experience in public accounting profession with a wealth of exposure in the field of auditing, accounting, tax planning and advisory services to clients from diverse industries including construction, real estate development, investment holding, manufacturing, food and beverage, entertainment, trading, importers and exporters, engineering, charities, hotel management and logistics. He also sits on the Boards of a number of other private corporations.

Prior to that, he had over 21 years of diverse working experience in commercial corporations heading the finance divisions.

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

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

DR TAN KHEE GIAP
Independent Director

Dr Tan Khee Giap joined the Board as an Independent Director on 14 November 2019 and was last re-elected on 28 September 2020. He is a member of the Nominating, Remuneration and Audit Committees.

He is Associate Professor at the Lee Kuan Yew School of Public Policy, National University of Singapore. He also serves on the boards of several listed companies and has been the chairman of Singapore National Committee for Pacific Economic Cooperation since 2008. He was the Co-Director of the Asia Competitiveness Institute from 2011 to 2020, and has also served as a consultant to international agencies and multinational corporations.

Dr Tan began his career in the banking sector as a treasury manager and served as secretary to the Assets and Liabilities Committee of Overseas Chinese Banking Corporation for three years. He then moved on to teaching at the Department of Economics and Statistics, National University of Singapore before joining Nanyang Technological University in 1993, where he was Associate Dean of Graduate Studies Office from January 2007 to October 2009.

Dr Tan holds a PhD in Economics from the University of East Anglia, United Kingdom.

Key Executive Officers

MR ONG PHANG HUI PBM

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

Mr Ong joined the Group in 1995. He is also the director of several of the Company's subsidiaries and associated companies and performs the corresponding fiduciary duties as a director. Mr Ong was conferred the Public Service Medal (PBM) in 2020 for his contributions to the community.

MR ONG PHANG HOO PBM

Mr Ong Phang Hoo is the Project Director of the Group and is responsible for the Group's foreign labour planning and deployment functions, as well as the management of the Group's Foreign Workers Training division. In addition, he is part of the management team that manages the Construction division.

Mr Ong joined the Group in 1995. He is also the director of several of the Company's subsidiaries and associated companies and performs the corresponding fiduciary duties as a director. Mr Ong was conferred the Public Service Medal (PBM) in 2020 for his contributions to the community.

MR JEFFREY TEO WEE JIN

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

Mr Teo has more than 30 years of experience in the construction industry and has been the key driver of quality and sustainable green initiatives for all the private condominium projects undertaken by the Group. His vast experience and strong emphasis on delivering quality products qualifies him to mentor the Construction division's Quality Assurance & Quality Control committee. He also takes charge of the division's ISO Integrated Management System and R&D, including productivity initiatives of the Group. He is also the director in charge of the Group's sustainability reporting.

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

MS ONG LEE YAP

Ms Ong Lee Yap is the Purchasing Director of the Group. She manages the Purchasing division and the Group's inter-company material and machinery logistics deployment. As the Purchasing Director, she oversees the purchasing planning and control through information collection and data analysis to observe trends. She also administers the Group's foreign workers' payroll function.

Ms Ong joined the Group in 1988. She is also the director of several of the Company's subsidiaries and associated companies and performs the corresponding fiduciary duties.

MR THAN KING HUAT

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

Mr Than has more than 28 years of experience in the industry with significant experience in structural designing, construction re-engineering and project management.

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

MR HO CHEE SIONG

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

Armed with more than 28 years of construction and project management experience, he is actively involved in the management of various building contracts undertaken by the Group. He oversees the Group's ISO Integrated Management System, Green & Gracious Builder Scheme, Workplace Safety and Health portfolio.

Mr Ho holds a degree in Applied Science in Construction Management & Economics from Curtin University of Technology. He also serves as the director of Millennium International Builders Pte. Ltd..

MR DAVID GOH TECK ANN

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

His 33 years of experience in the ready-mix concrete industry has enabled him to lead the division efficiently in managing its assets allocation and cost control measures, as well as ensure a smooth supply chain within the division's network of customers and suppliers.

MS TEOH PEI YEAN

Ms Teoh Pei Yean is the Group Financial Controller and is responsible for the corporate reporting and compliance, financial accounting, financial management and internal control functions of the Group. She has over 20 years of experience in financial and management accounting, financial planning and analysis in the property, retail and service industries.

Ms Teoh graduated from The Association of Chartered Certified Accountants and is a fellow member of the Institute of Singapore Chartered Accountants (ISCA) and an Associate of the Chartered Secretaries Institute of Singapore.

For Key Executives of the Property Development segment, please refer to SLB Development Ltd.'s 2021 Annual Report.

Group Structure

As at 31 July 2021

聯明集團有限公司
LIAN BENG GROUP LTD

CONSTRUCTION

- 100% Lian Beng Construction (1988) Pte Ltd
  - 70% Lian Beng (Bangladesh) Training and Testing Centre Pte. Ltd.
  - 70% Lian Beng Training & Testing Centre Pte Ltd
  - 50% LB-RD JV
  - 50% Paul Y. - Lian Beng JV Pte. Ltd.
  - 49% Lian Beng/L.S. J.V.
- 100% L.S. Construction Pte Ltd
  - 51% Lian Beng/L.S. J.V.
- 100% Associated KHL Industries Pte Ltd
- 100% Deenn Engineering Pte Ltd
- 100% Millennium International Builders Pte. Ltd.
  - 100% Millennium Construction Pte. Ltd.
- 60% United Tec Construction Pte. Ltd.
- 100% Lian Beng Engineering & Machinery Pte Ltd
  - 100% Lian Beng Leasing Pte. Ltd.
    - 100% United Leasing Services Pte. Ltd.
  - 100% United Plus Steel Resources Private Limited
- 100% Lian Beng Resources Pte. Ltd.
  - 100% Lian Beng Resources Sdn. Bhd.
- 100% Millennium Marine & Shipping Pte. Ltd.
- 90% Sinmix Pte. Ltd.
- 100% Tradewin Engineering Pte. Ltd.
- 100% United (CE) Pte. Ltd.

PROPERTY DEVELOPMENT

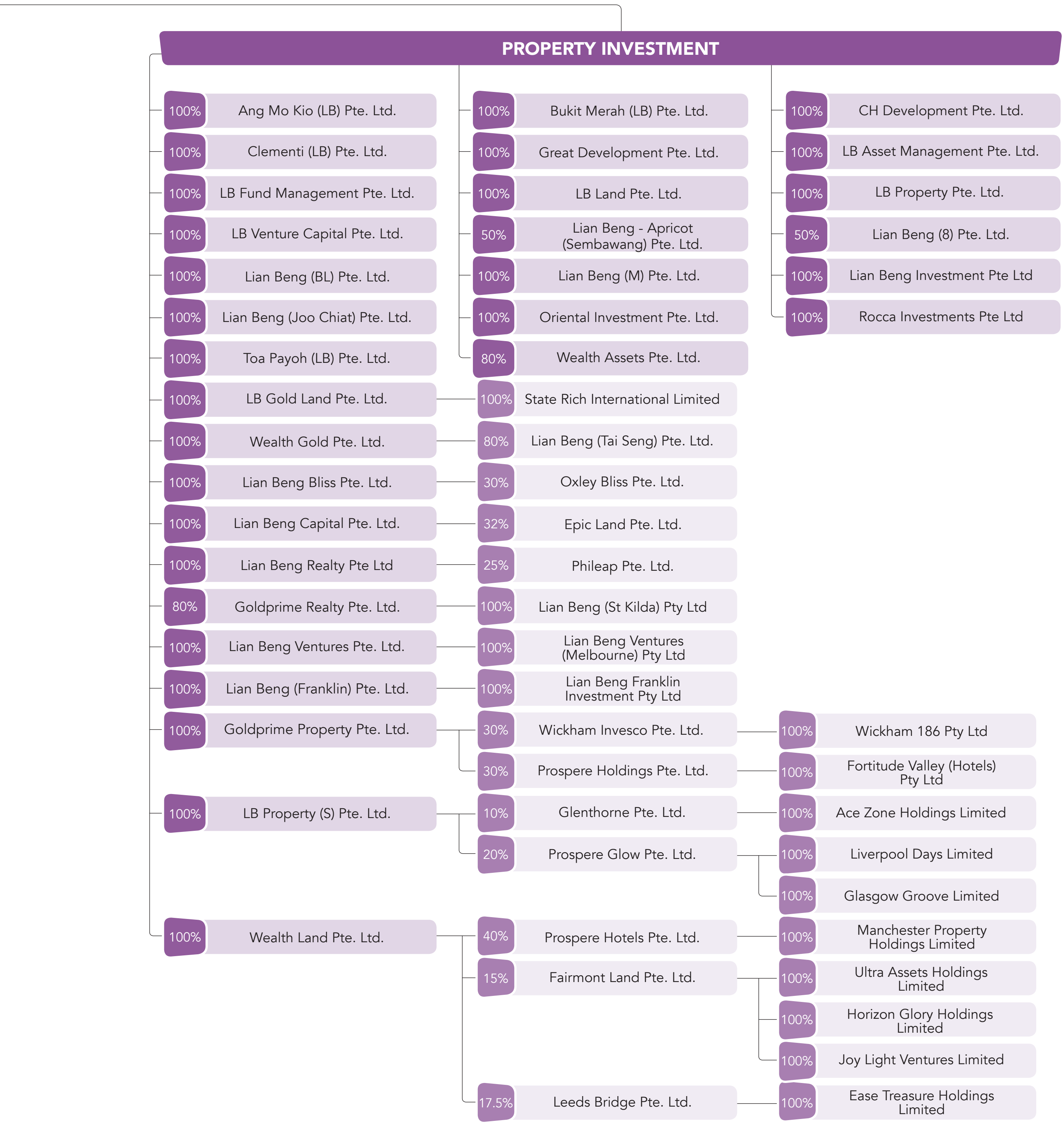
- 77.6% SLB Development Ltd. (including its subsidiaries, joint ventures and associates)

DORMITORY

- 55% Lian Beng-Centurion (Mandai) Pte. Ltd.
  - 100% Lian Beng - Centurion (Dormitory) Pte. Ltd.
- 100% Goldprime Dormitory Pte. Ltd.
  - 49% Centurion-Lian Beng (Papan) Pte. Ltd.

Group Structure

As at 31 July 2021



Financial Highlights

The Group registered a turnaround in its share of results from associates in the property development, investment holding and dormitory businesses, with a share of profit of S$6.5 million in FY2021.

The Group recorded revenue S$514.5 million in FY2021, a decrease of 7.5% compared to S$556.0 million in FY2020, with lower revenue recorded across all business segments.

Gross profit declined 29.2% to S$59.8 million, in tandem with the overall lower level of business activity and taking into account the decrease in gross profit from the Construction segment due to the ongoing COVID-19 pandemic.

Other operating income increased by 72.8% to S$36.1 million, from S$20.9 million in the FY2020, taking into account the following:

i. S$18.5 million in grants and incentives extended by the Singapore government in view of the COVID-19 pandemic, which was S$11.8 million higher than FY2020;

ii. S$5.5 million in net foreign exchange gain, arising from the depreciation of US Dollar against Singapore Dollar on the US Dollar-denominated bank loans, and appreciation of British Pounds and Australian Dollar against Singapore Dollar on the assets denominated in the respective foreign currencies in FY2021; and

iii. fair value gain of investment securities of S$0.9 million in FY2021;

These were partially offset by a decrease in interest income of S$1.7 million; and the absence of a S$0.6 million gain on disposal of a subsidiary that was recognised in FY2020.

Other operating expenses increased by S$1.0 million from S$9.1 million in FY2020 to S$10.1 million in FY2021. The increase was due to higher grant expenses of S$1.1 million in relation to property tax rebate passed on to tenants.

Finance cost decreased 33.5% from S$18.3 million in FY2020 to S$12.2 million in FY2021, mainly due to lower interest rates environment.

Impairment losses on financial assets of S$2.2 million in FY2021 was mainly related to doubtful receivables of S$1.4 million from an investee company, whose hotel business in the United Kingdom had been negatively impacted by the COVID-19 pandemic and related movement and travel restrictions.

The share of profit from associates of S$6.5 million in FY2021 was mainly due to (i) development profits of S$7.8 million recognised from Affinity @ Serangoon, Riverfront Residences and Rezi 24 as development profit were recognised from the sale of additional units as well as the respective projects' construction progressed; (ii) share of profit in the dormitory business of S$3.5 million, whose better performance in FY2021 was resulted from lower interest rates and lower fair value loss, albeit the lower revenue recorded by dormitory business. The share of profit was partially offset by share of loss of S$5.2 million from the associates' hospitality business in the United Kingdom.

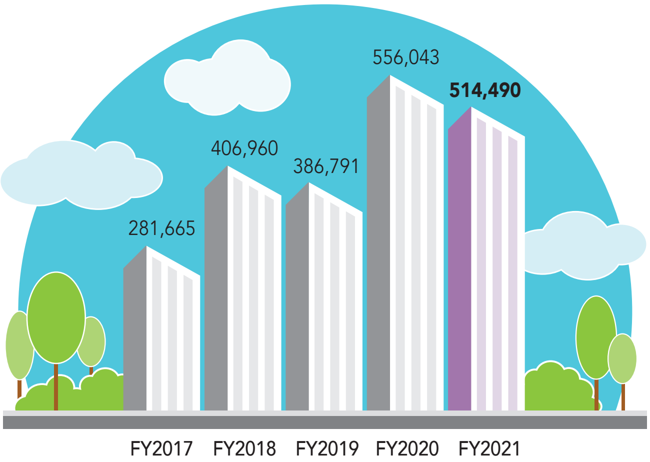
The Group recorded a share of loss from joint ventures of S$1.8 million in FY2021, compared to a share of profit of S$6.5 million in FY2020. While the Group recorded a S$3.3 million share of operating profit from its joint ventures, this was eroded by the Group's share of fair value loss amounting to S$5.1 million on investment properties held by its joint ventures.

Taking into account the above, profit attributable to owners of the Company decreased by 9.0% from S$28.7 million in FY2020 to S$26.1 million in FY2021.

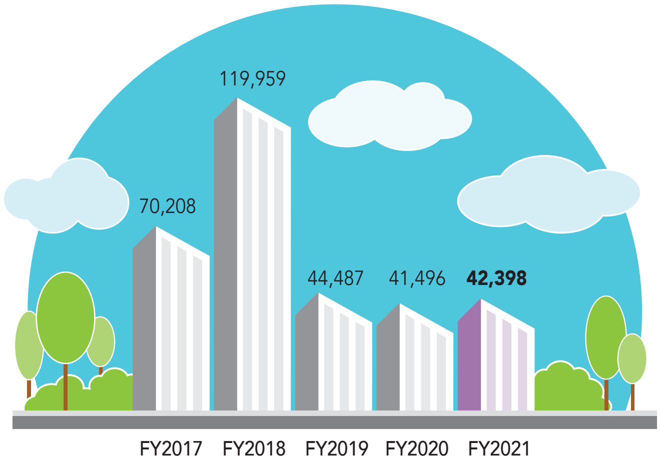
As at 31 May 2021, the Group's cash and cash equivalents (including restricted cash pledged for bank loan) remained at a healthy S$208.6 million, compared to S$209.4 million as at 31 May 2020.

Equity attributable to shareholders as at 31 May 2021 was S$740.0 million, compared to S$705.8 million a year ago.

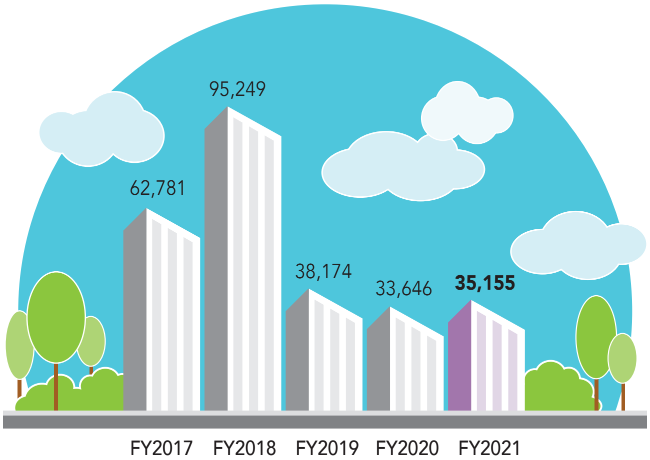
REVENUE
(S$'000)



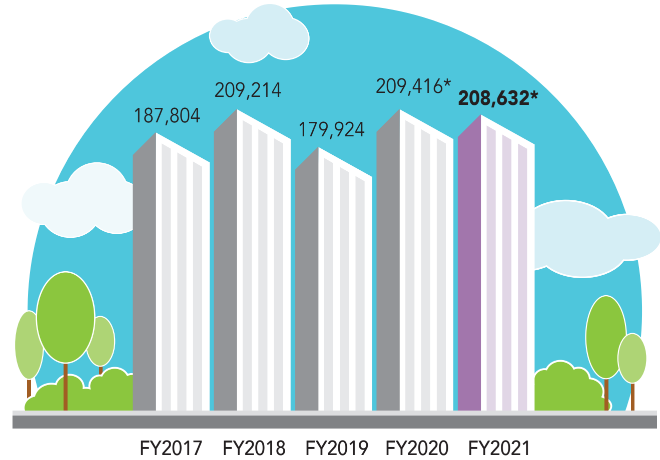
PROFIT BEFORE TAXATION
(S$'000)



NET PROFIT
(S$'000)

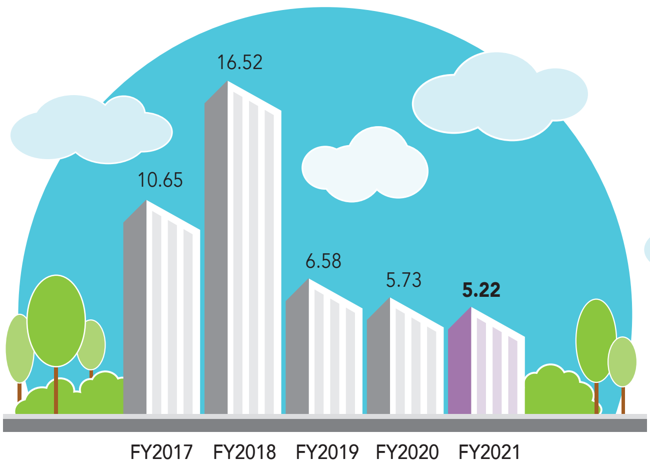


CASH AND CASH EQUIVALENTS
(S$'000)

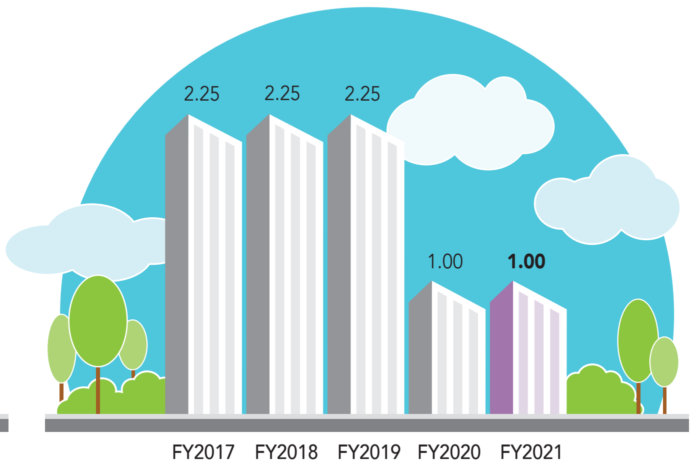


* including restricted cash pledged for bank loan

EARNINGS PER SHARE
(Singapore cent)



DIVIDEND PER SHARE
(Singapore cent)



Significant Events

31 August 2020

The Group incorporated a wholly-owned subsidiary, United Leasing Services Pte. Ltd., for the purpose of engaging in the maintenance of construction machinery and equipment for third parties.

24 November 2020

The Group incorporated a wholly-owned subsidiary, United (CE) Pte. Ltd., for the purpose of engaging in civil engineering activities.

17 December 2020

The Group, through its 77.6%-owned property development subsidiary, SLB Development Ltd., completed the acquisition of Thye Hong Centre, a freehold 6-storey light industrial property with a land area of 5,952 square metres, at 2 Leng Kee Road, for an aggregate purchase consideration of S$112.5 million. Following the acquisition, the Group owns 77.6% effective stake in the property.

19 March 2021

United Tec Construction Pte. Ltd., the Group's 60%-owned subsidiary, successfully secured a contract worth approximately S$131.0 million for the construction of a residential project, The Watergardens at Canberra, at Canberra Drive. The scope of the contract comprises 16 blocks of 5-storey buildings with 448 units, including 1 childcare centre and 1 level of basement carpark, a swimming pool and communal facilities. The project is expected to be completed in FY2025.

13 April 2021

The Group was ranked among the Top 200 Singapore's Best Employers 2021 conducted by The Straits Times and global research company, Statista. Companies employing at least 200 people in Singapore were considered and the winners were determined from over 200,000 evaluations collected from employees of eligible companies.

30 April 2021

The Group, together with its partner, completed the acquisition of the BreadTalk IHQ Building for an aggregate purchase consideration of S$118.0 million. The 10-storey leasehold industrial property at 30 Tai Seng Street has a gross floor area of 248,902 square feet, and will enhance and diversify the Group's investment holding portfolio. Following the acquisition, the Group owns 80% effective stake in the property.

14 June 2021

The Group's substantial shareholder, Ong Sek Chong & Sons Pte Ltd ("OSC") made a mandatory conditional cash offer to acquire all the issued shares of the Company that OSC and the Relevant Concert Party Group did not already own. At the close of offer on 26 July 2021, OSC and the persons acting in concert with it, including the Relevant Concert Party Group, own an aggregate of 341,415,646 shares in the Company, representing approximately 68.33% of the total number of issued shares, of which OSC holds 56.56%.

29 June 2021

The Group was recognised as one of the six inaugural winners of Singapore's Best Managed Companies 2021 award, organised by Deloitte. The Singapore's Best Managed Companies award recognises the Group's organisational success across the key management areas of strategy, innovation, capabilities, commitment and excellent financial performance.

REVENUE BY BUSINESS SEGMENT
(S$'000)

CONSTRUCTION

460,511	427,461
FY2020	FY2021

PROPERTY DEVELOPMENT

46,166	42,387
FY2020	FY2021

INVESTMENT HOLDING

26,082	25,417
FY2020	FY2021

DORMITORY

23,284	19,225
FY2020	FY2021

▲ Ongoing Project - Defu Industrial City

▲ Ongoing Project - The Tre Ver

CONSTRUCTION

The construction sector endured challenging operating conditions in FY2021 amidst the COVID-19 pandemic.

To control the spread of the disease, the Singapore government mandated an extensive range of safe management measures to be implemented at work sites. These measures include safe distancing and fortnightly swab tests, and the control of workers' movement. In addition, heightened border control by the Singapore government restricted the number of foreign workers entering the country.

Collectively, these measures resulted in significant challenges in the recruitment and deployment of workers across the work sites, leading to manpower shortage and delays in construction progress. As a result, the Group recorded a 7.2% decline in construction revenue to S$427.5 million, from S$460.5 million in FY2020.

Along with slower resumption of work activity, the Group also had to contend with higher labour costs presented by the shortage of manpower and compliance requirements to maintain safe management measures at worksites.

During the financial year, we mainly focused on managing the construction progress of our 14 ongoing projects, while selectively tendering for new contracts. Among our ongoing projects, Martin Modern, a 450-unit private condominium housing development, received its Temporary Occupation Permit in May 2021.

In March 2021, we secured a $131-million private residential contract through our 60%-owned subsidiary, United Tec Construction Pte. Ltd., for the construction of The Watergardens at Canberra Drive.

With the addition of this new contract, our order book as at 31 May 2021 stood at a healthy S$1.4 billion, which is expected to support our activities through FY2025.

On a positive note, two subsidiaries were incorporated during the financial year as we expanded our suite of construction and its related services: United Leasing Services Pte. Ltd., to engage in the maintenance of construction machinery and equipment for third parties, and United (CE) Pte. Ltd., to engage in civil engineering activities.

▲ Ongoing Project - The Jovell

PROPERTY DEVELOPMENT

The property development business, which is undertaken by our 77.6%-owned subsidiary SLB Development Ltd. ("SLB") listed on SGX Catalist, enjoyed a general improvement in contribution from its associates.

Of its projects under development, SLB recognised higher revenue from its light industrial properties, INSPACE and T-Space which sold its remaining unit. Contribution from Mactaggart Foodlink, on the other hand, was significantly lower as the project has received its Temporary Occupation Permit in March 2021. Consequently, the Property Development segment registered revenue of S$42.4 million in FY2021, an 8.2% decrease compared to S$46.2 million in FY2020.

SLB's investments in associates bore fruit in FY2021, as it recognised a development profit of S$7.8 million from its stakes in its associates' private residential projects, Riverfront Residences, Affinity @ Serangoon and Rezi 24. The profit was due to the sale of additional units and progress made in the construction of these developments.

On home ground, SLB completed the acquisition of a freehold 6-storey light industrial property, Thye Hong Centre at 2 Leng Kee Road, for S$112.5 million. SLB is monitoring the market for an opportune time to redevelop the property. In the meantime, it expects to generate recurring rental income from the existing building.

SLB, through its fund management arm, also made its maiden investment in the Australian property market in April 2021 with the acquisition of RMIT Bourke Street Centre, an office property in Melbourne. This was made via a joint venture with Sydney-based independent property investment company Futuro Trust and Hong Kong-based Baring Private Equity Asia. SLB has a 5% effective interest in the property, which will provide it with recurring asset management fees. On the other hand, SLB has divested its 33.3% equity interest in its joint venture company, 32 Real Estate Pte Ltd of which the disposal was completed in August 2021, for a consideration of S$0.6 million.

▲ Thye Hong Centre

▲ Mactaggart Foodlink

INVESTMENT HOLDING

The Investment Holding segment, which holds a portfolio of commercial, industrial and residential properties in Singapore, provided us with stable recurring income.

Revenue from the segment registered a 2.5% decrease to S$25.4 million, compared to S$26.1 million in the preceding financial year. The decrease was mainly due to lower rental income as a result of additional rental relief extended to eligible small and medium sized enterprise (SME) tenants in FY2021. The rental relief was mandated under COVID-19-related government measures on the premise of equitable co-sharing of rental obligations between the government, landlords and tenants.

Share of loss from joint ventures of the segment was S$1.5 million in FY2021. While we recorded S$3.6 million share of operating profit from the joint ventures, the profit was eroded by a share of fair value loss amounting to S$5.1 million from the investment properties.

Share of results of associates of the segment stood at a loss of S$4.1 million in FY2021, mainly from associates with hospitality business in the United Kingdom which were affected by worldwide restrictions on cross-border travel.

Our investment securities portfolio increased by S$17.1 million from S$150.0 million in FY2020 to S$167.1 million in FY2021, mainly due to purchases of corporate bonds and funds during the financial year as well as fair value gains.

In April 2021, we enhanced our property investment portfolio with the acquisition of BreadTalk IHQ, a leasehold industrial property at 30 Tai Seng Street, for an aggregate purchase consideration of S$118.0 million. The industrial property was acquired through a subsidiary in which we hold 80% stake. BreadTalk Group has committed to lease back the property as an anchor tenant for an initial lease term of 10 years, with the option to either buy back the property or extend the lease by a further five years. The lease commitment and the property's strategic location should enable us to yield positive returns and potential capital appreciation from this investment in the longer term.

▲ BreadTalk IHQ

DORMITORY

The Dormitory segment, comprising the 55%-owned Westlite Mandai and 49%-owned ASPRI-Westlite Papan dormitories, recorded lower revenue and higher operating costs in FY2021.

The Dormitory segment recorded lower revenue of S$19.2 million in FY2021, compared to S$23.3 million in FY2020. The occupancy rates during FY2021 was impacted as some workers had returned home after the dormitory lockdowns were lifted in third quarter of 2020. In the first half of 2021, the recovery in occupancy rates was affected by the travel restrictions imposed by the government to curb the spread of COVID-19 and its variants. Notwithstanding this, as vaccination rates in Singapore reach the targeted level, restrictions will be gradually lifted, and the demand for the workers accommodation in Singapore is expected to improve.

Due to an outbreak in the foreign worker community in Singapore in April 2020, the workers residing in all dormitories had to be isolated or have their movements restricted. To take care of their well-being and contain the virus spread, we took steps to segregate shared facilities, set up physical segregation barriers, install digital solutions such as QR code locks and improved the overall hygiene standards of the dormitories. Apart from these, we also provided all residents with essential items such as face masks and sanitisers, meals, as well as with fundamental services such as recreational activities, internet connectivity, digital entertainment channels, and contactless remittance services. We have worked closely with our joint-venture partner, Centurion Corporation Limited, to deploy its proprietary MyMA app, which allows residents to easily monitor their health, work status and movement records. We have also engaged assistance from residents during the lock-down period for manpower-centric tasks such as food distribution, area disinfecting and social distancing monitoring.

Financially, these measures incurred higher operating costs for us, and we expect such costs to continue amid the ongoing pandemic. On the other hand, lower interest rates environment and fair value gain recorded on the Westlite Mandai dormitory led to an improvement in segmental profit contribution.

▲ ASPRI-Westlite Papan - Food Distribution.

▲ Westlite Mandai - Received Donated Masks.

In 2021, we are delighted to be one of the inaugural winners of Deloitte Best Managed Companies Singapore award and are proud to have emerged among the top-200 in the Singapore's Best Employers.

The fluid manpower regulatory environment arising from the COVID-19 pandemic proved to be particularly challenging for the construction industry in FY2021. We had to adapt the way we managed and engaged our staff to ensure compliance with the mandatory safe distancing requirements. During the year, we also learned to adapt.

While safe management regulations made it extremely challenging to conduct in-person staff training, we successfully leveraged video conferencing to continue equipping our staff through virtual training sessions.

We are delighted to be one of the inaugural winners of Deloitte 2021 Best Managed Companies Singapore award.

The award recognises companies for their organisational success and achievement, and provides a distinct framework for management teams to challenge themselves and benchmark against some of the best private companies in the world in areas including strategy, capabilities and innovation, culture and commitment, as well as governance and financials.

We are also proud to have emerged among the top-200 in the Singapore's Best Employers 2021 survey conducted by The Straits Times and Statista from August to September 2020. The survey polled over 9,000 respondents on their views about their employers. Employers were given a score based primarily on whether staff would recommend them to a friend and family member. Lian Beng stands out from more than 1,700 eligible employers across 26 industries.

These recognitions affirm the Group's commitment to staff development and welfare.

The COVID-19 pandemic made it relatively challenging for us to carry out our usual community involvement programmes during the year as recreational activities were suspended. Nonetheless, we continued to give back to the community through the provision of sponsorships and donations.

▲ Singapore's Best Managed Companies 2021.

Corporate Information

BOARD OF DIRECTORS

Ong Pang Aik BBM (L)
Chairman and Managing Director

Ong Lay Huan
Executive Director

Ong Lay Koon
Executive Director

Low Beng Tin BBM (L)
Independent Director

Ko Chuan Aun
Independent Director

Ang Chun Giap PBM
Independent Director

Tan Khee Giap
Independent Director

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Wee Woon Hong
Srikanth Rayaprolu

REGISTERED OFFICE

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

REGISTRAR AND SHARE TRANSFER OFFICE

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

AUDITORS

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
Level 18 North Tower
Singapore 048583
Partner-In-Charge:
Nelson Chen
(Since Financial Year Ended 31 May 2018)

SOLICITORS

Opal Lawyers LLC
20 Collyer Quey, #01-02,
Singapore 049319

PRINCIPAL BANKERS

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

INVESTOR & MEDIA RELATIONS

Ark Advisors Pte Ltd
315C Jalan Besar
Singapore 208973
Principal Consultant: Alvina Tan

The board of directors (the "**Board**") of Lian Beng Group Ltd is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the Company's shareholders (the "**Shareholders**").

The Company has put in place various policies and practices that will safeguard the interests of Shareholders and enhance Shareholders' value as part of its effort to maintain high standards of corporate governance. This report describes the corporate governance practices and procedures adopted by the Company with specific reference to the revised Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore. References to the principles and provisions of the Code are listed below.

The Board confirms that for the financial year ended 31 May 2021 ("**FY2021**"), the Company has substantially complied with the principles and provisions of the Code. Where there are deviations from the recommendations of the Code, appropriate explanations have been provided.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the Company.

Provision 1.1

Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

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

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

The Board works with the management of the Company (the "**Management**") and the Management remains accountable to the Board.

Every Director is expected, in the course of carrying out his or her duties, to act in good faith and to consider at all times the interests of the Company.

The Company has an established Code of Conduct which are updated periodically that sets out the principles of business ethics and conduct for the Group and covers significant areas including appropriate business conduct and ethics, safeguarding of confidentiality information and prohibition on insider trading, anti-bribery, corruption and fraud measures, and conflicts of interest and non-competition. All employees of the Group are to uphold these principles and conduct themselves with high standards of integrity that are in compliance with laws and regulations of the jurisdictions in which it operates.

Directors are required to promptly disclose any conflict or potential conflict of interest, whether directly or indirectly, in relation to any matters, transactions or proposed transactions with the Group as soon as is practicable after the relevant facts have come to their knowledge. Any Director who has a conflict of interest which is likely to impact his independence or conflict with a subject under discussion by the Board is required to immediately declare his interest to the Board and recuse himself from participating in any discussion and voting on the subject matter.

Provision 1.2

Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. The induction, training and development provided to new and existing directors are disclosed in the Company's annual report.

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

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

During FY2021, the external auditor briefed the AC members on developments in accounting and governance standards. The Executive Directors also updated the Board at each Board meeting on business and strategic developments relating to the industry that the Group operates in.

Provision 1.3

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the Company's annual report.

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

a. Approval of financial statements' announcements;
b. Approval of interested parties' transactions;
c. Declaration of interim dividends and proposal of final dividends;
d. Convening of shareholders' meetings;
e. Approval of corporate strategy;
f. Authorisation of merger and acquisition transactions; and
g. Authorisation of major transactions.

Provision 1.4

Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the Company's annual report.

All Directors make decisions objectively and discharge their responsibilities in the interests of the Company. To facilitate effective management, certain functions have been delegated to various Board Committees ("**Board Committees**"), whose actions are reported to and monitored by the Board.

These Board Committees include the audit committee (the "**AC**"), the nominating committee (the "**NC**") and the remuneration committee (the "**RC**"), all of which operate within clearly defined terms of reference and functional procedures. The composition, terms of reference, summary of activities, of AC, NC and RC are disclosed under various provisions of this report.

Provision 1.5

Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the Company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each Company.

The Board meets regularly on a half-yearly basis and as warranted. Ad hoc meetings will be arranged to deliberate on urgent substantive matters. Board meeting by telephone conference is allowed under the Company's constitution (the "**Constitution**").

The details of Board meetings, NC, RC and AC meetings held during FY2021 as well as the attendance of each Board member at those meetings are disclosed below:

Name of Director	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Ong Pang Aik	2	2	–	–	–	–	–	–
Ong Lay Huan	2	2	–	–	–	–	–	–
Ong Lay Koon	2	2	–	–	–	–	–	–
Low Beng Tin	2	2	1	1	1	1	2	2
Ko Chuan Aun	2	2	1	1	1	1	2	2
Ang Chun Giap	2	2	1	1	1	1	2	2
Tan Khee Giap	2	2	1	1	1	1	2	2

Although some of the Directors have multiple Board representations, the NC has considered and is satisfied that each of them is able to and has adequately carried out his duties as a Director of the Company for FY2021, given that only three (3) Directors currently hold more than one (1) directorships in other listed companies and the Directors have contributed sufficient time and effort to discharge their duties in the best interests of the Group.

Provision 1.6

Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

In order to ensure that the Board is able to fulfil its responsibilities, the Management provides the Board with complete, adequate and timely information about the Group as well as the relevant background information relating to the business and matters to be discussed prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. To allow the Directors to have sufficient time to prepare for the meetings, all Board papers are distributed to the Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.

The Board papers include, among others, the following documents and details:
- minutes of the previous meetings;
- follow-up on significant matters outstanding following the previous meetings;
- financial review: actual, budget and any other major financial issues;
- internal audit reports prepared by the Company's internal auditors;
- external audit reports prepared by the Company's external auditors;
- annual budgets (actual vs budget); and
- major operational and investment proposals and update.

To ensure that Directors receive sufficient background explanatory information, briefings or formal presentations may also be given or made by the Management in attendance at Board meetings, or by external consultants engaged on specific projects. Directors are also entitled to request additional information and the Management shall provide the same in a timely manner.

The Directors also receive management reports on the Group's financial performance on a half-yearly basis, which contain adequate and timely operational and financial information that facilitates an assessment of the Group's financial performance, financial position and prospects. The management reports consist of financial statements with disclosures and explanations of material variances between past performance, budgets and actual results.

Provision 1.7

Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

The Directors have separate and independent access to the Management, the Company's internal/external auditors and the Company Secretaries at all times should they have any queries on the Group's affairs.

Together with the Management, the Company Secretaries are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act (Chapter 50) of Singapore ("**Companies Act**"), and the provisions in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") are complied with.

At least one (1) of the Company Secretaries and/or his/her representatives attends all Board and Board Committee meetings. They assist the Chairman in ensuring that board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's Constitution and relevant rules and regulations, including requirements of the Companies Act and the provisions in the Listing Manual of the SGX-ST are complied with. Under the direction of the Chairman, the Company Secretaries are responsible for ensuring good information flow within the Board and its committees, facilitating the Directors' orientation programme, and assisting with professional developments as required. They are also the primary channel of communication between the Company and the SGX-ST. The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

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

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

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1

An "independent director" is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

(i) The Company is headed by an effective Board to lead and control the Company.

As at the date of this report, the Board comprises three (3) Executive Directors and four (4) Independent Directors, namely:

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

Independent & Non-Executive Directors
1. Mr Low Beng Tin
2. Mr Ko Chuan Aun
3. Mr Ang Chun Giap
4. Dr Tan Khee Giap

Information regarding each Board member is provided under the Board of Directors section set out on pages 8 to 11 of this Annual Report.

None of the Directors has appointed an alternate director in FY2021.

As there are four (4) Independent Directors representing majority of the Board, there is a strong independent element on the Board, thereby allowing it to exercise objective judgment on all matters independently from the Management.

(ii) The independence of each Director is assessed and reviewed at least annually by the NC. The NC adopts the definition in the Code as to what constitutes an independent director in its review to ensure there is a strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently. The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in the best interests of the Group. In this regard, the NC is of the view that Mr Low Beng Tin, Mr Ko Chuan Aun, Mr Ang Chun Giap and Dr Tan Khee Giap are independent. They are well-qualified and experienced and have the ability to make impartial and well-balanced decisions and to act in the best interests of the Company and its shareholders. None of the Independent Directors have served on the Board for more than 9 years.

The Independent Directors ensure that the strategies proposed by the Management are constructively challenged, fully discussed and examined and take into account the long-term interests, not only of Shareholders but also other stakeholders of the Group. The Independent Directors also review the Management's performance in achieving agreed goals and objectives, and monitor the reporting of its performance. They also meet regularly on their own, without the presence of the Management.

Provision 2.2

Independent directors make up a majority of the Board where the Chairman is not independent.

As at the date of this report, the Board comprises four (4) Independent Directors representing a majority of the Board. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

Provision 2.3

Non-executive directors make up a majority of the Board.

As at the date of this report, the Board comprises four (4) Non-Executive and Independent Directors representing a majority of the Board.

Provision 2.4

The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the Company's annual report.

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

The Board, through the NC, has reviewed and is satisfied that the current structure, size and composition of the Board and Board Committees are appropriate for effective decision making, taking into account the scope and nature of the operations of the Company, the balance and diversity of, amongst other factors, skills, experience and gender. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

While the Board and NC have not implemented a fixed diversity policy, the composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has an appropriate mix of expertise and experience to enable the Management to benefit from diverse perspectives in reviewing the issues that are brought before the Board.

Provision 2.5

Non-executive directors and/or independent directors, led by the independent chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

The Non-Executive Independent Directors meet on a need-to basis amongst themselves and with the Company's external auditors and internal auditors without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance and risk management initiatives, Board processes and any internal audit observations. Thereafter, they provide feedback to the Executive Chairman after such meetings, if needed.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Mr Ong Pang Aik currently assumes the roles of both the Chairman and Managing Director.

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

Provision 3.2

The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

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

a. Leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;
b. Ensuring that the Directors receive complete, adequate and timely information;
c. Ensuring effective communication with shareholders;
d. Encouraging constructive relations between the Board and management;
e. Facilitating the effective contribution of Non-Executive Directors;
f. Encouraging constructive relations within the Board and between the Board and management;
g. Promoting a culture of openness and debate at the Board; and
h. Promoting high standards of corporate governance.

Provision 3.3

The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent.

The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

The Board concurs with the NC that as the size of the Board is relatively small with only seven (7) members of whom four (4) are Independent Directors, there would not be a need for a Lead Independent Director. The Independent Directors collectively are and have been available to shareholders as a channel of communication between shareholders and the Board or Management. The Independent Directors meet or communicate periodically without the presence of the other Directors and collectively provide feedback to the Chairman on matters arising from such meetings. During FY2021, the Independent Directors have met at least once in the absence of the Management.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO 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 programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any).

The NC, which has written terms of reference, was established to make recommendations to the Board on all board and executive officer appointments. The NC's responsibilities include the following:

a. Annual review of skills required by the Board, and the size of the Board;
b. Reviewing and determining the independence of each Director to ensure that the Board comprises at least half Independent Directors;
c. Reviewing and evaluating a Director's ability and adequacy in carrying out his/her role as Director of the Company, particularly when he/she has multiple board representations;
d. Re-nomination of Directors, giving due regard to each Director's contribution and performance including, if applicable, as an Independent Director;
e. Assessing the effectiveness of the Board as a whole, and as well as each Director's contribution to the effectiveness of the Board;
f. Deciding how the Board's performance may be evaluated and proposing objective performance criteria; and
g. To make plans for succession, in particular for the Chairman of the Board and Managing Director.

Provision 4.2

The NC comprises at least three directors, all of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

As at the date of this report, the members of NC are:

Mr Low Beng Tin	(Chairman, Independent Director)
Mr Ko Chuan Aun	(Member, Independent Director)
Mr Ang Chun Giap	(Member, Independent Director)
Dr Tan Khee Giap	(Member, Independent Director)

Provision 4.3

The Company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the Company's annual report.

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

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

(i) at least majority of Directors shall be Independent Directors, where Chairman is not independent; and
(ii) the candidate shall be a fit and proper person to hold such office, and the most qualified candidate nominated for the office, taking into account the candidate's track record, experience, capabilities and other relevant factors.

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

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

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

Ms Ong Lay Koon will, upon re-election as a Director of the Company, continue to serve as the Executive Director of the Company. Mr Low Beng Tin will, upon re-election as a Director of the Company, continue to serve as Independent Director of the Company and the Chairman of Audit Committee and Nominating Committee and member of Remuneration Committee of the Company. Mr Ang Chun Giap will, upon re-election as a Director of the Company, continue to serve as Independent Director of the Company and member of Audit Committee, Nominating Committee and Remuneration Committee of the Company. Mr Low Beng Tin and Mr Ang Chun Giap are considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 191 to 203 of this annual report for further information on Ms Ong Lay Koon, Mr Low Beng Tin and Mr Ang Chun Giap required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

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

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

Provision 4.4

The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the Company discloses the relationships and its reasons in its annual report.

The NC meets at least once a year. Please refer to the disclosure in Provision 2.1 in relation to the NC's review of Director's independence.

Provision 4.5

The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the Company. The Company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

A Director who has no prior experience as a director of an issuer listed on the SGX-ST is required to undergo training in the roles and responsibilities of director of a listed issuer as prescribed by the SGX-ST within 1 year from his/her appointment. In addition, the responsibilities of a Director are clearly delineated in his/her appointment letter or service agreement (as the case may be).

All Directors declare their board memberships and principal commitments as and when practicable.

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

Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies	
			Present	Last Three Years
Ong Pang Aik	16/12/1998	27/09/2019	Nil	Nil
Ong Lay Huan	20/03/1999	28/09/2020	Nil	Nil
Ong Lay Koon	20/03/1999	27/09/2018	SLB Development Ltd.	Nil
Low Beng Tin	08/07/2015	27/09/2018	CosmoSteel Holdings Limited Fuji Offset Plates Manufacturing Ltd JP Nelson Holdings	Datapulse Technology Limited
Ko Chuan Aun	10/07/2015	28/09/2020	Koon Holdings Ltd KSH Holdings Limited Pavillon Holdings Ltd	San Teh Ltd
Ang Chun Giap	12/10/2016	27/09/2019	G.H.Y Culture & Media Holding Co., Limited	Nil
Tan Khee Giap	14/11/2019	28/09/2020	Amcorp Global Limited Boustead Singapore Limited	BreadTalk Group Limited

Further details of the Directors, including their principal commitments, are provided under the Board of Directors section set out on pages 8 to 11 of the Annual Report.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1

The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

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

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

a. Board size and composition;
b. Board processes;
c. Board information and accountability; and
d. Board Committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

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

a. Industry knowledge and/or functional expertise;
b. Contribution and workload requirements;
c. Sense of independence; and
d. Attendance at board and committee meetings.

Provision 5.2

The Company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its directors.

During FY2021, all Directors are requested to complete a board evaluation questionnaire designed to seek their view on various aspects of the Board's and Individual Director's performance as described above. The Chairman, in consultation with the NC, acted on the results of the performance evaluations. Where appropriate, the Chairman will propose new members to be appointed to the Board or seek the resignation of Directors.

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

No external facilitator was engaged for the evaluation process for FY2021.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1

The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.

The RC currently comprises four (4) Directors, all of whom are Independent and Non-Executive Directors:

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

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

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

a. Recommending to the Board on the framework of remuneration policies for Directors and senior management;
b. Reviewing and approving specific remuneration packages for each Director and the Chairman, including Director's fees, salaries, allowances, bonuses, options and benefits-in-kind; and
c. Reviewing the remuneration of senior management.

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

Provision 6.2

The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

As at the date of this report, the members of RC are:

Mr Ko Chuan Aun	(Chairman, Independent Director)
Mr Low Beng Tin	(Member, Independent Director)
Mr Ang Chun Giap	(Member, Independent Director)
Dr Tan Khee Giap	(Member, Independent Director)

Provision 6.3

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. Please refer to the disclosure in Provision 7.1 for remuneration aspects.

The RC will also review the Group's obligations arising in the event of termination of Executive Directors' or key management personnels' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Provision 6.4

The Company discloses the engagement of any remuneration consultants and their independence in the Company's annual report.

For FY2021, the Company did not engage any remuneration consultant. The RC has full authority to obtain any external professional advice on matters relating to remuneration, as and when the need arises.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provision 7.1

A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long term success of the Company.

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

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

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

Provision 7.2

The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The Independent Directors do not have service agreements with the Company. They are paid Directors' fees, which are determined by the Board according to the level of contribution, and taking into account factors such as the effort and time spent, and their respective responsibilities. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company.

Provision 7.3

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.

The RC is of the view that the remuneration is appropriate to attract, retain and motivate the Directors and key management personnel to successfully manage the Company for the long term given the low attrition rate of Directors and key management personnel.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

The Company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

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

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

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

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

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 May 2021 is as follows:

Remuneration Band	Name	Salary and CPF (%)	Bonus & Profit Sharing (%)	Other Benefits and Allowances (%)	Directors' Fees (%)	Total (%)
S$2,750,001 – S$3,000,000	Ong Pang Aik	22	73	5	–	100
S$1,750,001 – S$2,000,000	Ong Lay Huan	26	69	5	–	100
S$1,750,001 – S$2,000,000	Ong Lay Koon	24	65	4	7[1]	100
Below S$250,000	Low Beng Tin	–	–	–	100	100
Below S$250,000	Ko Chuan Aun	–	–	–	100	100
Below S$250,000	Ang Chun Giap	–	–	–	100	100
Below S$250,000	Tan Khee Giap	–	–	–	100	100

[1] relates to director's fee received from SLB Development Ltd. ("SLB"), which was approved during the Annual General Meeting of SLB on 28 September 2020.

The remuneration of the top eight key executives comprises of fixed and variable components. Fixed component is in the form of fixed monthly salary whereas variable component is linked to the performance of the Group's businesses and individual performance. For the remuneration of the key executives of the property development segment, please refer to SLB Development Ltd.'s 2021 Annual Report.

The remuneration for FY2021 of the top eight key executives are as follows:

S$250,000 to below S$500,000	:	6
Below S$250,000	:	2

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

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

For the financial year ended 31 May 2021, the total remuneration paid to the top eight key executives (who are not Directors or the CEO) of the Company was S$2,744,874.

Provision 8.2

The Company discloses the names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

Ms Ong Sui Hui is the daughter of Mr Ong Pang Aik and niece of Ms Ong Lay Huan and Ms Ong Lay Koon, and Mr Ong Eng Keong, is the son of Mr Ong Pang Aik and nephew of Ms Ong Lay Huan and Ms Ong Lay Koon. Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui, are the siblings of Mr Ong Pang Aik, Ms Ong Lay Huan and Ms Ong Lay Koon. The remuneration of Ms Ong Sui Hui, Mr Ong Eng Keong, Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui exceed S$100,000 for FY2021. However, the Board is of the opinion that the remuneration details of Ms Ong Sui Hui, Mr Ong Eng Keong, Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui are confidential and disclosure of their remuneration in the bands of S$100,000 would not be in the interest of the Company.

The Board is of the opinion that disclosure of their remuneration in bands of S$100,000 may affect the retention or recruitment of them in a highly competitive business environment the Company operates in as well as the competitive pressures in the talent market due to limited talent pool. The Company needs to maintain stability and business continuity and any attrition of the above-mentioned persons would not benefit the Company. Accordingly, due to confidentiality and sensitivity issues attached to their remuneration matters, especially in the case where the key management team is small, it would not be in the best interests of the Company to disclose their remuneration in the bands of S$100,000 as recommended by the Code.

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

Save as disclosed above, there were no other employees who were immediate family members of any Director or the Managing Director or substantial shareholder, whose remuneration for FY2021 exceeds S$100,000. There are no termination, retirement or any post-employment benefits to Directors and key officers.

Provision 8.3

The Company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company. It also discloses details of employee share schemes.

Please refer to the disclosure in Provision 8.1 for the remuneration details of Directors and key management personnel of the Company.

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

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

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

The Board has put in place a risk governance and internal control framework manual to define the strategic objectives and determine the risk appetite, tolerance and risk mitigation measures to address potential impediments to achieving these business strategies. The internal and external auditors conduct reviews of the adequacy and effectiveness of the material internal controls (including financial, operational, compliance and IT controls) and risk management systems. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the AC. The AC also reviews the adequacy and effectiveness of the measures taken by Management on the recommendations made by the internal and external auditors in this respect.

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

The Group has also maintained a proper enterprise risk management programme which is in line with ISO: 31000, an internationally accepted risk management standard and COSO (2017 Enterprise Risk Management - Integrated Framework). This allows the Board to be apprised of the key strategic, operational, financial, information technology and compliance risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the Management and various Board Committees and the Assurances (defined below) received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational, compliance and information technology controls risks, and risk management systems of the Company were adequate and effective as at 31 May 2021.

The Board notes that the systems of risk management and internal controls established by Management provide reasonable assurance that the Group, as it strives to achieve its business objectives, and will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities.

Provision 9.2

The Board requires and discloses in the Company's annual report that it has received assurance from:

(a) the CEO and the Chief Financial Officer ("CFO") 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) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board has received the relevant assurances ("**Assurances**") from:

(a) the Chairman and Managing Director and the Group Financial Controller that the financial records have been properly maintained and the financial statements for the financial year ended 31 May 2021 give a true and fair view of the Group's operations and finances; and

(b) the Chairman and Managing Director and other key management personnel who are responsible for the Group's risk management and internal control systems that, as at 31 May 2021, the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1

The duties of the AC include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The AC currently comprises of four (4) Directors, all of whom are Independent and Non-Executive Directors:

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

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

The AC convened two (2) meetings during the year. The AC has also met with the external auditors, without the presence of the Company's Management at least once a year.

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

a. Review the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
b. Review the nature and extent of non-audit services provided by the external auditors and its cost effectiveness;
c. Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
d. Review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and the risk management systems;
e. Review whether the Company's internal audit function is independent, effective and adequately resourced;
f. Make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
g. Review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual of SGX-ST;
h. Review the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
i. Review the audit plans and reports of the internal auditors and ensure the adequacy and effectiveness of the Company's system of internal controls.

The AC meets with the external and internal auditors, without the presence of Management, at least once annually, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge its functions properly. The AC has met with the external and internal auditors, without the presence of Management during FY2021. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2021 are as follows: -

Audit fees	:	S$686,000 (FY2020: S$663,000)
Non-audit fees	:	S$277,000 (FY2020: S$300,000)
Total	:	S$963,000 (FY2020: S$963,000)

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

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

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

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

Key Audit Matters

The AC discussed with Management and the external auditors on significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the members of the Company under Key Audit Matters ("**KAM**"). Based on its review as well as discussion with Management and the external auditors, the AC is satisfied that those matters, including the KAM, have been properly dealt with.

Whistle-blowing Policy

The AC has put in place a whistle-blowing policy, whereby employees of the Group and external parties, may in confidence, raise concerns about possible improper financial reporting or other matters to Mr Low Beng Tin, the AC Chairman via email at whistleblowing@lianbenggroup.com.sg. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. The Company did not receive any whistle-blowing report during FY2021.

Provision 10.2

The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

As at the date of this report, the members of AC are:

Mr Low Beng Tin	(Chairman, Independent Director)
Mr Ko Chuan Aun	(Member, Independent Director)
Mr Ang Chun Giap	(Member, Independent Director)
Mr Tan Khee Giap	(Member, Independent Director)

The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties. At least two (2) members of the AC, including the AC Chairman, possess the requisite accounting and related financial management expertise and experience.

Provision 10.3

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

None of the AC members were previous partners or directors of the Company's existing auditors.

Provision 10.4

The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

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

In order to provide adequate assurance over the internal controls, the Group has appointed RSM Risk Advisory Pte. Ltd. to perform the independent internal audit function. RSM Risk Advisory Pte Ltd is a member of the Institute of Internal Auditors ("**IIA**") and the internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing by IIA. The internal auditors plan the scope of review in consultation with, but independent of, management and submitted the audit plan to the AC for approval. The internal auditors report their findings based on the scope of review directly to the AC and administratively to the Executive Directors. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC has reviewed with the internal auditors their risk-based internal audit plan and their evaluation of the system of internal controls, their audit findings and the Management's responses to address the findings; the adequacy and the effectiveness of material internal controls, including financial, operational and compliance controls and overall risk management of the Company and the Group for FY2021. The AC is satisfied that the internal auditor is adequately qualified, resourced and has the appropriate standing within the Group to discharge its duties effectively.

Provision 10.5

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

The AC meets from time to time with the Group's external auditors and internal auditors, in each case without the presence of the Management, at least once a year.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

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

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

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

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

Provision 11.2

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

Separate resolutions are proposed at general meetings of shareholders on each substantially separate issues. "Bundling" of resolutions are done only where the resolutions are interdependent and linked so as to form one significant proposal. All resolutions at general meetings are put to vote by poll, and their detailed results will be announced via SGXNet after the conclusion of the general meeting.

Provision 11.3

All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the Company's annual report.

All Directors, including the Chairman of the Board and the respective Chairmen of the AC, RC and NC as well as the external auditors are usually present at the general meetings to answer those questions relating to the work of these committees. The external auditors are also present to address any relevant queries by shareholders about the conduct of the audit and the preparation and content of the auditors' report. All the Directors and the external auditors attended the last AGM.

Provision 11.4

The Company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

The Constitution allows each Shareholder to appoint up to 2 proxies to vote and attend general meetings on his behalf. Corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than 2 proxies to attend and vote on their behalf at general meetings. The Company does not intend to implement absentia-voting methods such as email, fax or mail until security, integrity and other pertinent issues are satisfactorily resolved.

Provision 11.5

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable and the minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting.

Provision 11.6

The Company has a dividend policy and communicates it to shareholders.

The Company does not have a formal dividend policy at present. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, cash flow, capital requirement, plans for expansion and other factors which the Directors may deem appropriate. For FY2021, the Board has recommended final (tax exempt one-tier) dividend of 1.0 cent per ordinary share, subject to shareholders' approval at the forthcoming annual general meeting on 28 September 2021. If approved, the dividend will be paid on 15 October 2021.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provision 12.1

The Company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

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

Each item of special business included in the notice of AGM will be accompanied by explanatory notes as may be required. Separate resolutions are proposed for each substantially separate issue at general meetings.

The AGM is the principal forum for dialogue and interaction with all Shareholders. Shareholders are encouraged to attend, participate and vote at the AGM to ensure a high level of accountability on the part of the Board and the Management, and to stay informed of the Group's performance, strategies and growth plans.

The Company supports active Shareholder participation at the AGM and welcomes questions from Shareholders who wish to raise issues pertaining to the Group, within the setting of the general meetings.

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

Provision 12.2

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

The Company does not have an investor relations policy in place. The Group has engaged an investor relations firm to assist in disseminating news to the media and analysts, facilitating communications with shareholders and analysts, and attending to their queries or concerns. Accordingly, the Board is of the view that the current communication channels are sufficient and cost-effective.

The Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet, in line with the Group's disclosure obligations pursuant to the Listing Manual of the SGX-ST and the Companies Act. The Company's half-yearly financial results and annual reports are announced on the SGXNet within the stipulated period.

Provision 12.3

The Company's investor relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

Shareholders are given the opportunity to pose questions to the Directors or the Management at the AGM and all extraordinary general meetings. Shareholders are informed of Shareholders' meetings through notices, annual reports and circulars issued by the Company. Each item of special business included in the notices of Shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provision 13.1

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly are able to impact the Group's business and operations.

Provision 13.2

The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

The Company maintains a corporate website at www.lianbeng.com.sg at which stakeholders can access information of the Company. The website includes an online investor relations site as an outreach to shareholders and all other stakeholders. The contact site provides general email address lbg@lianbeng.sg as an opportunity for stakeholders to raise issues or questions regarding the Company and its operations.

In addition, the Company disclosed the stakeholder engagement platform as well as the issues of concern of each stakeholder in its Sustainability Report FY2020 which was published on 30 October 2020 and is available at the company's website at www.lianbeng.com.sg.

The Company will publish its Sustainability Report for FY2021 by end of October 2021.

Provision 13.3

The Company maintains a current corporate website to communicate and engage with stakeholders.

The Company updates its corporate website www.lianbeng.com.sg regularly with information released on the SGXNet and business developments of the Group.

DEALINGS IN SECURITIES

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

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company, its Directors and officers are not allowed to deal in the Company's shares during the periods commencing one month before the announcement of the Company's half-year and full year financial results and ending on the date of the announcement of the relevant financial results.

INTERESTED PERSON TRANSACTIONS

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

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

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

There were no interested person transactions of S$100,000 and above during FY2021.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Directors' Statement and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of FY2021 or if not then subsisting, which were entered into since the end of the previous financial year.

RISK MANAGEMENT

The Management frequently reviews the Company's business and operational activities to identify areas of significant business and financial risks as well as appropriate measures to control and mitigate these risks within the Company's policies and strategies. The significant risk management policies are as disclosed in the audited financial statements.

SUSTAINABILITY REPORTING

The Company's Sustainability Report FY2020 is available at the Company's website at www.lianbenggroup.com.sg. The Sustainability Report includes a Board Statement and it also sets out the Group's (i) material Economic, Environmental, Social and Governance ("**EESG**") factors; (ii) policies, practices and performance; (iii) targets; and (iv) sustainability reporting framework.

The Company has identified stakeholders as groups of people who have a material impact on the Group's business or may be materially impacted by the Group's business. These may include internal stakeholders such as employees and external stakeholders such as suppliers, customers and regulators. The Company engages its stakeholders through various channels to understand their concerns and expectations, and ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company will publish its Sustainability Report for FY2021 by end of October 2021, in accordance with Practice Note 7.6 of the Listing Manual of the SGX-ST.

FINANCIAL CONTENTS

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Lian Beng Group Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 May 2021.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2021 and the financial performance and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and

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

Directors

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

Ong Pang Aik BBM (L)	(Chairman and Managing Director)
Ong Lay Huan	(Executive Director)
Ong Lay Koon	(Executive Director)
Low Beng Tin BBM (L)	(Independent Director)
Ko Chuan Aun	(Independent Director)
Ang Chun Giap PBM	(Independent Director)
Tan Khee Giap	(Independent Director)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Direct interest			Deemed interest		
	At the beginning of financial year	**At the end of financial year**	**At 21 June 2021**	**At the beginning of financial year**	**At the end of financial year**	**At 21 June 2021**
The Company						
Ordinary shares						
Ong Pang Aik	28,649,300	28,649,300	1	154,131,000	158,841,600	212,013,699
Ong Lay Huan	16,011,999	16,011,999	1	154,131,000	158,841,600	199,376,398
Ong Lay Koon	8,539,200	8,539,200	1	–	–	8,539,199
Low Beng Tin	900,000	900,000	900,000	–	–	–
Ko Chuan Aun	205,000	205,000	205,000	–	–	–
Subsidiary						
SLB Development Ltd.						
Ordinary shares						
Ong Pang Aik	–	–	–	693,495,400	709,838,000	709,838,000
Ong Lay Huan	–	–	–	692,144,900	708,487,500	708,487,500

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

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

Options

During the financial year, there were:

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

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

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

Directors' Statement

Audit Committee

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

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

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

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

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

Auditor

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

On behalf of the board of directors,

Ong Pang Aik
Director

Ong Lay Huan
Director

Singapore
20 August 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIAN BENG GROUP LTD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lian Beng Group Ltd (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the statements of financial position of the Group and the Company as at 31 May 2021, the statements of comprehensive income and statements of changes in equity of the Group and the Company and the consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position, statement of comprehensive income and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 May 2021 and of the financial performance and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

Key audit matters (cont'd)

1. Accounting for construction contracts

The Group is involved in construction projects for which it recognises contract revenue and cost by reference to the percentage of completion in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*. The percentage of completion is measured based on the actual costs incurred to-date to the total budgeted costs for each project. The uncertainty and subjectivity involved in determining the budgeted cost to complete each project and the percentage of completion may have a significant impact on the results of the Group. The COVID-19 pandemic and related business disruptions and operational changes have also increased the estimation uncertainty relating to budgeted time and cost needed to complete ongoing projects. Accordingly, we have identified accounting for construction contracts as a key audit matter.

As part of our audit procedures, we obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues, costs and profit margin. For significant projects, our procedures included:

- reviewed the contractual terms and conditions and verified the costs incurred against underlying documents
- assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects
- reviewed the appropriateness of inputs, amongst others, materials, subcontractor and labor costs used by management in their estimation of the total cost to complete and obtained supporting documentation on the major inputs
- checked whether the contract revenue was recognised according to the percentage of completion of each project measured by reference to contract costs incurred for work performed to date to the estimated total cost
- reviewed the project files and discussed with the management on the progress of significant projects to determine if there are signs of potential disputes, variation order claims, known technical issues, delays, penalties or overruns. If the unavoidable costs of meeting the obligations under a contract exceeds the economic benefits expected to be received under it, adequate provision for onerous contracts has been recognised
- reviewed management's assessment and estimation of the additional time and costs needed to complete the on-going projects due to business disruptions and operational changes related to the COVID-19 pandemic as well as considered the implications of the relevant government driven relief measures on the budgeted costs to complete
- checked the arithmetic accuracy of the revenue, cost and profit recognised based on the percentage of completion computation for individually significant projects

We also assessed the adequacy of the Group's disclosures for revenue recognition and contract balances in Notes 25 and 10.

Key audit matters (cont'd)

2. Fair value measurement of investment properties

The Group carries its investment properties held through its subsidiaries, joint ventures and associates at fair value, with changes in fair values being recognised in profit or loss. The Group engaged external valuers to determine their fair values as at 31 May 2021.

The valuation of the investment properties is a significant judgmental area and is underpinned by a number of assumptions including but not limited to adjustments made to market data and benchmarks for any difference in nature, location or condition of the specific property. The valuation exercise also relies upon the accuracy and appropriateness of the underlying lease and financial information provided to the independent valuation specialists by the management. In addition, there was an increase in the levels of estimation uncertainty and judgement required in determining the valuation of investment properties due to the uncertain market and economic conditions that are also affected by the on-going COVID-19 pandemic. Accordingly, we have identified this as a key audit matter.

As part of our audit procedures, we assessed the Group's process relating to the selection of the external valuers, the determination of the scope of their work, and the review of the valuation reports issued by the external valuers. We also assessed the objectivity and competency of the external valuers. With the assistance of our internal property valuation specialist, we held discussions with the external valuers and management to understand and evaluate the appropriateness of the valuation methodologies applied, assumptions and inputs used, including key valuation adjustments made in response to the uncertainties in the market and economic conditions that are also affected by the on-going COVID-19 pandemic and the overall results of the valuations. Key assumptions and inputs evaluated include projected rental and occupancy rates, capitalization rates, discount and terminal yield rates, and relevant market pricing benchmarks. We assessed the reasonableness of these key assumptions and inputs by comparing them to supporting documents and contracts, actual financial performance and available market data while taking into consideration the specific nature and highest and best use of these properties as well as implications from the on-going COVID-19 pandemic and related economic uncertainties on key valuation assumptions and inputs.

We also assessed the adequacy of the Group's disclosures for investment properties, joint ventures, and associates in the investment holding segment and fair value measurement in Notes 5, 38, and 34 to the financial statements.

3. Recoverability of investments in development properties

The Group develops commercial and residential properties for sale through its subsidiaries and through equity and debt investments in associates involved in the property development segment. Development properties are stated at the lower of cost and net realisable value. As at 31 May 2021, the Group's development properties and interests in associates amounted to $180,892,000 and $134,450,000, which accounts for 44% and 33% of total assets, respectively. The determination of their recoverability, and in the case of debt investments in associates, expected credit loss ("ECL"), are primarily driven by the net realisable value and outlook for the sale and completion of the related development properties. Significant management judgement is involved in estimating the net realisable value of the development properties as at 31 May 2021, and in estimating the future financial performance of the projects and ECL in event of default by the associates. In addition, there are also higher levels of estimation uncertainty and judgement required due to the uncertain market and economic conditions that are also affected by the on-going COVID-19 pandemic. Accordingly, we have identified this as a key audit matter.

Key audit matters (cont’d)

3. Recoverability of investments in development properties (cont’d)

For material development properties held by subsidiaries and associates, we inquired and discussed with management to understand and consider the property development and business plans, current progress and potential delays to the development projects and their expected financial performance. We performed audit procedures on relevant financial information, including but not limited to, appropriateness of the cost capitalised to development properties and expected future development and sales costs by checking against to relevant documents, making inquiries with relevant project executives and reviewing the computations and estimation of the progress of the projects.

Our audit procedures in reviewing management’s assessment of the net realisable value of development properties held by subsidiaries and associates that also affects the recoverability and ECL of the Group’s equity and debt investments in the associates, respectively also included amongst others, evaluating the reasonableness of the key assumptions while taking into consideration the specific circumstances of the development properties and the business implications from the COVID-19 pandemic. We compared these key assumptions to relevant evidence such as available market data, prices from recent sales transactions and independent valuations obtained for the development properties, as appropriate. We also reviewed the adjustments made for development properties held by subsidiaries and associates to measure them at the lower of cost and net realisable value. For development projects undertaken by associates, we also reviewed management’s process of equity accounting the results and making adjustments relating to the carrying amount of development properties to account for the different financial reporting periods of the associates.

In respect to the independent valuations obtained by management and the associates to assess the net realisable value, we assessed the objectivity and competency of the external valuers. We considered and held discussions with the external valuers and involved our internal valuation specialist when necessary to understand and evaluate the appropriateness of the valuation methodologies applied and the results of their work, including how the impact of COVID-19 has been considered. We assessed the reasonableness of the key inputs and assumptions by comparing them to available market data while taking into consideration the specific nature of the development properties and the future development costs expected to be incurred. We also evaluated the significance of forward-looking adjustments that can impact the ECL of the Group’s debt investments in the associates by considering the outlook of the economies and property markets.

We also assessed the adequacy of the Group’s disclosures for development properties and associates in the property development segment in Notes 11 and 38 to the financial statements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor’s report is Nelson Chen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

20 August 2021

Statements of Financial Position

As at 31 May 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-current assets					
Property, plant and equipment	4	180,190	174,394	–	–
Investment properties	5	681,485	560,164	–	–
Investment in subsidiaries	6	–	–	173,991	175,031
Investment in joint ventures	7	13,695	15,339	–	–
Investment in associates	8	31,478	29,625	–	–
Investment securities	9	155,012	120,955	12,621	13,355
Amounts due from subsidiaries	15	–	–	33,783	33,783
Amounts due from associates	15	38,667	40,527	–	–
Deferred tax assets	22	768	726	–	–
		1,101,295	941,730	220,395	222,169
Current assets					
Contract assets	10	85,814	84,578	–	–
Capitalised contract costs	10	1,381	1,668	–	–
Development properties	11	180,892	78,353	–	–
Inventories	12	15,675	12,540	–	–
Trade receivables	13	62,344	26,626	–	–
Other receivables and deposits	14	18,891	22,328	123	123
Prepayments		10,041	12,182	4	4
Tax recoverable		22	682	–	–
Amounts due from affiliated companies	15	–	2	–	–
Amounts due from subsidiaries	15	–	–	190,602	178,706
Amounts due from joint ventures	15	68,447	76,833	54,947	62,947
Amounts due from associates	15	188,629	170,166	–	–
Investment securities	9	12,090	29,027	–	–
Cash and cash equivalents	16	208,632	209,416	10,114	10,806
		852,858	724,401	255,790	252,586
Current liabilities					
Contract liabilities	10	44,011	56,717	–	–
Trade and other payables	17	226,664	147,607	27	29
Accruals		21,552	20,159	137	173
Provisions	18	4,156	–	–	–
Lease liabilities	21	3,722	4,134	–	–
Amounts due to associates	15	1,199	1,349	–	–
Amounts due to joint ventures	15	950	700	–	–
Amounts due to subsidiaries	19	–	–	233,747	237,762
Bank loans and bills payable	20	298,057	243,527	–	–
Provision for taxation		8,974	9,474	68	159
		609,285	483,667	233,979	238,123
Net current assets		243,573	240,734	21,811	14,463

Statements of Financial Position

As at 31 May 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-current liabilities					
Refundable rental deposits		2,828	2,559	–	–
Amounts due to subsidiaries	19	–	–	556	1,744
Lease liabilities	21	12,055	9,694	–	–
Bank loans	20	470,957	341,645	–	–
Deferred tax liabilities	22	2,187	3,884	–	–
		488,027	357,782	556	1,744
Net assets		856,841	824,682	241,650	234,888
Equity attributable to owners of the Company					
Share capital	23	82,275	82,275	82,275	82,275
Treasury shares	23	(17,777)	(17,777)	(17,777)	(17,777)
Retained earnings		673,247	646,474	186,251	178,756
Other reserves	24	2,299	(5,213)	(9,099)	(8,366)
		740,044	705,759	241,650	234,888
Non-controlling interests		116,797	118,923	–	–
Total equity		856,841	824,682	241,650	234,888

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

Statements of Comprehensive Income

For the financial year ended 31 May 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Revenue	25	514,490	556,043	16,636	9,845
Cost of sales		(454,676)	(471,577)	–	–
Gross profit		59,814	84,466	16,636	9,845
Other operating income	26	36,073	20,878	645	5,629
Distribution expenses		(2,528)	(2,474)	–	(14)
Administrative expenses		(29,600)	(28,138)	(832)	(875)
Other operating expenses	26	(10,062)	(9,088)	(3,000)	(127)
Finance costs	28	(12,161)	(18,286)	(40)	(82)
Impairment losses on financial assets	26	(2,241)	(743)	(5,849)	(2,139)
Share of results of associates		6,507	(10,907)	–	–
Share of results of joint ventures		(1,757)	6,455	–	–
		44,045	42,163	7,560	12,237
Fair value loss on investment properties	5	(1,647)	(667)	–	–
Profit before taxation	26	42,398	41,496	7,560	12,237
Taxation	29	(7,243)	(7,850)	(65)	(143)
Profit for the year, net of taxation		35,155	33,646	7,495	12,094
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Net gain/(loss) on equity instruments at fair value through other comprehensive income ("FVOCI")		3,560	(4,285)	(733)	(2,457)
Items that may be reclassified subsequently to profit or loss:					
Net gain/(loss) on debt instruments at FVOCI		2,935	(1,834)	–	–
Foreign currency translation gain/(loss)		1,022	(108)	–	–
Other comprehensive income for the year, net of taxation		7,517	(6,227)	(733)	(2,457)
Total comprehensive income for the year		42,672	27,419	6,762	9,637
Profit attributable to:					
Owners of the Company		26,068	28,654	7,495	12,094
Non-controlling interests		9,087	4,992	–	–
		35,155	33,646	7,495	12,094
Total comprehensive income attributable to:					
Owners of the Company		33,420	22,535	6,762	9,637
Non-controlling interests		9,252	4,884	–	–
		42,672	27,419	6,762	9,637
Earnings per share (Cents)					
Basic and diluted	30	5.22	5.73		

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

Statements of Changes in Equity

For the financial year ended 31 May 2021

	Attributable to owners of the Company						
	Share capital (Note 23) $'000	**Treasury shares (Note 23)** $'000	**Retained earnings** $'000	**Other reserves (Note 24)** $'000	**Total reserves** $'000	**Non-controlling interests** $'000	**Total equity** $'000
Group							
2021							
Balance at 1 June 2020	82,275	(17,777)	646,474	(5,213)	641,261	118,923	824,682
Profit for the year, net of taxation	–	–	26,068	–	26,068	9,087	35,155
<u>Other comprehensive income</u>							
Net gain on equity instruments at FVOCI	–	–	–	3,492	3,492	68	3,560
Net gain/(loss) on debt instruments at FVOCI	–	–	–	2,967	2,967	(32)	2,935
Foreign currency translation gain	–	–	–	893	893	129	1,022
Other comprehensive income for the year, net of taxation	–	–	–	7,352	7,352	165	7,517
Total comprehensive income for the year	–	–	26,068	7,352	33,420	9,252	42,672
<u>Change in ownership interests of subsidiary</u>							
Acquisition of additional interest in SLB Development Ltd ("SLB") (Note 6(e))	–	–	–	865	865	(2,825)	(1,960)
Total changes in ownership interests of subsidiary	–	–	–	865	865	(2,825)	(1,960)
<u>Contribution by and distribution to owners</u>							
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	(8,553)	(8,553)
Total transactions with owners in their capacity as owners	–	–	–	–	–	(8,553)	(8,553)
<u>Others</u>							
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	705	(705)	–	–	–
Total others	–	–	705	(705)	–	–	–
Balance at 31 May 2021	82,275	(17,777)	673,247	2,299	675,546	116,797	856,841

Statements of Changes in Equity

For the financial year ended 31 May 2021

	Attributable to owners of the Company						
	Share capital (Note 23)	**Treasury shares (Note 23)**	**Retained earnings**	**Other reserves (Note 24)**	**Total reserves**	**Non-controlling interests**	**Total equity**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
2020							
Balance at 1 June 2019	82,275	(17,777)	627,967	1,595	629,562	126,072	820,132
Profit for the year, net of taxation	–	–	28,654	–	28,654	4,992	33,646
<u>Other comprehensive income</u>							
Net loss on equity instruments at FVOCI	–	–	–	(4,196)	(4,196)	(89)	(4,285)
Net loss on debt instruments at FVOCI	–	–	–	(1,834)	(1,834)	–	(1,834)
Foreign currency translation loss	–	–	–	(89)	(89)	(19)	(108)
Other comprehensive income for the year, net of taxation	–	–	–	(6,119)	(6,119)	(108)	(6,227)
Total comprehensive income for the year	–	–	28,654	(6,119)	22,535	4,884	27,419
<u>Change in ownership interests of subsidiary</u>							
Acquisition of additional interest in SLB (Note 6(e))	–	–	–	407	407	(1,597)	(1,190)
Total changes in ownership interests of subsidiary	–	–	–	407	407	(1,597)	(1,190)
<u>Contribution by and distribution to owners</u>							
Dividends on ordinary shares (Note 39)	–	–	(11,243)	–	(11,243)	–	(11,243)
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	(10,436)	(10,436)
Total transactions with owners in their capacity as owners	–	–	(11,243)	–	(11,243)	(10,436)	(21,679)
<u>Others</u>							
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	1,096	(1,096)	–	–	–
Total others	–	–	1,096	(1,096)	–	–	–
Balance at 31 May 2020	82,275	(17,777)	646,474	(5,213)	641,261	118,923	824,682

Statements of Changes in Equity

For the financial year ended 31 May 2021

	Attributable to owners of the Company					
	Share capital (Note 23) $'000	**Treasury shares (Note 23)** $'000	**Retained earnings** $'000	**Other reserves (Note 24)** $'000	**Total reserves** $'000	**Total equity** $'000
Company						
2021						
Balance at 1 June 2020	82,275	(17,777)	178,756	(8,366)	170,390	234,888
Profit for the year, net of taxation	–	–	7,495	–	7,495	7,495
<u>Other comprehensive income</u>						
Net loss on equity instruments at FVOCI	–	–	–	(733)	(733)	(733)
Other comprehensive income for the year, net of taxation	–	–	–	(733)	(733)	(733)
Total comprehensive income for the year	–	–	7,495	(733)	6,762	6,762
Balance at 31 May 2021	82,275	(17,777)	186,251	(9,099)	177,152	241,650
2020						
Balance at 1 June 2019	82,275	(17,777)	177,905	(5,909)	171,996	236,494
Profit for the year, net of taxation	–	–	12,094	–	12,094	12,094
<u>Other comprehensive income</u>						
Net loss on equity instruments at FVOCI	–	–	–	(2,457)	(2,457)	(2,457)
Other comprehensive income for the year, net of taxation	–	–	–	(2,457)	(2,457)	(2,457)
Total comprehensive income for the year	–	–	12,094	(2,457)	9,637	9,637
<u>Contribution by and distribution to owners</u>						
Dividends on ordinary shares (Note 39)	–	–	(11,243)	–	(11,243)	(11,243)
Balance at 31 May 2020	82,275	(17,777)	178,756	(8,366)	170,390	234,888

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

Consolidated Cash Flow Statement

For the financial year ended 31 May 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit before taxation		42,398	41,496
Adjustments for:			
Amortisation of capitalised contract costs		1,979	1,971
Depreciation of property, plant and equipment	4	16,443	17,169
Dividend income from investment securities	25, 26(a)	(1,145)	(2,357)
Fair value loss on investment properties	5	1,647	667
Fair value (gain)/loss on investment securities	26(a), 26(b)	(887)	599
Gain on disposal of property, plant and equipment	26(a)	(412)	(853)
Gain on disposal of a subsidiary	6(f)	–	(640)
Impairment losses on financial assets	26(d)	2,241	743
(Gain)/loss on disposal of investment securities	26(a), 26(b)	(560)	114
Impairment loss of property, plant and equipment	26(b)	218	–
Provision for onerous contract	18	1,477	–
Amortisation of prepaid facility fee	28	8	–
Interest income	25, 26(a)	(11,258)	(12,704)
Interest expense	28	12,161	18,286
Gain on dilution of investment in a joint venture	26(a)	(113)	–
Loss on disposal of a joint venture	26(b)	–	325
Unrealised exchange differences		(4,914)	265
Property, plant and equipment written off	26(b)	–	51
Bad debts written off	26(b)	–	12
Share of results of associates and joint ventures		(4,750)	4,452
Waiver of amount due to associate	26(a)	(4)	(390)
Operating cash flows before changes in working capital		54,529	69,206
Changes in working capital:			
Development properties		(102,539)	13,404
Capitalised contract costs		(1,692)	(2,177)
Contract assets		(1,236)	17,136
Contract liabilities		(12,723)	27,786
Inventories		(3,135)	(9,645)
Trade receivables		(35,821)	17,100
Other receivables and deposits		310	(8,755)
Prepayments		2,141	(6,600)
Trade and other payables and accruals		75,994	(18,943)
Balances with affiliated companies, joint ventures and associates		(2,795)	3,873
Total changes in working capital		(81,496)	33,179
Cash flows (used in)/from operations		(26,967)	102,385
Interest paid and capitalised in development properties		–	(112)
Income tax paid		(8,822)	(7,624)
Net cash flows (used in)/from operating activities		(35,789)	94,649

Consolidated Cash Flow Statement

For the financial year ended 31 May 2021

	Note	2021 $'000	2020 $'000
Cash flows from investing activities			
Interest received		7,322	7,795
Dividend income from investment securities		1,145	2,357
Dividend income from associates		5,322	784
Dividend income from joint ventures		–	1,450
Additions to investment securities		(57,321)	(42,742)
Purchase of property, plant and equipment (Note A)		(16,425)	(19,259)
Additional investments in investment properties		(122,968)	(25,628)
Proceeds from disposal of property, plant and equipment		472	862
Proceeds from disposal of a subsidiary	6(f)	–	4,046
Proceeds from disposal of a joint venture	7(a)	–	9,438
(Loans to)/repayment of loans by associates		(8,141)	115
Additional investment in an associate		(157)	(387)
Repayment of loans by joint ventures		8,454	686
Proceeds from disposal of investment securities		47,946	29,934
Additional investment in SLB	6(e)	(1,960)	(1,190)
Investment in a joint venture		–	(1,000)
Net cash flows used in investing activities		(136,311)	(32,739)
Cash flows from financing activities			
Interest paid		(11,371)	(18,272)
Proceeds from bank loans and bills payable		342,857	185,932
Repayment of bank loans and bills payable		(156,051)	(170,819)
Payment for bank facility fee		(443)	–
Repayment of lease liabilities		(4,143)	(5,644)
Dividends paid on ordinary shares		–	(11,243)
Dividends paid to non-controlling interest of subsidiaries		(8,553)	(10,436)
Loans from/(repayment of loans to) joint ventures		250	(1,450)
(Repayment of loans to)/loans from associates		(130)	627
Repayment of loans from non-controlling interests of a subsidiary		(515)	(1,600)
Loans from the non-controlling interests of subsidiaries		7,248	617
Release/(placement) of restricted cash – fixed deposits and bank balances pledged for bank loan	16	14,456	(14,814)
Net cash flows from/(used in) financing activities		183,605	(47,102)
Net increase in cash and cash equivalents		11,505	14,808
Cash and cash equivalents at beginning of the year		194,602	179,924
Effect of exchange rate changes on cash and cash equivalents		2,167	(130)
Cash and cash equivalents at end of the year	16	208,274	194,602

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $22,517,000 (2020: $23,935,000) of which $6,092,000 (2020: $4,676,000) were acquired under lease arrangements. Cash payments of $16,425,000 (2020: $19,259,000) were made to purchase property, plant and equipment.

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

1. Corporate information

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

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

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

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below. The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 June 2020. The adoption of the other standards did not have any effect on the financial performance or position of the Group and the Company.

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

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16: *Property, Plant and Equipment* – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS(I) 17 *Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 17	1 January 2023
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

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

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

(a) *Basis of consolidation* (cont'd)

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

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

(b) *Business combinations and goodwill*

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

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

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

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

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

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

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

2.5 *Transactions with non-controlling interests*

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

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

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss. For investment securities held at FVOCI, exchange differences arising from translation are recognised in other comprehensive income and into fair value reserves.

(b) *Consolidated financial statements*

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

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

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

2.7 *Property, plant and equipment*

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

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

Freehold properties	–	50 years
Leasehold properties	–	4 to 36 years
Plant and machinery	–	3 to 10 years
Furniture, fittings and office equipment	–	3 to 5 years
Motor vehicles	–	3 to 5 years
Tugboats and barges	–	10 to 15 years
Workers' dormitory	–	3 to 5 years

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

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

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

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

2.8 *Investment properties*

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

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

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

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

2.8 *Investment properties* (cont'd)

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

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

2.9 *Impairment of non-financial assets*

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

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

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

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

2.10 *Inventories*

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

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

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

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

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

2.11 *Subsidiaries*

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

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

2.12 *Joint arrangements*

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

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

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

(a) *Joint operations*

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

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

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

(b) *Joint ventures*

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

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

2.13 *Joint ventures and associates*

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

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

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

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

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

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

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

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

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

2.14 *Affiliated company*

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

2.15 *Contract assets*

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. A contract asset is recognised when the Group has the right to consideration in exchange for goods and services that the Group has transferred to a customer when that right is conditional on something other than passage of time (for example, the Group's future performance). A contract asset becomes a trade receivable when receipt of the consideration is unconditional and only the passage of time is required before the consideration is due.

The contract assets relate to unbilled work-in-progress and have substantially the same characteristics as the trade receivables for the same type of contracts. The impairment policy explained in Note 2.18 also applies to contract assets.

2.16 *Development properties*

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

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

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

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are capitalised and amortised consistently with the pattern of revenue recognised for the related contract to profit or loss. Show flats expenses are expensed when incurred.

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

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

2.17 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the settlement date, i.e., the date that the asset is delivered to or by the Group.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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

2.17 *Financial instruments* (cont'd)

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

Subsequent measurement (cont'd)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost are as disclosed in Note 35.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI are as disclosed in Note 9.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under SFRS(I) 1-32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as revenue or other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's equity instruments at fair value through OCI are as disclosed in Note 9.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed investments are recognised as revenue or other income in the statement of profit or loss when the right of payment has been established.

The Group's financial assets at fair value through profit or loss are as disclosed in Note 9.

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

2.17 *Financial instruments* (cont'd)

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

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

– The rights to receive cash flows from the asset have expired or
– The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) *Financial liabilities*

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities are as disclosed in Note 35.

Subsequent measurement

<u>Financial liabilities at amortised cost</u>

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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

2.17 *Financial instruments* (cont'd)

(b) *Financial liabilities* (cont'd)

De-recognition

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

2.18 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.19 *Cash and cash equivalents*

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

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

2.20 *Provisions*

General

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

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

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation of penalties arising from failure to fulfil it.

2.21 *Borrowing costs*

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

2.22 *Employee benefits*

(a) *Defined contribution plan*

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

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

2.22 *Employee benefits* (cont'd)

(b) *Employee leave entitlement*

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

2.23 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9. The Group's right-of-use assets are presented within property, plant and equipment in Note 4.

(ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

2.23 *Leases* (cont'd)

(a) *As lessee* (cont'd)

(ii) *Lease liabilities* (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) *As lessor*

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

2.24 *Financial guarantee*

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.18 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.25 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

2.25 *Revenue* (cont'd)

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

(a) *Construction contract revenue*

The Group's construction contracts are accounted for as a single deliverable (i.e. single performance obligation). The Group recognises revenue from construction works over time as the Group's performance does not create an asset with alternative use to the Group and it has concluded that it has an enforceable right to payment for performance completed to date.

Contract revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract. The measure of progress is determined based on the costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

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.

Costs incurred in fulfilling the contract which are within the scope of another SFRS(I) shall be accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will recognise these as contract 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.

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.

Progress billings to the customers are typically triggered upon certification by external specialists. 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.

Contract modifications

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group 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. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

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

2.25 *Revenue* (cont'd)

(b) *Sale of development properties*

The Group develops and sells residential and commercial properties before completion of construction of the properties.

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

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract 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.

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

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.

(c) *Sale of goods*

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

(d) *Rendering of services*

Revenue from rendering of services is recognised when the services are performed and all criteria for acceptance by the customer have been satisfied.

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

2.25 *Revenue* (cont'd)

(e) *Interest income*

Interest income is recognised using the effective interest method.

(f) *Dividend income*

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

(g) *Rental income*

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

2.26 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

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

2.26 *Taxes* (cont'd)

(b) *Deferred tax* (cont'd)

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

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

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

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

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

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

(c) *Sales tax*

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

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

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

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

2.27 *Government grants*

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

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

2.28 *Share capital and share issue expenses*

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

2.29 *Contingencies*

A contingent liability is:

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

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

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

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

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

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

2.30 *Segment reporting*

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

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

2.31 *Treasury shares*

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

3. Significant accounting estimates and judgements

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

(a) *Judgements made in applying accounting policies*

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

<u>Sale of residential and commercial development properties</u>

For the sale of residential and commercial development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgment made in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts are subject to.

(b) *Key sources of estimation uncertainty*

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

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

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

(i) Revenue recognition on construction contracts and development properties under construction

The Group recognises contract revenue from construction contracts and sale of development properties over time by reference to the Group's progress towards completing the performance obligation in the contract.

Management has determined that a cost-based input method for these services provides a faithful depiction of the Group's performance in transferring control of the goods and services promised to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the contract. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligation within the contract.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Significant judgements are used to estimate these total contract costs to complete and total contract consideration. In making these estimates, management has relied on the expertise of the project directors to determine the progress of the construction and also on past experience of completed projects.

The carrying amounts of contract assets and contract liabilities arising from construction contracts and sale of development properties at the end of the reporting period are $85,814,000 and $44,011,000 (2020: $84,578,000 and $56,717,000) respectively.

(ii) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 36(a).

The carrying amount of trade receivables and contract assets as at 31 May 2021 were $62,344,000 and $85,814,000 (2020: $26,626,000 and $84,578,000) respectively.

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

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

(iii) Estimation of net realisable value of development properties

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

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

(iv) Fair value measurement of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 May 2021. The valuation techniques adopted were the Direct Comparison Method, Income Approach Method and Discounted Cash Flow Method. The first involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the fair value of the properties. The second involves the conversion of the net income of the properties into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The fair value of the properties is arrived at by capitalising the net income at a suitable rate of return. The third involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The carrying amount of the Group's investment properties as at 31 May 2021 was $681,485,000 (2020: $560,164,000).

4. Property, plant and equipment

Group	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Tugboats and barges $'000	Construction-in-progress $'000	Workers' dormitory $'000	Total $'000
Cost										
As at 1 June 2019	6,185	7,531	124,828	96,774	9,837	9,621	17,580	6,564	493	279,413
Effects of adoption of SFRS(I) 16	–	–	9,527	–	146	–	–	–	–	9,673
As at 1 June 2019, as adjusted	6,185	7,531	134,355	96,774	9,983	9,621	17,580	6,564	493	289,086
Additions	–	–	–	7,122	710	2,556	–	13,547	–	23,935
Reclassified	–	–	7,505	–	–	–	–	(7,505)	–	–
Disposals	–	–	–	(2,366)	(3)	(1,440)	–	–	–	(3,809)
Written off	–	–	–	(547)	(4)	–	–	–	–	(551)
At 31 May 2020 and 1 June 2020	6,185	7,531	141,860	100,983	10,686	10,737	17,580	12,606	493	308,661
Additions	–	9	–	16,445	1,026	433	–	4,013	591	22,517
Reclassified	–	–	–	607	–	–	–	(607)	–	–
Disposals	–	–	–	(2,743)	(71)	(333)	–	–	–	(3,147)
At 31 May 2021	6,185	7,540	141,860	115,292	11,641	10,837	17,580	16,012	1,084	328,031

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

Group	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Tugboats and barges $'000	Construction-in-progress $'000	Workers' dormitory $'000	Total $'000
Accumulated depreciation and impairment loss										
At 1 June 2019	–	1,293	16,817	78,429	8,410	7,132	8,824	–	493	121,398
Effects of adoption of SFRS(I)16	–	–	–	–	–	–	–	–	–	–
At 1 June 2019, as adjusted	–	1,293	16,817	78,429	8,410	7,132	8,824	–	493	121,398
Depreciation charge for the year	–	151	6,873	6,502	757	1,158	1,728	–	–	17,169
Disposals	–	–	–	(2,357)	(3)	(1,440)	–	–	–	(3,800)
Written off	–	–	–	(496)	(4)	–	–	–	–	(500)
At 31 May 2020 and 1 June 2020	–	1,444	23,690	82,078	9,160	6,850	10,552	–	493	134,267
Depreciation charge for the year	–	151	6,800	5,569	866	1,245	1,728	–	84	16,443
Disposals	–	–	–	(2,687)	(71)	(329)	–	–	–	(3,087)
Impairment loss	–	–	218	–	–	–	–	–	–	218
At 31 May 2021	–	1,595	30,708	84,960	9,955	7,766	12,280	–	577	147,841
Net carrying amount										
At 31 May 2021	6,185	5,945	111,152	30,332	1,686	3,071	5,300	16,012	507	180,190
At 31 May 2020	6,185	6,087	118,170	18,905	1,526	3,887	7,028	12,606	–	174,394

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21(a).

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

	Office Equipment $'000
Company	
Cost	
At 1 June 2019, 31 May 2020, 1 June 2020 and 31 May 2021	5
Accumulated depreciation	
At 1 June 2019, 31 May 2020, 1 June 2020 and 31 May 2021	5
Net carrying amount	
At 31 May 2021 and 2020	–

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

	Group	
	2021 $'000	**2020** $'000
Tugboats and barges mortgaged to banks for credit facilities granted to a subsidiary	–	4,646
Freehold land and freehold properties mortgaged to bank for credit facilities granted to a subsidiary	12,130	12,272
Property, plant and equipment held under lease arrangements	15,332	9,827
Leasehold properties mortgaged to banks for credit facilities granted to subsidiaries	99,621	103,724

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

Details of the Group's properties are as follows:

Description and location	Tenure	Site Area (square metre)	Gross Floor Area (square metre)	Effective interest 2021 (%)	Effective interest 2020 (%)
An industrial factory with dormitory at 63 Senoko Drive, Singapore	22 years (effective from 1 October 2000)	10,144	4,165	100	100
A 11-storey light industrial building at 29 Harrison Road, Lian Beng Building, Singapore	Freehold	1,007	2,555	100	100
A 6-storey detached factory building at 2 Penjuru Close, Singapore	30 years (effective from 16 October 1995)	5,796	10,119	100	100
An 8-storey light industrial building at 24 Leng Kee Road, Leng Kee Autopoint, Singapore	99 years (effective from 28 February 1955)	6,576	16,395	80	80
A single storey detached factory building with two mezzanine levels at 5 Tuas South Link 3, Singapore	20 years (effective from 18 February 2019)	5,953	4,259	100	100
A 4-storey general industrial factory at 20 Kranji Way, Singapore with 1-storey factory addition at rear under construction	20 years (effective from 1 October 2018)	14,000	15,855	100	100
A factory at 60 Sungei Kadut Street 1, Singapore	10 years (effective 1 July 2006 and subsequent extension till 30 November 2021)	20,199	3,184	100	100

5. Investment properties

Statement of financial position:

	Group 2021 $'000	Group 2020 $'000
At 1 June	560,164	533,047
- Acquisition during the financial year	122,855	27,782
- Additions during the financial year	113	2
- Net fair value loss recognised in the statement of comprehensive income	(1,647)	(667)
At 31 May	681,485	560,164

Statement of comprehensive income:

	Group 2021 $'000	Group 2020 $'000
Revenue		
Rental income from investment properties:		
Minimum lease payments	31,578	36,131
Other operating income		
Rental income from investment properties:		
Minimum lease payments	609	608
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating properties	7,158	5,941

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

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 May 2021 and 2020. The valuations were performed by independent valuation specialists with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 34(d)(i).

Properties pledged as security

Investment properties with carrying amount of $644,800,000 (2020: $524,300,000) are mortgaged to banks for credit facilities granted to subsidiaries.

5. Investment properties (cont'd)

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

Description and location	Tenure	Existing use	Gross Floor Area (square metre)	Effective interest 2021 (%)	Effective interest 2020 (%)
32, 34 & 36 Mandai Estate, Westlite Mandai Dormitory, Singapore	Freehold	Dormitory	29,056	55	55
30 Tai Seng Street, BreadTalk IHQ, Singapore	Leasehold	Industrial	23,124	80	–
25 Playfair Road, Singapore	Freehold	Industrial	1,659	100	100
381 Joo Chiat Road, Singapore	Freehold	Commercial	2,296	100	100
4190 Ang Mo Kio Avenue 6, Broadway Plaza, Singapore	Leasehold	Retail	5,142	100	100
712 Ang Mo Kio Avenue 6, #01-4056, Singapore	Leasehold	Retail	2,228	100	100
166 Bukit Merah Central, #01-3527, Singapore	Leasehold	Retail	2,800	100	100
451 Clementi Avenue 3, #01-309, Singapore	Leasehold	Retail	2,483	100	100
192 Lorong 4 Toa Payoh, #01-674, Singapore	Leasehold	Retail	2,226	100	100
221 Balestier Road, #02-05, #03-04 & #04-01 Rocca Balestier, Singapore	Freehold	Retail	605	100	100
221 Boon Lay Place #01-140 and #01-144 Boon Lay Shopping Centre, Singapore	Leasehold	Retail	114	100	100
65 Cairnhill Road #06-01 The Ritz-Carlton Residences, Singapore	Freehold	Residential	263	100	100
111 Emerald Hill Road #05-02, 111 Emerald Hill, Singapore	Freehold	Residential	224	100	100
111 Emerald Hill Road #03-03, 111 Emerald Hill, Singapore	Freehold	Residential	183	100	100
1 Khiang Guan Avenue #22-02 Lincoln Suites, Singapore	Freehold	Residential	150	100	100
16 Spottiswoode Park Road #36-07 Spottiswoode Suites, Singapore	Freehold	Residential	117	100	100
134 Serangoon Avenue 3 #15-15 The Scala, Singapore	Leasehold	Residential	97	100	100
76 Dakota Crescent #18-13 Waterbank at Dakota, Singapore	Leasehold	Residential	58	100	100
38 Cairnhill Road #15-06 The Laurels, Singapore	Freehold	Residential	51	100	100
Unit 1503, Level 15, One Unit Block 10, Li Du Road 700, Gaoxin District, Chengdu City, China	Leasehold	Residential	98	100	100

6. Investment in subsidiaries

	Company 2021 $'000	Company 2020 $'000
Unquoted equity investments, at cost	177,991	176,031
Impairment loss	(4,000)	(1,000)
	173,991	175,031

(a) *Composition of the Group*

Details of the subsidiaries are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2021 (%)	Proportion of ownership interest 2020 (%)
Held by the Company				
Ang Mo Kio (LB) Pte. Ltd. (1)	Property investment holding	Singapore	100	100
Associated KHL Industries Pte Ltd (1)	Engineering, automation and technical services, rental income	Singapore	100	100
Bukit Merah (LB) Pte. Ltd. (1)	Property investment holding	Singapore	100	100
CH Development Pte. Ltd. (1)	Property investment holding	Singapore	100	100
Clementi (LB) Pte. Ltd. (1)	Property investment holding	Singapore	100	100
Deenn Engineering Pte Ltd (1)	General building construction and civil engineering works	Singapore	100	100
Goldprime Development Pte. Ltd. (5)	Investment holding	Singapore	–	100
Goldprime Dormitory Pte. Ltd. (1)	Investment holding	Singapore	100	100
Goldprime Property Pte. Ltd. (1)	Investment holding	Singapore	100	100
Goldprime Realty Pte. Ltd. (1)	Investment holding	Singapore	80	80
Great Development Pte. Ltd. (1)	Investment holding	Singapore	100	100
Kovan Land Pte. Ltd. (5)	Investment holding	Singapore	–	100
L.S. Construction Pte Ltd (1)	General building construction and civil engineering works	Singapore	100	100
LB Venture Capital Pte. Ltd. (1)	Investment holding	Singapore	100	100
LB Asset Management Pte. Ltd. (1)	Investment holding	Singapore	100	100
LB Fund Management Pte. Ltd. (4)	Provision of management consultancy services	Singapore	100	100

6. Investment in subsidiaries (cont'd)

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

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2021 (%)	Proportion of ownership interest 2020 (%)
Held by the Company (cont'd)				
LB Gold Land Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
LB Land Pte. Ltd. [(1)]	Property investment holding	Singapore	100	100
LB Property (S) Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
LB Property Pte. Ltd. [(1)]	Provision of management services	Singapore	100	100
Lian Beng (BL) Pte. Ltd. [(1)]	Property investment holding	Singapore	100	100
Lian Beng (Franklin) Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Lian Beng (Joo Chiat) Pte. Ltd. [(1)]	Property investment holding	Singapore	100	100
Lian Beng (M) Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Lian Beng Bliss Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Lian Beng Capital Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Lian Beng Construction (1988) Pte Ltd [(1)]	General building construction and civil engineering works	Singapore	100	100
Lian Beng Engineering & Machinery Pte Ltd [(1)]	Provision of engineering works and sale, rental and maintenance of construction machinery and equipment	Singapore	100	100
Lian Beng Investment Pte Ltd [(1)]	Property investment holding	Singapore	100	100
Lian Beng Realty Pte Ltd [(1)]	Investment holding	Singapore	100	100
Lian Beng Resources Pte. Ltd. [(1)]	Trading of construction materials	Singapore	100	100
Lian Beng Ventures Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Lian Beng-Centurion (Mandai) Pte. Ltd. [(1)]	Property investment holding	Singapore	55	55
Millennium International Builders Pte. Ltd. [(1)]	General building construction and civil engineering works	Singapore	100	100
Millennium Marine & Shipping Pte. Ltd. [(1)]	Shipping operations including chartering of ships	Singapore	100	100

6. Investment in subsidiaries (cont'd)

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

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2021 (%)	Proportion of ownership interest 2020 (%)
Held by the Company (cont'd)				
Oriental Investment Pte. Ltd. [(1)]	Property investment holding	Singapore	100	100
Rocca Investments Pte Ltd [(1)]	Property investment holding	Singapore	100	100
Sinmix Pte. Ltd. [(1)]	Manufacture and supply of concrete	Singapore	90	90
Toa Payoh (LB) Pte. Ltd. [(1)]	Property investment holding	Singapore	100	100
Tradewin Engineering Pte. Ltd. [(1)]	Sale, rental and maintenance of construction machinery and equipment, and the provision of electrical works	Singapore	100	100
United (CE) Pte. Ltd. [(1)] [(6)]	Civil engineering works	Singapore	100	–
United Tec Construction Pte. Ltd. [(1)]	General building construction and civil engineering works	Singapore	60	60
Wealth Assets Pte. Ltd. [(1)]	Provision of management services in relation to automotive business	Singapore	80	80
Wealth Gold Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Wealth Land Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
SLB Development Ltd. [(1)] [(7)]	Investment holding	Singapore	77.6	75.8

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

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

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2021 (%)	2020 (%)
Held by subsidiaries				
Lian Beng (Bangladesh) Training and Testing Centre Pte. Ltd. [3]	Provision of training for construction workers	Bangladesh	70	70
Lian Beng (St Kilda) Pty Ltd [5]	Property developer	Australia	80	80
Lian Beng (Tai Seng) Pte. Ltd. [1] [6] [7]	Property investment holding	Singapore	80	–
Lian Beng - Centurion (Dormitory) Pte. Ltd. [1]	Provision of dormitory accommodation services	Singapore	55	55
Lian Beng Franklin Investment Pty Ltd [4]	Property investment holding	Australia	100	100
Lian Beng Leasing Pte. Ltd. [1]	Rental and maintenance of construction machinery and equipment	Singapore	100	100
Lian Beng Resources Sdn. Bhd. [2]	Provision of administrative service	Malaysia	100	100
Lian Beng Training & Testing Centre Pte Ltd [1]	Provision of management services	Singapore	70	70
Lian Beng Ventures (Melbourne) Pty Ltd [5]	Property investment holding	Australia	100	100
State Rich International Limited [1]	Property investment holding	Singapore*	100	100
United Leasing Services Pte. Ltd. [1] [6]	Maintenance of construction machinery and equipment	Singapore	100	–
United Plus Steel Resources Private Limited [1]	Trading of steel products	Singapore	100	100
Wealth Asset (LK) Management Pte. Ltd. [5]	Inactive	Singapore	–	80

6. Investment in subsidiaries (cont'd)

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

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2021 (%)	Proportion of ownership interest 2020 (%)
Held by SLB [10]				
Goldprime Investment Pte. Ltd. [1]	Investment holding	Singapore	100	100
Goldprime Land Pte. Ltd. [1]	Property developer	Singapore	51	51
LBD (China) Pte. Ltd. [1]	Investment holding	Singapore	100	100
LBD (GL) Pte. Ltd. [1]	Investment holding	Singapore	100	100
LBD (Midtown) Pte. Ltd. [1]	Investment holding	Singapore	100	100
LBD (Serangoon) Pte. Ltd. [1]	Investment holding	Singapore	100	100
Luxe Development Pte. Ltd. [1]	Investment holding	Singapore	100	100
SLBF Pte. Ltd. [1]	Investment holding	Singapore	100	100
SLBI (1) Pte. Ltd. [1]	Investment holding	Singapore	100	100
SLBI (2) Pte. Ltd. [1]	Investment holding	Singapore	100	100
SLB Starcap Pte. Ltd. [1]	Investment holding	Singapore	100	100
SLB (NIR) Pte. Ltd. [1]	Investment holding	Singapore	100	100
SLB-Oxley (NIR) Pte. Ltd. [1]	Property developer	Singapore	51	51
Smooth Venture Pte Ltd [1]	Property developer	Singapore	100	100
Starview Investment Pte. Ltd. [1]	Investment holding	Singapore	100	100
Wealth Property Pte. Ltd. [1]	Property developer	Singapore	65	65
Wealth Space Pte. Ltd. [1] [8]	Property developer	Singapore	100	100
Well Capital Pte. Ltd. [1]	Investment holding	Singapore	100	100
Wellprime Pte. Ltd. [9]	Property developer	Singapore	–	–

6. Investment in subsidiaries (cont'd)

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

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

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global in the respective countries
(3) Audited by Mostafa Kamal & Co. (2020: Mohammad Atakarim & Co)
(4) Not required to be audited as it is dormant/exempted by country of incorporation
(5) Struck off during the financial year/in the process of liquidation
(6) Incorporated during the financial year
(7) Acquired additional interest in subsidiaries during the financial year (Note 6(d) and Note 6(e))
(8) During the financial year ended 31 May 2021, SLB subscribed for an additional 499,999 ordinary shares in the capital of Wealth Space Pte. Ltd. for a cash consideration of $1.00 per share
(9) Disposed in the previous financial year (Note 6(f))
(10) The interest disclosed represents the interest held by SLB itself, a 77.6% (2020: 75.8%) - owned subsidiary of the Company
* Incorporated in British Virgin Islands

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

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

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Proportion of profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
2021:					
Lian Beng-Centurion (Mandai) Pte. Ltd. and its subsidiary (Lian Beng - Centurion (Dormitory) Pte. Ltd.)	Singapore	45%	6,496	75,613	6,120
SLB Development Ltd. and its subsidiaries	Singapore	22.4%	1,447	38,002	1,470

6. Investment in subsidiaries (cont'd)

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

The Group has the following subsidiaries that have NCI that are material to the Group: (cont'd)

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Proportion of profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
			$'000	$'000	$'000
2020:					
Lian Beng-Centurion (Mandai) Pte. Ltd. and its subsidiary (Lian Beng - Centurion (Dormitory) Pte. Ltd.)	Singapore	45%	1,963	75,237	3,934
SLB Development Ltd. and its subsidiaries	Singapore	24.2%	1,829	40,704	6,502

Significant restrictions

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

6. Investment in subsidiaries (cont'd)

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

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

	Lian Beng-Centurion (Mandai) Pte. Ltd. and its subsidiary (Lian Beng - Centurion (Dormitory) Pte. Ltd.)	
	2021	**2020**
	$'000	$'000
Summarised statement of financial position		
Current		
Assets	20,652	22,666
Liabilities	(14,274)	(12,573)
Net current assets	6,378	10,093
Non-current		
Assets	302,415	302,469
Liabilities	(140,765)	(145,368)
Net non-current assets	161,650	157,101
Net assets	168,028	167,194
Summarised statement of comprehensive income		
Revenue	19,225	23,289
Other operating income	3,403	2,218
Fair value gain/(loss) on investment property	3,000	(8,200)
Profit before taxation	16,608	7,102
Taxation	(2,173)	(2,739)
Profit for the year, net of taxation, representing total comprehensive income for the year	14,435	4,363
Other summarised information		
Net cash flows from operating activities	12,330	14,938
Acquisition of property, plant and equipment	80	55

6. Investment in subsidiaries (cont'd)

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

	SLB and its subsidiaries	
	2021	**2020**
	$'000	$'000
Summarised statement of financial position		
Current		
Assets	386,983	286,599
Liabilities	(102,894)	(31,979)
Net current assets	284,089	254,620
Non-current		
Assets	25,418	13,908
Liabilities	(137,849)	(107,878)
Net non-current liabilities	(112,431)	(93,970)
Net assets	171,658	160,650
Non-controlling interests	578	(2,432)
Net assets attributable to owner of SLB	172,236	158,218
Summarised statement of comprehensive income		
Revenue	42,387	46,166
Other operating income	6,117	5,607
Share of results of associates	7,087	(2,241)
Share of results of joint ventures	(241)	(283)
Profit before taxation	14,273	11,900
Taxation	(2,455)	(1,974)
Profit for the year, net of taxation	11,818	9,926
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation gain/(loss)	496	(64)
Fair value gain/(loss) on financial assets at FVOCI	164	(361)
Other comprehensive income for the year, net of taxation	660	(425)
Total comprehensive income for the year	12,478	9,501
Profit/(loss) attributable to:		
Owner of SLB	13,358	10,819
Non-controlling interests	(1,540)	(893)
	11,818	9,926
Total comprehensive income attributable to:		
Owner of SLB	14,018	10,394
Non-controlling interests	(1,540)	(893)
	12,478	9,501

6. Investment in subsidiaries (cont'd)

(c) _Summarised financial information about subsidiaries with material NCI_ (cont'd)

Other summarised information

	SLB and its subsidiaries	
	2021	**2020**
	$'000	$'000
Net cash flows (used in)/from operating activities	(76,280)	35,290
Acquisition of plant and equipment	28	216

(d) _Acquisition of additional interest in a subsidiary_

On 19 November 2020, the Group, through a wholly-owned subsidiary, Wealth Gold Pte. Ltd. ("WG"), incorporated a 100%-owned subsidiary, Lian Beng (Tai Seng) Pte. Ltd. ("LBTS") with 100 shares of $1 each.

On 12 January 2021, LBTS issued 50 new shares to WG and 50 new shares to Apricot-32RE (Tai Seng) Pte. Ltd. ("Apricot"). On completion of the new share issue, the Group held 75% interest in LBTS.

On 16 April 2021 (the "acquisition date"), the Group acquired 10 shares, representing 5% of the issued shares of LBTS from Apricot for a purchase consideration of $10. The Group now holds 80% of the equity share capital for LBTS. The carrying amount of the non-controlling interests in LBTS on the acquisition date was a deficit balance of $6,260. The Group recognised an increase in non-controlling interests of $313 and recorded a decrease in equity of $323 attributable to owners of the Group.

(e) _Acquisition of additional interest in SLB_

During the financial year, the Group acquired approximately an additional 1.8% (2020: 1.0%) equity interest in SLB from the open market for a cash consideration of $1,960,000 (2020: $1,190,000). The difference between consideration paid of $1,960,000 (2020: $1,190,000) and the carrying value of the additional interest acquired of $2,825,000 (2020: $1,597,000) has been recognised within equity.

The following summarises the effect of the change in the Group's ownership interest in SLB on the equity attributable to owners of the Company:

	2021	**2020**
	$'000	$'000
Consideration paid for acquisition of NCI	1,960	1,190
Decrease in equity attributable to NCI	(2,825)	(1,597)
Increase in equity attributable to owners of the Company (Note 24(c))	(865)	(407)

(f) _Disposal of a subsidiary_

In the previous financial year, on 25 September 2019, the Group entered into a sale agreement to dispose its entire interest in its subsidiary, Wellprime Pte. Ltd.. The disposal consideration was fully settled in cash. The disposal was completed on 16 October 2019, on which the control of Wellprime Pte. Ltd. was transferred to the purchaser.

6. Investment in subsidiaries (cont'd)

(f) Disposal of a subsidiary (cont'd)

The value of assets and liabilities of Wellprime Pte. Ltd. recorded in the consolidated financial statements as at 16 October 2019, and the effects of the disposal were:

	16 October 2019 $'000
Development properties	12,864
Other payables and accruals	(18)
Bank loans (Note 20)	(9,440)
Carrying value of net assets	3,406
Cash consideration	13,500
Repayment of bank loans (Note 20)	(9,440)
Interest paid	(14)
Net cash inflow on disposal of a subsidiary	4,046
Gain on disposal:	
Cash received	4,046
Net assets derecognised	(3,406)
Gain on disposal	640

(g) Impairment testing of investment in subsidiaries

Impairment losses of $3,000,000 (2020: $121,000) was recognised during the financial year as the recoverable amount from the equity investment is projected to be below the Company's cost of investment.

7. Investment in joint ventures

(a) Joint ventures

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

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Lian Beng (8) Pte. Ltd.	17,706	20,268	*	*
Other joint ventures	(4,011)	(4,929)	*	*
	13,695	15,339	*	*

* denotes amount less than $1,000

7. Investment in joint ventures (cont'd)

(a) Joint ventures (cont'd)

In the previous financial year, the Group entered into a sales agreement to dispose its interest in United E & P Pte. Ltd. at $9,438,000. The loss on disposal amounted to $325,000 (Note 26(b)) for the Group and profit on disposal amounted to $3,718,000 for the Company (Note 26(a)).

Interests in joint ventures:

	Group	
	2021	**2020**
	$'000	$'000
Carrying amount of investments	13,695	15,339
Amount due from joint ventures (Note 15(c))	68,447	76,833
Amount due to joint ventures (Note 15(d))	(950)	(700)
	81,192	91,472

Details of the investment in joint ventures are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2021 (%)	Proportion of ownership interest 2020 (%)
Held by the Company				
Lian Beng – Apricot (Sembawang) Pte. Ltd [1]	Investment holding	Singapore	50	50
Lian Beng (8) Pte. Ltd. [1]	Investment holding	Singapore	50	50
Held by subsidiaries				
Paul Y. – Lian Beng JV Pte. Ltd. [1]	General building construction and civil engineering works	Singapore	50	50
Phileap Pte. Ltd. [1]	Property developer	Singapore	25	25
Held by SLB [5]				
32 Real Estate Pte. Ltd. [1] [4]	Investment holding	Singapore	33.3	50
Oxley–LBD Pte. Ltd. [2]	Property developer	Singapore	50	50
SLB (MB) Pte. Ltd. [1] [3]	Investment holding	Singapore	50	–
Spottiswoode Development Pte. Ltd. [2]	Property developer	Singapore	50	50

7. Investment in joint ventures (cont'd)

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

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by RSM Chio Lim LLP, Singapore
(3) Incorporated during the financial year
(4) On 16 June 2021, the Group's joint venture held by SLB, 32 Real Estate Pte. Ltd., issued 1,000,000 ordinary shares at $1.00 per share to Wee TC Investments Pte. Ltd., an external shareholder. Following the transaction, SLB's interest was reduced from 50.0% to 33.3% and the Group recognised a gain on dilution of investment in a joint venture of $113,000 (Note 26(a))
(5) The interest disclosed represents the interest held by SLB itself, a 77.6% (2020: 75.8%) - owned subsidiary of the Company.

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

No dividends (2020: $1,450,000) were received from joint ventures during the financial year.

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

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

	Group	
	2021	**2020**
	$'000	$'000
Profit/(loss) for the year, net of taxation, representing total comprehensive income for the year	805	(4,501)

7. Investment in joint ventures (cont'd)

(a) Joint ventures (cont'd)

The summarised financial information in respect of material investment in joint ventures, based on its SFRS(I) financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised statement of financial position

	Lian Beng (8) Pte. Ltd.	
	2021	**2020**
	$'000	$'000
Cash and cash equivalents	8,285	8,267
Other current assets	308	544
Total current assets	8,593	8,811
Non-current assets	308,001	318,001
Total assets	316,594	326,812
Current liabilities	72,400	71,199
Non-current liabilities	208,782	215,077
Total liabilities	281,182	286,276
Net assets	35,412	40,536
Proportion of the Group's ownership	50%	50%
Group's share of net assets and carrying amount of the investment	17,706	20,268

7. Investment in joint ventures (cont'd)

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

Summarised statement of comprehensive income

	Lian Beng (8) Pte. Ltd.	
	2021	**2020**
	$'000	$'000
Revenue	13,287	15,429
Other income	764	426
Interest income	18	84
Other operating expenses	(4,676)	(4,754)
Fair value (loss)/gain on investment property	(10,226)	17,576
Finance costs	(3,272)	(5,948)
(Loss)/profit before taxation	(4,105)	22,813
Taxation expense	(1,019)	(901)
(Loss)/profit for the year, net of taxation	(5,124)	21,912
Other comprehensive income for the year, net of taxation	–	–
Total comprehensive income for the year	(5,124)	21,912
Proportion of the Group's ownership	50%	50%
Group's share of net results	(2,562)	10,956

(b) *Joint operation*

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2021 (%)	Proportion of ownership interest 2020 (%)
Held by subsidiary				
LB–RD JV	Inactive	Singapore	50	50

8. Investment in associates

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Centurion–Lian Beng (Papan) Pte. Ltd.	19,915	20,739	–	–
Oxley Bliss Pte. Ltd.	10,700	9,921	–	–
Other associates	863	(1,035)	–	–
	31,478	29,625	–	–

Interests in associates:

	Group	
	2021	**2020**
	$'000	$'000
Carrying amount of investments	31,478	29,625
Amount due from associates (Note 15(e))	227,296	210,693
Amount due to associates (Note 15(f))	(1,199)	(1,349)
	257,575	238,969

Details of the investment in associates are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2021 (%)	Proportion of ownership interest 2020 (%)
Held by the Company				
Millennium Land Pte. Ltd. [2] [6]	Investment holding	Singapore	–	38
Held by subsidiaries				
Centurion–Lian Beng (Papan) Pte. Ltd. [3]	Property investment holding and provision of dormitory accommodation services	Singapore	49	49
Epic Land Pte. Ltd. [1]	Property dealing and property rental business	Singapore	32	32
Fairmont Land Pte. Ltd. [1]	Investment holding	Singapore	15 [a]	15 [a]
Leeds Bridge Pte. Ltd. [1]	Investment holding	Singapore	17.5 [a]	17.5 [a]
Oxley Bliss Pte. Ltd. [2]	Property investment	Singapore	30	30
Prospere Glow Pte. Ltd. [1]	Investment holding	Singapore	20	20
Prospere Holdings Pte. Ltd. [1]	Investment holding	Singapore	30	30
Prospere Hotels Pte. Ltd. [1]	Investment holding	Singapore	40	40
Wickham Invesco Pte. Ltd. [1]	Investment holding	Singapore	30	30

8. Investment in associates (cont'd)

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2021 (%)	2020 (%)
Held by subsidiaries (cont'd)				
Hyperhub Sdn. Bhd. [(4)]	Investment holding	Malaysia	40	40
Innovative Advisory Sdn. Bhd. [(4)]	Investment holding	Malaysia	49	49
Ultra Harmony Development Sdn. Bhd. [(4)]	Investment holding	Malaysia	14.2 [(a)]	14.2 [(a)]
Held by SLB [(8)]				
Action Property Pte. Ltd. [(2)]	Property developer	Singapore	19 [(a)]	19 [(a)]
Development 24 Pte. Ltd. [(1)]	Property developer	Singapore	42	42
KAP Holdings (China) Pte. Ltd. [(2)]	Investment holding	Singapore	20	20
KAP Hotel Investments Pte. Ltd. [(1)]	Investment holding	Singapore	20	20
Oxley Sanctuary Pte. Ltd. [(2)]	Property developer	Singapore	15 [(a)]	15 [(a)]
Oxley Serangoon Pte. Ltd. [(2)]	Property developer	Singapore	20	20
Oxley Viva Pte. Ltd. [(2)]	Property developer	Singapore	10 [(a)]	10 [(a)]
Oxley YCK Pte. Ltd. [(2)]	Property developer	Singapore	10 [(a)]	10 [(a)]
Ultra Infinity Pte. Ltd. [(1) (7)]	Property developer	Singapore	33.3	–
Rio Casa Venture Pte. Ltd. [(2)]	Property developer	Singapore	20	20
Pinnacle Investments (Holdings) Limited [(5) (7)]	Fund manager	United Kingdom	20	–
Wealth Development Pte. Ltd. [(1)]	Property developer	Singapore	40	40

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by RSM Chio Lim LLP, Singapore
(3) Audited by PricewaterhouseCoopers LLP, Singapore
(4) Audited by K Y Siow & Co., Malaysia
(5) Audited by Saffery Champness GAT LLP, Guernsey
(6) Struck off during the financial year
(7) Acquired during the financial year
(8) The interest disclosed represents the interest held by SLB itself, a 77.6% (2020: 75.8%) - owned subsidiary of the Company.
(a) Notwithstanding that the Group holds less than 20% of the voting power in these companies, the Group exercises significant influence by virtue of its representation of the respective boards of these companies or through its participation in business/policy-making processes in these companies.

8. Investment in associates (cont'd)

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

There were dividends of $5,322,000 (2020: $784,000) received from associates during the financial year.

The loans or advances made by the Group of $117,236,000 (2020: $109,859,000) and declaration of dividends for certain associates are subordinated to bank loans secured against certain properties and/or meeting the Housing Developer (Project Accounts) rules.

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

	Group	
	2021	**2020**
	$'000	$'000
Profit/(loss) for the year, net of taxation	2,191	(3,312)
Other comprehensive income for the year, net of taxation	493	(21)
Total comprehensive income for the year	2,684	(3,333)

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

Summarised statement of financial position

	Centurion-Lian Beng (Papan) Pte. Ltd.		Oxley Bliss Pte. Ltd.	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Current assets	18,860	14,303	5,440	7,452
Non-current assets	209,508	216,512	170,000	170,000
Total assets	228,368	230,815	175,440	177,452
Current liabilities	19,619	15,932	42,941	36,152
Non-current liabilities	168,106	172,559	96,831	108,230
Total liabilities	187,725	188,491	139,772	144,382
Net assets	40,643	42,324	35,668	33,070
Proportion of the Group's ownership	49%	49%	30%	30%
Group's share of net assets and carrying amount of the investment	19,915	20,739	10,700	9,921

8. Investment in associates (cont'd)

Summarised statement of comprehensive income

	Centurion-Lian Beng (Papan) Pte. Ltd. 2021 $'000	Centurion-Lian Beng (Papan) Pte. Ltd. 2020 $'000	Oxley Bliss Pte. Ltd. 2021 $'000	Oxley Bliss Pte. Ltd. 2020 $'000
Revenue	24,950	27,235	9,808	10,272
Other income	2,702	210	3,137	2,419
Fair value (loss)/gain on investment properties	(6,000)	(10,049)	275	(29,656)
Profit/(loss) for the year, net of taxation	7,219	1,051	2,598	(27,848)
Other comprehensive income for the year, net of taxation	–	–	–	–
Total comprehensive income for the year	7,219	1,051	2,598	(27,848)
Proportion of the Group's ownership	49%	49%	30%	30%
Group's share of results	3,537	515	779	(8,354)

9. Investment securities

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Current				
At FVPL				
– Quoted equity investments (SGD)	2,988	2,242	–	–
– Quoted equity investments (HKD)	669	702	–	–
– Quoted equity investments (USD)	330	370	–	–
– Quoted debt investments (GBP)	2,301	–	–	–
	6,288	3,314	–	–
At FVOCI				
– Quoted equity investments (SGD)	372	2,969	–	–
– Quoted equity investments (USD)	272	–	–	–
– Quoted equity investments (AUD)	12	–	–	–
– Quoted debt investments (SGD)	4,808	9,864	–	–
– Quoted debt investments (USD)	334	12,443	–	–
– Quoted debt investments (AUD)	4	–	–	–
– Quoted debt investments (GBP)	–	437	–	–
	5,802	25,713	–	–
Total current investment securities	12,090	29,027	–	–

9. Investment securities (cont'd)

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Non-current				
At FVOCI				
– Quoted equity investments (SGD)	50,825	48,151	–	–
– Quoted equity investments (HKD)	12,621	13,355	12,621	13,355
– Quoted equity investments (USD)	26,067	25,034	–	–
– Quoted equity investments (GBP)	1,831	1,740	–	–
– Quoted equity investments (AUD)	5,098	3,130	–	–
– Quoted debt investments (SGD)	31,916	16,194	–	–
– Quoted debt investments (USD)	13,737	5,638	–	–
– Quoted debt investments (AUD)	1,012	–	–	–
– Unquoted equity investments (SGD)	439	–	–	–
– Unquoted equity investments (USD)	2,525	288	–	–
– Unquoted equity investments (GBP)	4,966	3,450	–	–
– Unquoted equity investments (AUD)	3,975	3,975	–	–
Total non-current investment securities	155,012	120,955	12,621	13,355

Investments pledged as security

The Group's investment securities amounting to $130,537,000 (2020: $123,899,000) have been pledged as security for bank loans (Note 20).

Derecognition of equity investments designated at FVOCI

During the year, the Group disposed equity investments designated at FVOCI with fair value of $10,747,000 (2020: $9,234,000) due to favourable market conditions. Equity investments designated at FVOCI of $890,000 were also redeemed in the previous financial year. There was no such redemption in the current financial year. The cumulative gain arising from derecognition of these equity investments of $705,000 (2020: $1,096,000) was transferred from fair value adjustment reserve to retained earnings (Note 24(b)).

Investments in equity instruments designated at FVOCI

The Group has elected to measure these investment securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation. The place of incorporation of the issuer of the investment securities are as follows:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Singapore	55,834	61,025	12,621	13,355
Others	53,169	41,067	–	–
	109,003	102,092	12,621	13,355

The Group recognised dividends of $978,000 (2020: $1,540,000) from equity investments designated at FVOCI held at the end of the financial year and dividends of $3,000 (2020: $663,000) from equity investments designated at FVOCI prior to their derecognition during the financial year.

10. Contract balances

(a) *Contract assets and contract liabilities*

Information relating to contract balances arising from contracts with customers is disclosed as follows:

	Group		
	2021	**2020**	**1 June 2019**
	$'000	$'000	$'000
Receivables from contracts with customers (Note 13, Note 15)	65,868	27,353	48,329
Contract assets	85,814	84,578	101,714
Capitalised contract costs (Note 10(b))	1,381	1,668	1,462
Contract liabilities	44,011	56,717	29,056

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date for construction contracts and sale of development properties. Contract assets are transferred to receivables when the rights become unconditional.

Included in contract assets is capitalised fulfilment costs of $16,296,000 (2020: $22,868,000) which relates to land and land related costs of sold development properties. These capitalised costs are amortised to profit or loss (Note 10(b)).

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers. Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	Group	
	2021	**2020**
	$'000	$'000
Changes in measurement of progress	212,461	273,762
Contract asset reclassified to receivables	(204,653)	(286,747)

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2021	**2020**
	$'000	$'000
Revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the period	51,243	27,814

10. Contract balances (cont'd)

(a) *Contract assets and contract liabilities* (cont'd)

Transaction price allocated to remaining performance obligation

The Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration for one year or less, or
- The Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

Variable consideration that is constrained is not included in the transaction price.

As at 31 May 2021, the aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations is approximately $1,449,918,000 (2020: $1,695,601,000). The Group expects these performance obligations to be recognised in the next 3 years (2020: 3 years).

(b) *Capitalised contract and fulfilment costs*

Capitalised contract costs relate to commission fees paid to property agents for securing sale contracts for the Group's development properties. During the year, $1,692,000 (2020: $2,177,000) of commission fees paid were capitalised as contract costs.

Capitalised commission fees are amortised when the related revenue is recognised. During the year, $1,979,000 (2020: $1,971,000) was amortised. There was no impairment loss in relation to such costs capitalised.

	Group	
	2021	**2020**
	$'000	$'000
Capitalised incremental costs of obtaining contract – commission costs paid to property agents (Note 10(a))		
At 1 June	1,668	1,462
Additions	1,692	2,177
Amortisation	(1,979)	(1,971)
At 31 May	1,381	1,668
Capitalised fulfilment costs (Note 10(a))		
At 1 June	22,868	27,019
Additions	12,185	15,691
Amortisation	(18,757)	(19,842)
At 31 May	16,296	22,868

11. Development properties

	Group 2021 $'000	Group 2020 $'000
(a) *Properties under development, units for which revenue is recognised over time:*		
Cost incurred	180,892	73,148
Properties under development, net	180,892	73,148
(b) *Completed development properties:*		
Cost incurred	–	5,205
Completed development properties, net	–	5,205
Total development properties	180,892	78,353

Assets pledged as security

Development properties with carrying amount of $180,892,000 (2020: $73,148,000) are pledged to banks for loans granted to subsidiaries (Note 20).

Capitalisation of borrowing costs

The interest on bank borrowings capitalised in the current financial year amounted to $Nil (2020: $112,000). The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 3.13% to 3.14% per annum for the financial year ended 31 May 2020. Interest ceases to be capitalised when the project is ready for its intended sale.

11. Development properties (cont'd)

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

Description and Location	Tenure	Site area/ floor area (square metre)	Stage of development/ expected completion date	Effective interest 2021 (%)	Effective interest 2020 (%)
Proposed 9-storey ramp up strata industrial building on Lot 2964N at Mukim 29 Tampines North Drive 1, Singapore ("T-Space")	Leasehold	27,395 (site area)	Obtained TOP in June 2018	–[1]	38.7
Proposed erection of a 5-storey multi-user light industrial building for food production on Lot 08190L MK24 at 20 Mactaggart Road ("Mactaggart Foodlink")	Freehold	5,279 (floor area)	Obtained TOP in March 2021	–[1]	75.8
Proposed erection of a 8-storey multi-user industrial building on Lot 99488L MK23 at New Industrial Road, Singapore ("INSPACE")	Freehold	5,792 (site area)	Construction stage and expected to obtain TOP in FY2022	39.6	38.7
Industrial building on lot 1983X of MK1 known as Thye Hong Centre at 2 Leng Kee Road, Singapore ("Thye Hong Centre")	Freehold	5,952 (site area)	Planning stage	77.6	–

[1] The development properties were fully sold during the financial year ended 31 May 2021.

12. Inventories

	Group 2021 $'000	Group 2020 $'000
Statement of financial position:		
Raw materials (at cost)	15,675	12,540
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	67,731	83,134

13. Trade receivables

	Group 2021 $'000	Group 2020 $'000
Trade receivables	64,881	29,148
Less: Allowance for expected credit losses	(2,537)	(2,522)
	62,344	26,626

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

Included in the trade receivables is sales tax receivable amounting to $1,570,000 (2020: $529,000).

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group 2021 $'000	Group 2020 $'000
At 1 June	2,522	2,538
Charge for the year (Note 26(d))	15	–
Written off	–	(16)
At 31 May	2,537	2,522

14. Other receivables and deposits

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Other receivables (Note A)	18,667	18,445	123	123
Grant receivable (Note B)	1,105	4,911	–	–
Amount due from a shareholder of a subsidiary	263	263	–	–
Deposits	5,642	3,269	–	–
	25,677	26,888	123	123
Less: Allowance for expected credit losses	(6,786)	(4,560)	–	–
	18,891	22,328	123	123

Note A

The amounts relating to other receivables are unsecured, repayable on demand, expected to be settled in cash and interest-free except for an amount of $2,161,000 (2020: $1,997,000) which bears interest at 5% (2020: 5%) per annum.

14. Other receivables and deposits (cont'd)

Note B

Grant receivable consists mainly of the Jobs Support Scheme and foreign worker levy rebate funded by the Singapore Government.

Other receivables are denominated in Singapore Dollars except for the following denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
British Pounds	1,377	2,491	–	–
Australian Dollars	2,084	1,957	–	–
United States Dollars	–	374	–	–

Expected credit losses

The movement in allowance for expected credit losses of other receivables computed based on lifetime ECL are as follows:

	Group	
	2021	**2020**
	$'000	$'000
At 1 June	4,560	3,817
Charge for the year (Note 26(d))	2,226	743
At 31 May	6,786	4,560

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

(a) *Amounts due from affiliated companies*

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Amounts due from affiliated companies	–	2	–	–

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

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

(b) *Amounts due from subsidiaries*

	Company	
	2021	**2020**
	$'000	$'000
Current		
Non-trade	201,721	183,976
Less: Allowance for expected credit losses	(11,119)	(5,270)
	190,602	178,706
Non-current		
Non-trade	33,783	33,783

Expected credit losses

The movement in allowance for expected credit losses of amounts due from subsidiaries computed based on lifetime ECL are as follows:

	Company	
	2021	**2020**
	$'000	$'000
At 1 June	5,270	3,131
Charge for the year (Note 26(d))	5,849	2,139
At 31 May	11,119	5,270

Amounts due from subsidiaries are interest-free, unsecured, repayable on demand and are expected to be settled in cash. The non-current amount of $33,783,000 (2020: $33,783,000) bears interest at 1.25% (2020: 1.5%) per annum over the bank's prevailing 3-month SIBOR rate, is unsecured and is expected to be settled in cash. The amounts due from subsidiaries are denominated in Singapore Dollars.

(c) *Amounts due from joint ventures*

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Trade	154	230	–	–
Non-trade	68,293	76,603	54,947	62,947
	68,447	76,833	54,947	62,947

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

The non-trade amounts due from joint ventures are unsecured, interest-free, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars.

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

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

Expected credit loss

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

(d) *Amounts due to joint ventures*

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Non-trade	950	700	–	–
	950	700	–	–

The non-trade amounts due to joint ventures are unsecured, interest-free, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars.

(e) *Amounts due from associates*

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Current				
Trade (Note A)	3,370	497	–	–
Non-trade (Note B)	185,259	169,669	–	–
	188,629	170,166	–	–
Non-current				
Non-trade (Note C)	38,667	40,527	–	–

Note A

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

Note B

The non-trade amounts due from associates are unsecured, repayable on demand, expected to be settled in cash and are interest-free, except for an amount of $126,962,000 (2020: $127,112,000) which bears interest at 1.50% to 5.35% (2020: 1.87% to 5.35%) per annum.

Note C

The amount due from associates is unsecured, bears interest at 1.25% (2020: 1.5%) per annum over the bank's prevailing 3-month SIBOR rate and is expected to be settled in cash. During the financial year, the instalment payable was revised to 146 monthly instalments commencing from 1 January 2021 and a final instalment on 1 February 2033.

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

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

Note C (cont'd)

The non-trade amounts due from associates are denominated in Singapore Dollars except for the following denominated in foreign currencies as at 31 May:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Australian Dollars	2,255	1,927	–	–
British Pounds	20,901	16,286	–	–
China Renminbi	4,153	3,961	–	–

Expected credit loss

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

(f) Amounts due to associates

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Non-trade	1,199	1,349	–	–

The amounts due to associates are unsecured, interest-free, repayable on demand and expected to be settled in cash.

The non-trade amount due to associates are denominated in Singapore Dollars except for the following denominated in foreign currencies as at 31 May:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Malaysian Ringgit	1,124	1,275	–	–

16. Cash and cash equivalents

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Fixed deposits (Note A)	29,711	47,673	2,785	6,061
Cash on hand and at banks	178,921	161,743	7,329	4,745
Cash and cash equivalents per statement of financial position	208,632	209,416	10,114	10,806
Restricted cash – fixed deposits and bank balances pledged for bank loan	(358)	(14,814)	–	–
Cash and cash equivalents at end of the financial year	208,274	194,602	10,114	10,806

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

Included in cash and cash equivalents are amounts of $19,647,000 (2020: $11,862,000) maintained in project accounts, withdrawals from which are restricted to payments for expenditure incurred on projects.

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
United States Dollars	6,066	8,237	709	800
Malaysian Ringgit	2,004	2,171	–	–
British Pounds	7,570	12,591	–	–
Australian Dollars	18,487	25,978	2,865	2,635
Hong Kong Dollars	23	25	241	–

During the financial year, restricted cash which comprises of bank balances of $358,000 (2020: $357,000) and fixed deposits of $Nil (2020: $14,757,000) was pledged to banks for credit facilities granted to a subsidiary.

Note A

During the financial year, fixed deposits earn interest of 0.03% to 1.40% (2020: 0.04% to 2.26%) per annum and have maturities ranging between 5 days and 12 months (2020: 1 day and 12 months), depending on the immediate cash requirements of the Group and the Company. Fixed deposits can be readily converted into known amount of cash and are subject to insignificant risk of change in values.

17. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade payables	177,186	106,721	–	–
Other payables	49,478	40,886	27	29
	226,664	147,607	27	29

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

Included in the trade payables is sales tax payable amounting to $4,555,000 (2020: $2,398,000).

Other payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred income (Note A)	205	322	–	–
Refundable deposits	13,056	5,400	–	–
Other payables (Note B)	4,350	3,280	27	29
Deposit for purchase of materials	1,805	4,773	–	–
Advances from customer	2,727	3,273	–	–
Deferred grant income (Note C)	1,098	4,949	–	–
Amounts due to non-controlling interests of subsidiaries (non-trade) (Note D)	26,237	18,889	–	–
	49,478	40,886	27	29

Note A

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

Note B

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

Note C

Deferred grant income consists mainly of the Jobs Support Scheme funded by the Singapore Government.

Note D

Amounts due to non-controlling interests of subsidiaries (non-trade) are denominated in Singapore Dollars, unsecured, interest-free except for an amount of $13,668,000 (2020: $13,668,000) which bears interest at 4.50% (2020: 4.50%) per annum, repayable on demand and are expected to be settled in cash.

17. Trade and other payables (cont'd)

Note D (cont'd)

Trade and other payables are denominated in Singapore Dollars except for the following denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
United States Dollars	3,340	110	–	–
Malaysian Ringgit	45	13	–	–
Australian Dollars	93	123	–	–
Euro	30	–	–	–

18. Provisions

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Provisions (Note A)	2,679	–	–	–
Provision for onerous contract (Note B)	1,477	–	–	–
	4,156	–	–	–

Note A

The provisions relate to obligations arising from the Group's sale of development properties and is determined based on the applicable terms and conditions stated in the sale and purchase agreements.

Note B

The provision for onerous contract relates to the provision for the unavoidable costs of fulfilling certain construction contract with customers, that were in excess of the economic benefits expected to be received under the contract. The provision for the onerous contract is expected to be utilised at the end of the contract term. The provision has not been discounted as the effect of discounting is not significant.

18. Provisions (cont'd)

Note B (cont'd)

The movement in provisions for the Group is as follows:

	Provisions $'000	Provision for onerous contract $'000	Total $'000
At 1 June 2020	–	–	–
Charge for the year	2,679	1,477	4,156
At 31 May 2021	2,679	1,477	4,156

19. Amounts due to subsidiaries

	Company	
	2021 $'000	2020 $'000
Non-trade		
Current	233,747	237,762
Non-current	556	1,744

The amounts due to subsidiaries are unsecured, repayable on demand, expected to be settled in cash and are interest-free, except for an amount of $2,536,000 (2020: $2,734,000) which bears interest at 1.25% (2020: 1.5%) per annum over the bank's prevailing 3-month SIBOR rate. During the financial year, the instalment payable was revised to 7 instalments on a quarterly basis commencing from 1 January 2021 and a final instalment in September 2022. The amounts due to subsidiaries are denominated in Singapore Dollars.

20. Bank loans and bills payable

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current liabilities				
Short-term bank loans	219,515	230,957	–	–
Current portion of long-term bank loans	78,632	11,563	–	–
Bills payable	–	1,007	–	–
Less: Prepaid facility fee	(90)	–	–	–
	298,057	243,527	–	–
Non-current liabilities				
Long-term bank loans	471,302	341,645	–	–
Less: Prepaid facility fee	(345)	–	–	–
	470,957	341,645	–	–

(a) The Group's bank loans are denominated mainly in Singapore Dollars, United States Dollars, Australian Dollars and Hong Kong Dollars. During the financial year, the interest rates for bank loans ranged from 0.58% to 2.80% (2020: 0.70% to 3.80%) per annum.

20. Bank loans and bills payable (cont'd)

(b) The Group's bills payable is denominated in Singapore Dollars and bears an interest of Nil% (2020: 2.90%) per annum.

(c) There is no unsecured loan for the years ended 31 May 2021 and 2020. The Group's loans are generally secured by corporate guarantee provided by the Group and the assignment of rights, titles and benefits with respect to property, plant and equipment (Note 4), investment properties (Note 5), development properties (Note 11), investment securities (Note 9), fixed deposits and bank balances (Note 16).

(d) Subsequent to the financial year ended 31 May 2021, the Group's current bank loan of $60,993,000 that is due on October 2021 has been extended to April 2022, following a renegotiation of the loan terms.

Bank loans and borrowings denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Australian Dollars	143	3,303	–	–
Hong Kong Dollars	–	862	–	–
United States Dollars	36,321	41,628	–	–

20. **Bank loans and bills payable** (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes				
	2020	**Cash flows**	**Acquisition**	**Amortisation of prepaid facility fee**	**Foreign exchange movement**	**Other**	**2021**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans and bills payable							
Changes from financing cashflow							
- Current	243,527	(14,782)	–	–	(2,529)	71,931	298,147
- Non-current	341,645	201,588	–	–	–	(71,931)	471,302
Prepaid facility fee							
- Current	–	(90)	–	8	–	(8)	(90)
- Non-current	–	(353)	–	–	–	8	(345)
	–	(443)	–	8	–	–	(435)
	585,172	186,363	–	8	(2,529)	–	769,014
Lease liabilities (Note 21(b))							
- Current	4,134	(4,143)	1,750	–	–	1,981	3,722
- Non-current	9,694	–	4,342	–	–	(1,981)	12,055
Amounts due to joint ventures (Note 15(d))	700	250	–	–	–	–	950
Amounts due to associates (Note 15(f))	1,349	(130)	–	–	(16)	(4)	1,199
Amounts due to non-controlling interests of subsidiaries (Note 17)	18,889	6,733	–	–	–	615	26,237
Total	619,938	189,073	6,092	8	(2,545)	611	813,177

20. Bank loans and bills payable (cont'd)

A reconciliation of liabilities arising from financing activities is as follows: (cont'd)

	2019	Cash flows	Non-cash changes: Adoption of SFRS(I) 16	Acquisition	Foreign exchange movement	Other	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans and bills payable							
Changes from financing cashflow							
- Current	300,526	(84,049)	–	–	1,083	25,967	243,527
- Non-current	268,450	99,162	–	–	–	(25,967)	341,645
	568,976	15,113	–	–	1,083	–	585,172
Changes arising from disposing of a subsidiary							
- Current (Note 6(f))	9,440	–	–	–	–	(9,440)	–
Lease liabilities (Note 21(b))							
- Current	1,984	(5,644)	2,660	1,537	–	3,597	4,134
- Non-current	3,139	–	7,013	3,139	–	(3,597)	9,694
Amounts due to joint ventures (Note 15(d))	2,150	(1,450)	–	–	–	–	700
Amounts due to associates (Note 15(f))	1,126	627	–	–	(14)	(390)	1,349
Amounts due to non-controlling interests of subsidiaries (Note 17)	19,872	(983)	–	–	–	–	18,889
Total	606,687	7,663	9,673	4,676	1,069	(9,830)	619,938

During the current financial year, the 'other' column relates to reclassification of non-current portion of loans and borrowings, lease liabilities and prepaid facility fee due to passage of time, non-cash adjustment and accretion of interest.

In the previous financial year, the 'other' column relates to reclassification of non-current portion of loans and borrowings and lease liabilities due to passage of time, non-cash adjustment and the extinguishment of bank loans amounting to $9,440,000 on disposal of a subsidiary (Note 6(f)).

21. Leases

The Group has lease contracts for various items of leasehold properties and office equipment used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of machinery and office equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) *Right-of-use assets*

Information about right-of-use assets classified within property, plant and equipment (Note 4) is disclosed as follows:

Group	**Leasehold properties** $'000	**Plant and machinery** $'000	**Office equipment** $'000	**Motor vehicles** $'000	**Construction-in-progress** $'000	**Total** $'000
Cost						
At 1 June 2019	124,828	14,650	16	3,259	6,564	149,317
Effects of adoption of SFRS(I) 16	9,527	–	146	–	–	9,673
At 1 June 2019, as adjusted	134,355	14,650	162	3,259	6,564	158,990
Additions	–	4,558	–	2,178	12,962	19,698
Lease arrangements fully paid	–	(11,850)	–	(454)	–	(12,304)
Reclassified	7,505	–	–	–	(7,505)	–
At 31 May 2020 and 1 June 2020	141,860	7,358	162	4,983	12,021	166,384
Additions	–	7,401	96	423	3,951	11,871
Lease arrangements fully paid	(2,877)	–	–	(276)	–	(3,153)
At 31 May 2021	138,983	14,759	258	5,130	15,972	175,102

21. Leases (cont'd)

(a) Right-of-use assets (cont'd)

Information about right-of-use assets classified within property, plant and equipment (Note 4) is disclosed as follows: (cont'd)

	Leasehold properties $'000	Plant and machinery $'000	Office equipment $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Accumulated depreciation and impairment loss						
At 1 June 2019	16,817	5,852	9	1,710	–	24,388
Effects of adoption of SFRS(I) 16	–	–	–	–	–	–
At 1 June 2019, as adjusted	16,817	5,852	9	1,710	–	24,388
Charge for the financial year	6,873	1,254	36	858	–	9,021
Lease arrangements fully paid	–	(6,252)	–	(904)	–	(7,156)
At 31 May 2020 and 1 June 2020	23,690	854	45	1,664	–	26,253
Charge for the financial year	6,800	1,293	52	1,075	–	9,220
Impairment loss	218	–	–	–	–	218
Lease arrangements fully paid	(2,877)	–	–	(273)	–	(3,150)
At 31 May 2021	27,831	2,147	97	2,466	–	32,541
Net carrying amount						
At 31 May 2021	111,152	12,612	161	2,664	15,972	142,561
At 31 May 2020	118,170	6,504	117	3,319	12,021	140,131

21. **Leases** (cont'd)

(b) *Lease liabilities*

	Group 2021 $'000	Group 2020 $'000
At 1 June	13,828	5,123
Effects of adoption of SFRS(I) 16	–	9,673
At 1 June, as adjusted	13,828	14,796
Additions	6,092	4,676
Accretion of interest (Note 28)	423	430
Payments	(4,566)	(6,074)
At 31 May	15,777	13,828
Current	3,722	4,134
Non-current	12,055	9,694
	15,777	13,828

The maturity analysis of lease liabilities is disclosed in Note 36(b).

(c) *Amounts recognised in profit or loss*

	Group 2021 $'000	Group 2020 $'000
Depreciation of right-of-use assets	9,220	9,021
Interest expense on lease liabilities (Note 28)	423	430
Expenses relating to short-term leases	8,157	10,802
Expenses relating to leases of low-value assets	7	6
Total amount recognised in profit or loss	17,807	20,259

(d) *Total cash outflow*

The Group has total cash outflows for leases of $12,730,000 (2020: $16,882,000) in the current financial year. The Group also has non-cash additions to right-of-use assets and lease liabilities of $6,092,000 (2020: $4,676,000) in the current financial year.

22. Deferred tax assets/liabilities

	Group			
	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred tax assets				
Provisions	–	73	73	(3)
Differences in depreciation for tax purposes	–	(106)	(106)	(101)
Productivity and Innovation Credit	–	101	101	102
Tax losses	768	658	(110)	(658)
Total deferred tax assets	768	726		
Deferred tax liabilities				
Differences in depreciation for tax purposes	(1,678)	(1,208)	470	52
Provisions	723	551	(172)	(33)
Provision for onerous contract	251	–	(251)	–
Productivity and Innovation Credit	1	3	2	216
Lease payments	26	12	(14)	(12)
Development properties	(1,510)	(3,242)	(1,732)	(504)
Total deferred tax liabilities	(2,187)	(3,884)		
Deferred income tax credit (Note 29)			(1,739)	(941)

Unrecognised temporary differences relating to investments in subsidiaries, joint ventures and associates

At the end of the reporting period, no deferred tax liability (2020: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas subsidiaries, joint ventures and associates as:

- The Group has determined that either the undistributed earnings of its overseas subsidiaries will not be distributed in the foreseeable future or the undistributed earnings have been subjected to tax at a headline tax rates of more than 15% in the respective jurisdictions and are therefore tax exempted in accordance with Section 13(8) of the Singapore Income Tax Act; and

- There are no overseas joint ventures and associates with material undistributed earnings.

Deferred income tax related to other comprehensive income

There is no (2020: $Nil) deferred income tax related to other comprehensive income for the financial year ended 31 May 2021.

23. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2021		2020	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At beginning and end of financial year	529,760	82,275	529,760	82,275

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

(b) Treasury shares

	Group and Company			
	2021		2020	
	No. of shares '000	$'000	No. of shares '000	$'000
At beginning and end of financial year	(30,071)	(17,777)	(30,071)	(17,777)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

24. Other reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
At 1 June	(2,443)	(2,354)	–	–
Foreign currency translation	893	(89)	–	–
At 31 May	(1,550)	(2,443)	–	–

24. Other reserves (cont'd)

(b) *Fair value adjustment reserve*

Fair value adjustment reserve represents the cumulative fair value changes, net of taxation, of debt and equity instruments at FVOCI until they are disposed.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At 1 June	(15,131)	(8,005)	(8,366)	(5,909)
Net gain/(loss) on equity instruments at FVOCI	3,492	(4,196)	(733)	(2,457)
Net gain/(loss) on debt instruments at FVOCI	2,967	(1,834)	–	–
Transfer of fair value reserves of equity instruments at FVOCI upon disposal (Note 9)	(705)	(1,096)	–	–
At 31 May	(9,377)	(15,131)	(9,099)	(8,366)

(c) *Capital reserve*

Capital reserve represents the difference between consideration and the carrying value of the additional interest acquired from/disposed to non-controlling interests.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At 1 June	12,361	11,954	–	–
Acquisition of additional interest in SLB (Note 6(e))	865	407	–	–
At 31 May	13,226	12,361	–	–
Total other reserves	2,299	(5,213)	(9,099)	(8,366)

25. Revenue

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Construction contract revenue	376,716	403,087	–	–
Revenue from sale of goods	48,216	56,078	–	–
Revenue from rendering of services	5,622	6,027	–	–
Rental and service income from dormitories	19,225	23,284	–	–
Sale of development properties	41,709	45,846	–	–
Rental income				
- Third parties	16,010	15,540	–	–
- Joint ventures	4	6	–	–
- Affiliated companies	7	7	–	–
Interest income from corporate bonds	5,483	5,265	–	–
Dividend income from investment securities	822	583	–	–
Distribution income from investment securities	676	320	–	–
Dividend income from unquoted subsidiaries and associate	–	–	16,636	9,845
	514,490	556,043	16,636	9,845

25. Revenue (cont'd)

Segments	Construction		Dormitory		Investment holding		Property development		Total revenue	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical market										
Singapore	425,002	459,372	19,225	23,284	5,552	5,820	41,709	45,846	491,488	534,322
Major revenue streams										
Construction contracts revenue	376,716	403,087	–	–	–	–	–	–	376,716	403,087
Revenue from sale of goods	48,216	56,078	–	–	–	–	–	–	48,216	56,078
Revenue from rendering of services	70	207	–	–	5,552	5,820	–	–	5,622	6,027
Rental and service income from dormitories	–	–	19,225	23,284	–	–	–	–	19,225	23,284
Sale of development properties	–	–	–	–	–	–	41,709	45,846	41,709	45,846
	425,002	459,372	19,225	23,284	5,552	5,820	41,709	45,846	491,488	534,322
Timing of transfer of goods or services										
Over time	376,786	403,294	18,874	22,808	5,552	5,820	41,709	45,846	442,921	477,768
At a point in time	48,216	56,078	351	476	–	–	–	–	48,567	56,554

26. Profit before taxation

Profit before taxation includes the following:

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
(a) *Other operating income:*				
Dividend income				
- Long-term quoted equity investments	9	767	–	763
- Other securities	314	1,007	–	–
Interest income				
- Fixed deposits	107	711	3	39
- Bank balances	103	381	11	16
- Associates	5,388	6,270	–	–
- Subsidiaries	–	–	509	1,059
- Bonds	73	77	–	–
- Others	104	–	–	–
Gain on disposal of plant and equipment	412	853	–	–
Gain on dilution of investment in a joint venture (Note 7(a))	113	–	–	–
Gain on disposal of investment securities	560	–	–	–
Gain on disposal of a subsidiary (Note 6(f))	–	640	–	–
Gain on disposal of a joint venture (Note 7(a))	–	–	–	3,718
Gain on foreign exchange, net	5,470	–	–	–
Fair value gain on investment securities	887	–	–	–
Rental income from investment properties (Note 5)	609	608	–	–
Rental income from development properties	1,809	–	–	–
Other rental income	305	377	–	–
Management fee	443	464	–	–
Government grants and incentives (Note A)	18,794	7,118	5	–
Waiver of amount due to associate	4	390	–	–
Others	569	1,215	117	34
	36,073	20,878	645	5,629

Note A

Government grants and incentives include grants of $18,501,000 (2020: $6,732,000) funded by the Singapore Government to help businesses deal with the impact from COVID-19. These grants consist mainly of the Jobs Support Scheme, COVID-Safe firm-based support, COVID-Safe project-based support, property tax rebate and cash grant, foreign worker levy waiver and rebate.

26. Profit before taxation (cont'd)

(b) *Other operating expenses:*

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Bad debts written off	–	12	–	6
Depreciation of property, plant and equipment	4,743	4,405	–	–
Impairment loss on property, plant and equipment	218	–	–	–
Fair value loss on investment securities	–	599	–	–
Grant expenses (Note B)	1,736	632	–	–
Impairment loss of investment in subsidiaries (Note 6(g))	–	–	3,000	121
Loss on disposal of investment securities	–	114	–	–
Loss on disposal of a joint venture (Note 7(a))	–	325	–	–
Loss on foreign exchange, net	–	561	–	–
Management fees	590	684	–	–
Property, plant and equipment written off	–	51	–	–
Property tax	1,780	1,150	–	–
Others	995	555	–	–
	10,062	9,088	3,000	127

Note B

Grant expenses mainly comprise of property tax rebate passed on to tenants.

(c) *Other expenses:*

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-audit fees				
- Auditors of the Company	286	285	15	12
- Other auditors	117	92	25	32
Depreciation of property, plant and equipment – others	11,700	12,764	–	–
Directors' fees to directors of:				
- the Company	220	197	220	197
- a subsidiary (Note C)	260	260	–	–
Utility charges	2,783	2,952	–	–
Transportation charges	1,347	2,614	–	–
Legal and other professional fees	3,583	3,913	210	237
Staff costs (Note 27)	73,944	63,567	–	–
Provision for onerous contract (Note 18)	1,477	–	–	–

26. Profit before taxation (cont'd)

(c) *Other expenses* (cont'd)

Note C

The amount consists of $120,000 (2020: $120,000) which was paid to a director of a subsidiary who is also a director of the Company.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
(d) *Impairment loss of financial assets*:				
Allowance for expected credit losses				
- Trade	15	–	–	–
- Non-trade	2,226	743	–	–
- Non-trade (subsidiary)	–	–	5,849	2,139
	2,241	743	5,849	2,139

27. Staff costs

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Wages and salaries	58,126	50,671	–	–
Contributions to defined contribution plans	3,349	3,501	–	–
Others	12,469	9,395	–	–
	73,944	63,567	–	–
Included in staff costs are directors' remuneration payable to:				
- Directors of the Company	6,135	5,860	–	–
- Directors of the subsidiaries	3,707	3,936	–	–
	9,842	9,796	–	–

The directors' remuneration payable to directors of the Company excluded other benefits of $238,000 (2020: $137,000) and directors' fees of $220,000 (2020: $197,000). The directors' remuneration payable to directors of the subsidiaries excluded other benefits of $374,000 (2020: $410,000) and directors' fees of $260,000 (2020: $260,000), of which $120,000 (2020: $120,000) was paid to a director of a subsidiary who is also a director of the Company.

28. Finance costs

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Interest expense on:				
- Bank loans and bills payable	10,473	16,707	–	–
- Loan from associates	642	644	–	–
- Loan from non-controlling shareholder	615	617	–	–
- Loan from a subsidiary	–	–	40	82
- Lease liabilities (Note 21(c))	423	430	–	–
- Prepaid facility fee	8	–	–	–
	12,161	18,398	40	82
Less: Interest expense capitalised in development properties (Note 11)	–	(112)	–	–
	12,161	18,286	40	82

29. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 May 2021 and 2020 are:

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Current taxation:				
- Current income taxation	8,764	9,380	68	158
- Under/(over) provision in respect of previous years	206	(608)	(3)	(15)
Deferred taxation:				
- Origination and reversal of temporary differences	(1,735)	(888)	–	–
- Over provision in respect of previous years	(4)	(53)	–	–
Withholding tax	12	19	–	–
Income tax expense recognised in the statement of comprehensive income	7,243	7,850	65	143

29. Taxation (cont'd)

Relationship between income tax expense and accounting profit

The reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 May 2021 and 2020 are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Profit before taxation	42,398	41,496	7,560	12,237
Tax at the domestic rates applicable to profits in the countries where the Group operates	7,205	7,043	1,285	2,080
Non-deductible expenses	3,468	3,915	1,505	408
Effect of partial tax exemption and tax relief	(714)	(725)	(17)	(17)
Deferred tax assets not recognised	25	30	–	–
Under/(over) provision in respect of previous years, net	206	(608)	(3)	(15)
Over provision of deferred tax in respect of previous years, net	(4)	(53)	–	–
Benefits from previously unrecognised deferred tax assets	(173)	(237)	–	–
Withholding tax	12	19	–	–
Effects of tax incentive	(65)	(87)	–	–
Share of results of associates	(1,106)	1,854	–	–
Share of results of joint ventures	299	(1,097)	–	–
Income not subject to taxation	(2,987)	(2,517)	(2,705)	(2,313)
Others	1,077	313	–	–
Income tax expense recognised in the statement of comprehensive income	7,243	7,850	65	143

Unrecognised tax losses

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

	Group	
	2021	**2020**
	$'000	$'000
Deductible temporary differences	559	1,575
Unutilised tax losses	323	179
	882	1,754

29. Taxation (cont'd)

Tax consequences of proposed dividends

There are no income tax consequences (2020: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39).

30. Earnings per share – basic and diluted

Earnings per share is calculated based on the Group's net profit attributable to equity holders of the Company for the year of $26,068,000 (2020: $28,654,000) over 499,689,000 (2020: 499,689,000) shares, being the weighted average number of shares in issue during the year.

As there were no share options and warrants granted during the year and no share options and warrants outstanding as at the end of the financial year, the basic and fully diluted earnings per share are the same.

31. Significant related party transactions

(a) *Sale and purchase of goods and services*

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

(i) Staff costs of $2,148,000 (2020: $2,337,000) of the Group were paid to individuals who are close members of the family of certain directors of the Group.

(ii) A subsidiary, Lian Beng Investment Pte Ltd, leased office space, with rental amounting to $3,600 (2020: $3,525) each to Evergrande Realty & Development Pte Ltd and Ong Sek Chong & Sons Pte Ltd. Certain directors of the Group have equity interests in these companies and are also directors of these companies.

(iii) In the previous financial year, the Group earned construction revenue of $1,398,000 and sale of materials of $1,046,000 from joint ventures. In addition, in the previous financial year, the Group earned project management fee of $22,000 and construction related services of $44,000 from joint ventures. The Group also earned construction revenue of $25,258,000 (2020: $29,156,000) and service fee from supply of labour of $60,000 (2020: $60,000) from an associate.

(iv) The Group earned management fee of $239,000 (2020: $276,000) from joint ventures.

(v) In the previous financial year, the Group provided construction related and property management services of $1,000 to ROL Development Pte. Ltd.. The major shareholder of this company is a close family member of one of the directors of the Group.

31. Significant related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2021	**2020**
	$'000	$'000
Short-term employee benefits	10,037	9,685
Contributions to defined contribution plans	229	212
	10,266	9,897
Comprise amounts to:		
- Directors of the Company	6,713	6,314
- Other key management personnel	3,553	3,583
	10,266	9,897

32. Commitments

(a) Capital commitment

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2021	**2020**
	$'000	$'000
Capital commitments in respect of:		
- Plant and equipment	26,457	10,281
- Leasehold properties	3,310	2,345
- Investment securities	3,650	2,614
- Motor vehicles	–	145

Share of commitment to joint ventures and associates

The Group has committed to provide working capital in the ratio of the shareholdings held by the Group in the respective joint ventures and associates required to develop and complete the development properties.

32. Commitments (cont'd)

(b) *Lease commitment – as lessor*

The Group has entered into commercial leases on its investment properties, leasehold property, tugboats and barges. These non-cancellable leases have remaining lease terms of between 1 to 119 months as at 31 May 2021 (2020: 1 to 49 months).

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2021	**2020**
	$'000	$'000
Not later than one year	31,826	22,806
Later than one year but not later than five years	41,115	9,897
More than five years	39,172	–
	112,113	32,703

33. Financial support to subsidiaries

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to operate as going concerns at least through twelve months from the date of the financial statements of the subsidiaries.

34. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs are obtained from various sources including market participants, dealers, fund managers and brokers, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

34. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices** (Level 2) $'000	**Significant unobservable inputs** (Level 3) $'000	**Total** $'000
Group				
2021				
Financial assets measured at fair value:				
Financial assets at FVPL (Note 9)				
- Quoted equity investments (SGD)	2,988	–	–	2,988
- Quoted equity investments (HKD)	669	–	–	669
- Quoted equity investments (USD)	330	–	–	330
- Quoted debt investments (GBP)	–	2,301	–	2,301
Financial assets at FVOCI (Note 9)				
- Quoted equity investments (SGD)	3,877	47,320	–	51,197
- Quoted equity investments (HKD)	12,621	–	–	12,621
- Quoted equity investments (USD)	–	26,339	–	26,339
- Quoted equity investments (GBP)	1,831	–	–	1,831
- Quoted equity investments (AUD)	–	5,110	–	5,110
- Quoted debt investments (SGD)	–	36,724	–	36,724
- Quoted debt investments (USD)	–	14,071	–	14,071
- Quoted debt investments (AUD)	–	1,016	–	1,016
- Unquoted equity investments (SGD)	–	–	439	439
- Unquoted equity investments (USD)	–	–	2,525	2,525
- Unquoted equity investments (GBP)	–	–	4,966	4,966
- Unquoted equity investments (AUD)	–	–	3,975	3,975
	22,316	132,881	11,905	167,102

34. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value* (cont'd)

	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices** (Level 2) $'000	**Significant unobservable inputs** (Level 3) $'000	**Total** $'000
Group				
2020				
Financial assets measured at fair value:				
Financial assets at FVPL (Note 9)				
- Quoted equity investments (SGD)	2,242	–	–	2,242
- Quoted equity investments (HKD)	702	–	–	702
- Quoted equity investments (USD)	370	–	–	370
Financial assets at FVOCI (Note 9)				
- Quoted equity investments (SGD)	1,075	50,045	–	51,120
- Quoted equity investments (HKD)	13,355	–	–	13,355
- Quoted equity investments (USD)	–	25,034	–	25,034
- Quoted equity investments (GBP)	–	1,740	–	1,740
- Quoted equity investments (AUD)	–	3,130	–	3,130
- Quoted debt investments (SGD)	–	26,058	–	26,058
- Quoted debt investments (USD)	–	18,081	–	18,081
- Quoted debt investments (GBP)	–	437	–	437
- Unquoted equity investments (USD)	–	–	288	288
- Unquoted equity investments (GBP)	–	–	3,450	3,450
- Unquoted equity investments (AUD)	–	–	3,975	3,975
	17,744	124,525	7,713	149,982

34. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Company				
2021				
Financial assets measured at fair value:				
Financial assets at FVOCI (Note 9)				
- Quoted equity investments (HKD)	12,621	–	–	12,621
2020				
Financial assets measured at fair value:				
Financial assets at FVOCI (Note 9)				
- Quoted equity investments (HKD)	13,355	–	–	13,355
Group				
2021				
Non-financial assets measured at fair value:				
Investment properties (Note 5)				
- Commercial	–	–	652,099	652,099
- Residential	–	–	29,386	29,386
	–	–	681,485	681,485
2020				
Non-financial assets measured at fair value:				
Investment properties (Note 5)				
- Commercial	–	–	531,469	531,469
- Residential	–	–	28,695	28,695
	–	–	560,164	560,164

34. Fair value of assets and liabilities (cont'd)

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Quoted debt investments and quoted equity investments: Fair values are determined using quoted market prices in less active markets or quoted prices for similar assets/liabilities at the end of the reporting period.

(d) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Location	Valuation method	Key unobservable inputs	Commercial	Residential	Inter-relationship between key unobservable inputs and fair value measurement
2021					
Investment properties					
Singapore	Direct comparison method	Yield adjustments*	-55% to +65%	-17% to +17%	The estimated fair value increases with higher comparable price.
	Income method	Capitalisation rate**	3.00% to 6.75%	–	The estimated fair value would increase if the capitalisation rate decreased.
	Discounted cash flow method	Capitalisation rate**	5.50% to 6.50%	–	The estimated fair value would increase if the capitalisation rate decrease.
		Discount rate	7.50%	–	The estimated fair value would increase if the discount rate decrease.

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

** The capitalisation rate takes into consideration the prevailing market conditions of properties in the vicinity as well as the nature, location or condition of the specific property.

34. Fair value of assets and liabilities (cont'd)

(d) *Level 3 fair value measurements* (cont'd)

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements* (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Valuation techniques	Unobservable inputs	Range
Investment securities			
Unquoted equity investments	Net asset valuation	Note 1	Not applicable

Note 1 – Unquoted equity investments

The fair values of unquoted equity securities are determined based on the fair values of the underlying assets and liabilities of the investee company.

Location	Valuation method	Key unobservable inputs	Commercial	Residential	Inter-relationship between key unobservable inputs and fair value measurement
2020					
Investment properties					
Singapore	Direct comparison method	Yield adjustments*	-30% to +28%	-18% to +40%	The estimated fair value increases with higher comparable price.
	Income method	Capitalisation rate**	3.00% to 6.75%	–	The estimated fair value would increase if the capitalisation rate decreased.

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

** The capitalisation rate takes into consideration the prevailing market conditions of properties in the vicinity as well as the nature, location or condition of the specific property.

34. Fair value of assets and liabilities (cont'd)

(d) *Level 3 fair value measurements* (cont'd)

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements* (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Description	Valuation techniques	Unobservable inputs	Range
Investment securities			
Unquoted equity investments	Net asset valuation	Note 1	Not applicable

Note 1 – Unquoted equity investments

The fair values of unquoted equity securities are determined based on the fair values of the underlying assets and liabilities of the investee company.

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

The disclosure of the movement in the investment properties in Note 5 to the financial statements constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

The following table represents the reconciliation for all assets other than investment properties and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group **Financial assets at FVOCI** Unquoted equity securities $'000
2021	
At 1 June	7,713
Total losses for the period	
Included in OCI	(546)
Purchases	4,738
At 31 May	11,905
2020	
At 1 June	10,948
Total losses for the period	
Included in OCI	(1,881)
Transfer to Level 1	(5,092)
Purchases	3,738
At 31 May	7,713

34. Fair value of assets and liabilities (cont'd)

(d) *Level 3 fair value measurements* (cont'd)

(iii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation specialists to perform the valuation. The Management is responsible for selecting and engaging valuation specialists who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance.

For valuations performed by external valuation specialists, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(iv) *Transfers between fair value hierarchy*

Transfers out of Level 3

In the previous financial year, the Group transferred an unquoted security from Level 3 to Level 1 of the fair value hierarchy. The carrying amount of the total financial assets transferred was $5,092,000. The security was transferred from Level 3 into Level 1 as it was listed on the stock exchange. Prior to the transfer, the fair value of the security was determined based on the underlying assets and liabilities of the investee company. Since the transfer, the fair value of the security is determined based on market price quoted in the stock exchange.

There is no such transfer in the current financial year.

(e) *Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts approximate fair value*

Trade receivables (Note 13), Other receivables and deposits (Note 14), Amounts due from affiliated companies, subsidiaries (current), joint ventures and associates (Note 15), Cash and cash equivalents (Note 16), Trade and other payables (Note 17), Accruals, Amounts due to joint ventures and associates (Note 15) and Amounts due to subsidiaries (current) (Note 19)

The carrying amounts of the above financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature.

34. Fair value of assets and liabilities (cont'd)

(e) *Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts approximate fair value* (cont'd)

Bank loans and bills payable (Note 20), Amounts due from associates and subsidiaries (non-current) (Note 15) and Amounts due to subsidiaries (non-current) (Note 19)

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Refundable rental deposits (non-current)

The carrying amounts of this financial liability is a reasonable approximation of its fair value as the effects of time value of money is not material.

35. Classification of financial assets and liabilities

	Group	
	2021	**2020**
	$'000	$'000
Financial assets at FVPL		
Investment securities	6,288	3,314
Financial assets at FVOCI		
Investment securities	160,814	146,668
Financial assets at amortised cost		
Trade receivables	60,774	26,097
Other receivables and deposits	18,891	22,328
Amounts due from affiliated companies	–	2
Amounts due from joint ventures	68,447	76,833
Amounts due from associates	227,296	210,693
Cash and cash equivalents	208,632	209,416
	584,040	545,369
Financial liabilities at amortised cost		
Trade and other payables	223,634	142,497
Accruals	21,552	20,159
Amounts due to joint ventures	950	700
Amounts due to associates	1,199	1,349
Bank loans and bills payable	769,014	585,172
Lease liabilities	15,777	13,828
	1,032,126	763,705

35. Classification of financial assets and liabilities (cont'd)

	Company	
	2021	**2020**
	$'000	$'000
Financial assets at FVOCI		
Investment securities	12,621	13,355
Financial assets at amortised cost		
Other receivables and deposits	123	123
Amounts due from subsidiaries	224,385	212,489
Amounts due from joint ventures	54,947	62,947
Cash and cash equivalents	10,114	10,806
	289,569	286,365
Financial liabilities at amortised cost		
Trade and other payables	27	29
Accruals	137	173
Amounts due to subsidiaries	234,303	239,506
	234,467	239,708

36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and Executive Director. The Audit Committee provides independent oversight to the effectiveness of the risk management process. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, amounts due from affiliated companies, subsidiaries, joint ventures and associates. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

36. Financial risk management objectives and policies (cont'd)

(a) *Credit risk* (cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation by the management. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the management.

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

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

36. Financial risk management objectives and policies (cont'd)

(a) *Credit risk* (cont'd)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial 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 loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income.

Amounts due from affiliated companies, joint ventures and associates

The Group's assessment of provision for impairment was limited to 12-month ECL. The Group has assessed and considered the credit risk for amounts due from related parties to be low and determined that the ECL is insignificant.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region.

The loss allowance provision as at 31 May 2021 and 2020 is determined as follows, the expected credit losses below also incorporate forward-looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix:

36. Financial risk management objectives and policies (cont'd)

(a) *Credit risk* (cont'd)

Trade receivables and contract assets (cont'd)

Singapore:

	Gross carrying amount $'000	Loss allowance provision $'000
2021		
Contract assets	85,814	–
Trade receivables:		
Current	43,650	–
Less than 30 days past due	5,023	–
More than 30 days past due	2,521	–
More than 60 days past due	2,568	–
More than 90 days past due	840	–
More than 120 days past due	13,803	(2,537)
	68,405	(2,537)
2020		
Contract assets	84,578	–
Trade receivables:		
Current	9,181	–
Less than 30 days past due	7,707	–
More than 30 days past due	2,085	–
More than 60 days past due	1,563	–
More than 90 days past due	1,208	–
More than 120 days past due	8,131	(2,522)
	29,875	(2,522)

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 13.

In the previous financial year, the Group wrote-off $12,000 of trade receivables which are more than 180 days past due as the Group does not expect to receive future cash flows and there are no recoveries of cash flows from amounts previously written off. There was no such write-off in the current financial year.

36. Financial risk management objectives and policies (cont'd)

(a) *Credit risk* (cont'd)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk are represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position as disclosed in Note 35.
- A nominal amount of $515,465,000 (2020: $550,388,000) relating to corporate guarantee provided by the Group to the banks on joint ventures and associates' bank loans.
- A nominal amount of $516,591,000 (2020: $443,636,000) relating to corporate guarantee provided by the Group to the banks on subsidiaries' bank loans and bills payable.
- A nominal amount of $10,686,000 (2020: $6,352,000) relating to corporate guarantee provided by the Group to the banks on subsidiaries' lease arrangements.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables, amounts due from joint ventures and associates (trade), on an on-going basis. The credit risk concentration profile of the Group's trade receivables from third parties, joint ventures and associates at the end of the reporting period is as follows:

	Group			
	2021		2020	
	$'000	% of total	$'000	% of total
Trade receivables from third parties:				
By country:				
Singapore	62,344	100	26,626	100
By industry sectors:				
Construction	56,814	91	23,593	89
Property development	1,485	2	52	*
Investment holding	3,400	6	2,009	7
Dormitory	645	1	972	4
	62,344	100	26,626	100
Amounts due from joint ventures and associates (trade):				
By country:				
Singapore	3,524	100	727	100
By industry sectors:				
Construction	3,524	100	727	100

* Amount less than 1%.

36. Financial risk management objectives and policies (cont'd)

(a) *Credit risk* (cont'd)

Credit risk concentration profile (cont'd)

At the end of the reporting period, approximately:

– 51% (2020: 46%) of the Group's trade receivables from third parties were due from 5 major customers.

(b) *Liquidity risk*

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

At the end of the reporting period, approximately 38% (2020: 41%) of the Group's loans and borrowings and lease liabilities (Notes 20 and 21) will mature in less than one year based on the carrying amount reflected in the financial statements. The Company has no (2020: Nil) loans and borrowings and lease liabilities at the end of the reporting period.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

36. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Group	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Financial liabilities:				
2021				
Trade and other payables	220,806	2,828	–	223,634
Accruals	21,552	–	–	21,552
Amounts due to associates	1,199	–	–	1,199
Amounts due to joint ventures	950	–	–	950
Bank loans and bills payable	307,604	316,192	203,018	826,814
Lease liabilities	4,098	10,122	3,201	17,421
Total undiscounted financial liabilities	556,209	329,142	206,219	1,091,570
2020				
Trade and other payables	139,938	2,559	–	142,497
Accruals	20,159	–	–	20,159
Amounts due to associates	1,349	–	–	1,349
Amounts due to joint ventures	700	–	–	700
Bank loans and bills payable	251,098	185,473	205,988	642,559
Lease liabilities	4,500	7,458	3,523	15,481
Total undiscounted financial liabilities	417,744	195,490	209,511	822,745
Company				
Financial liabilities:				
2021				
Trade and other payables	27	–	–	27
Accruals	137	–	–	137
Amounts due to subsidiaries	233,767	556	–	234,323
Total undiscounted financial liabilities	233,931	556	–	234,487
2020				
Trade and other payables	29	–	–	29
Accruals	173	–	–	173
Amounts due to subsidiaries	237,806	1,755	–	239,561
Total undiscounted financial liabilities	238,008	1,755	–	239,763

36. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk* (cont'd)

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Group and Company			
	One year or less	**One to five years**	**Over five years**	**Total**
	$'000	$'000	$'000	$'000
2021				
Financial guarantees	248,352	630,480	163,910	1,042,742
2020				
Financial guarantees	246,294	589,766	164,316	1,000,376

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arise primarily from their bank loans.

The Group does not have any outstanding interest rate swap contracts as at 31 May 2021 and 2020.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD, AUD, HKD and USD interest rates had been 75 (2020: 75) basis points lower/higher with all other variables held constant, the Group's profit net of taxation would have been $4,696,000 (2020: $3,545,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) *Foreign currency risk*

The Group has minimal transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of entities in the Group, primarily SGD. It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, namely Australia, Malaysia, China and United Kingdom. The Group's net investments in Australia, Malaysia, China and United Kingdom are not hedged as currency positions in AUD, MYR, RMB and GBP are considered to be long-term in nature.

36. Financial risk management objectives and policies (cont'd)

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, USD, MYR, RMB, GBP and HKD exchange rates (against SGD), with all other variables held constant, on the Group's profit net of taxation.

		2021 $'000 Profit net of taxation	2020 $'000 Profit net of taxation
AUD	- strengthened 5% (2020: 5%)	1,085	1,263
	- weakened 5% (2020: 5%)	(1,085)	(1,263)
USD	- strengthened 5% (2020: 5%)	(924)	(379)
	- weakened 5% (2020: 5%)	924	379
MYR	- strengthened 5% (2020: 5%)	44	46
	- weakened 5% (2020: 5%)	(44)	(46)
RMB	- strengthened 5% (2020: 5%)	208	198
	- weakened 5% (2020: 5%)	(208)	(198)
GBP	- strengthened 5% (2020: 5%)	1,653	1,568
	- weakened 5% (2020: 5%)	(1,653)	(1,568)
HKD	- strengthened 5% (2020: 5%)	41	(5)
	- weakened 5% (2020: 5%)	(41)	5

36. Financial risk management objectives and policies (cont'd)

(e) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group and the Company are exposed to equity price risk arising from its investment in quoted equity investments. The quoted equity investments are classified as financial assets at FVPL and financial assets at FVOCI.

Sensitivity analysis for equity price risk

At the end of reporting period, if the prices for the quoted equity investments had been 5% (2020: 5%) higher/lower with all other variables held constant, the Group's other reserve in equity would have been $4,823,000 (2020: $4,719,000) higher/lower and the Company's other reserve in equity would have been $631,000 (2020: $668,000), arising as a result of an increase/decrease in the fair value of quoted equity investments classified as financial assets at FVOCI. The Group's profit before taxation would have been $199,000 (2020: $166,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as financial assets at FVPL.

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 May 2021 and 2020.

The Group monitors capital using gearing ratio, which is net debt divided by total capital. Net debt includes total liabilities less provision for taxation, deferred tax liabilities and cash and cash equivalents (excluding restricted cash). Total capital includes equity attributable to owners of the Group less fair value adjustment reserve. Adopting a conservative approach, the Group includes the corporate guarantee provided to the banks on joint ventures and associates' bank loans when calculating the gearing ratio.

37. Capital management (cont'd)

The Group is in compliance with externally imposed financial covenants as at 31 May 2021 and 2020.

	Group	
	2021	**2020**
	$'000	$'000
Total liabilities	1,097,312	841,449
Less: Provision for taxation	(8,974)	(9,474)
Less: Deferred tax liabilities (Note 22)	(2,187)	(3,884)
Less: Cash and cash equivalents (Note 16)	(208,632)	(209,416)
Restricted cash – fixed deposits and bank balances pledged for bank loan (Note 16)	358	14,814
Net debt [a]	877,877	633,489
Financial guarantee provided to the banks for bank loans drawn down by joint ventures and associates of the Group (Note 36(a))	515,465	550,388
Total liabilities exposure [b]	1,393,342	1,183,877
Equity attributable to the owners of the Company	740,044	705,759
Less: Fair value adjustment reserve (Note 24(b))	9,377	15,131
Total capital [c]	749,421	720,890

	Group	
	2021	**2020**
	$'000	$'000
Gearing ratio		
Excluding financial guarantee provided to the banks for bank loans drawn down by joint ventures and associates of the Group **[a]/[c]**	1.17	0.88
Including financial guarantee provided to the banks for bank loans drawn down by joint ventures and associates of the Group **[b]/[c]**	1.86	1.64

38. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four operating segments as follows:

(i) The construction segment is in the business of constructing residential, institutional, industrial and commercial properties, and civil engineering projects as the main contractor. The construction segment also engages in other construction-related activities such as the provision of scaffolding and engineering services, sale of ready-mix concrete, reinforcement bar fabrication, and leasing of construction machinery.

(ii) The dormitory segment is involved in the rental of dormitory units and provision of dormitory accommodation services.

(iii) The investment holding segment holds investments in properties and quoted and unquoted securities for long-term capital appreciation, rental, as well as dividend yields, and

(iv) The property development segment is involved in the development and sale of properties (residential, commercial and industrial), as well as fund management services and investment in the funds managed by fund managers, through SLB.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

38. Segment information (cont'd)

	Construction		Dormitory	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Revenue:				
External customers	427,461	460,511	19,225	23,284
Inter-segment	3	–	–	5
Total revenue	427,464	460,511	19,225	23,289
Results:				
Interest income	133	399	851	1,750
Dividend income	323	398	–	–
Finance cost	746	1,075	2,235	4,549
Depreciation and amortisation	13,131	13,842	86	111
Share of results of associates	–	–	3,537	515
Share of results of joint ventures	(5)	(2,629)	–	–
Fair value gain/(loss) on investment properties	1,120	(200)	3,000	(8,200)
Other non-cash expenses:				
Amortisation of capitalised contract costs	–	–	–	–
Impairment loss of financial assets	588	670	–	–
Impairment loss of property, plant and equipment	218	–	–	–
Provisions	1,477	–	–	–
Bad debts written off	–	–	–	–
Segment profit/(loss)	1,622	2,448	20,226	7,794

Investment holding		Property development		Adjustments and eliminations		Notes	Per consolidated financial statements	
2021	**2020**	**2021**	**2020**	**2021**	**2020**		**2021**	**2020**
$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
25,417	26,082	42,387	46,166	–	–		514,490	556,043
14,973	6,427	–	–	(14,976)	(6,432)	A	–	–
40,390	32,509	42,387	46,166	(14,976)	(6,432)		514,490	556,043
7,583	8,075	3,262	3,621	(571)	(1,141)		11,258	12,704
821	1,959	1	–	–	–		1,145	2,357
6,797	9,946	2,954	3,859	(571)	(1,143)		12,161	18,286
2,996	2,996	295	322	(65)	(102)		16,443	17,169
(4,117)	(9,181)	7,087	(2,241)	–	–		6,507	(10,907)
(1,511)	9,367	(241)	(283)	–	–		(1,757)	6,455
(5,767)	7,733	–	–	–	–		(1,647)	(667)
–	–	1,979	1,971	–	–		1,979	1,971
1,653	73	–	–	–	–		2,241	743
–	–	–	–	–	–		218	–
–	–	2,679	–	–	–		4,156	–
–	12	–	–	–	–		–	12
5,251	19,473	14,273	11,900	1,026	(119)	B	42,398	41,496

38. Segment information (cont'd)

	Construction $'000	Dormitory $'000	Investment holding $'000	Property development $'000	Adjustments and eliminations $'000	Notes	Per consolidated financial statements $'000
2021:							
Assets:							
Investment in associates	–	19,915	16,300	(4,592)	(145)		31,478
Investment in joint ventures	289	–	11,156	2,315	(65)		13,695
Additions to non-current assets	22,346	80	123,030	29	–	C	145,485
Segment assets	622,791	330,295	1,046,508	401,425	(446,866)	D	1,954,153
Segment liabilities	300,195	160,302	724,709	222,505	(310,399)	E	1,097,312
2020:							
Assets:							
Investment in associates	–	20,739	21,381	(12,332)	(163)		29,625
Investment in joint ventures	294	–	12,667	2,443	(65)		15,339
Additions to non-current assets (including adoption of SFRS(I) 16 Leases adjustment)	33,305	55	27,804	376	(148)	C	61,392
Segment assets	578,662	331,707	918,206	297,407	(459,851)	D	1,666,131
Segment liabilities	255,248	162,075	622,596	121,112	(319,582)	E	841,449

38. Segment information (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Inter-segment revenues are eliminated on consolidation.

B. The following items are added to/(deducted from) segment profit/(loss) to arrive at "Profit before taxation" presented in the consolidated statement of comprehensive income:

	Group	
	2021	**2020**
	$'000	$'000
Profit/(loss) from inter-segment sales	1,026	(119)

C. Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

D. The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2021	**2020**
	$'000	$'000
Investment in associates	31,478	29,625
Investment in joint ventures	13,695	15,339
Deferred tax assets	768	726
Tax recoverable	22	682
Inter-segment assets	(492,829)	(506,223)
	(446,866)	(459,851)

E. The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2021	**2020**
	$'000	$'000
Deferred tax liabilities	2,187	3,884
Provision for taxation	8,974	9,474
Inter-segment liabilities	(321,560)	(332,940)
	(310,399)	(319,582)

38. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Singapore	514,136	555,774	861,169	734,123
China	–	–	506	435
Australia	354	269	–	–
	514,490	556,043	861,675	734,558

Non-current assets information presented above consists of property, plant and equipment and investment properties as presented in the consolidated statement of financial position.

Information about major customers

Revenue from three (2020: three) major customers arising from the construction segment amounted to $243,902,000 (2020: $287,356,000).

39. Dividends

	Group and Company	
	2021	**2020**
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares:		
- Exempt (one-tier) dividend for 2020: Final dividend of Nil cent per share (2019: Final dividend of 1.25 cent per share)	–	6,246
- Exempt (one-tier) dividend for 2021: Interim dividend of Nil cent per share (2020: Interim dividend of 1.00 cent per share)	–	4,997
	–	11,243
Proposed but not recognised as a liability as at 31 May		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Exempt (one-tier) dividend for 2021: Final dividend of 1.0 cent per share (2020: Final dividend of Nil cent per share)	4,997	–

40. Events occurring after the reporting period

Subsequent to the financial year end:

- On 9 October 2020, the Group, through its wholly-owned subsidiary, entered into an option to purchase to acquire a leasehold factory building at 2 Sungei Kadut Loop, Singapore at a purchase consideration of S$1,900,000. As at 31 May 2021, the Group has paid a deposit of $190,000. The acquisition was completed on 21 July 2021 and the Group recorded the property as property, plant and equipment.
- On 14 June 2021, United Overseas Bank Limited, for and on behalf of the Group's substantial shareholder, Ong Sek Chong & Sons Pte Ltd ("OSC"), announced a Mandatory Conditional Cash Offer to acquire all issued shares of the Company, other than treasury shares and those shares already owned, controlled or agreed to be acquired by OSC and the Relevant Concert Party Group ("Offer"). On the close of Offer on 26 July 2021, OSC and the persons acting in concert with it including the Relevant Concert Party Group, own an aggregate of 341,415,646 shares in the Company, representing approximately 68.33% of the total number of issued shares, of which OSC is holding 56.56% (including 0.36% held by OSC Investments Capital Private Limited, a wholly-owned subsidiary of OSC).
- On 26 July 2021, SLB entered into a Sale and Purchase Agreement with 32 Holdings Pte. Ltd. and Wee TC Investments Pte. Ltd. (collectively the "Purchasers") for the sale of 1,000,000 ordinary shares ("Sale Shares") held by SLB in a joint venture company, 32 Real Estate Pte. Ltd. ("32RE", and together with its subsidiaries ("32RE Group")), representing SLB's 33.3% equity interest in 32RE. The consideration for the Sale Shares amounted to approximately $564,000 and was determined based on the adjusted net assets value of 32RE as at 30 April 2021. The disposal is not expected to have a material impact to the Group's financial statements for the financial year ending 31 May 2022.

41. Authorisation of financial statements

The financial statements for the year ended 31 May 2021 were authorised for issue in accordance with a resolution of the directors on 20 August 2021.

Statistics of Shareholdings

As at 17 August 2021

SHARE CAPITAL

Issued and fully paid-up capital	:	S$83,666,121.52
Number of shares (excluding treasury shares)	:	499,689,200
Number of Treasury Shares held	:	30,070,800 (5.68%)
Subsidiary holdings	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 31.67% of the issued ordinary shares of the Company (excluding 30,070,800 treasury shares) were held in the hands of the public as at 17 August 2021 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	15	0.58	84	0.00
100 - 1,000	156	6.04	124,835	0.03
1,001 - 10,000	1,339	51.82	8,361,997	1.67
10,001 - 1,000,000	1,052	40.71	68,043,374	13.62
1,000,001 and above	22	0.85	423,158,910	84.68
Total	**2,584**	**100.00**	**499,689,200**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No	Name of Shareholder	Number of Shares Held	Percentage
1	United Overseas Bank Nominees (Private) Limited	276,862,941	55.41
2	HSBC (Singapore) Nominees Pte Ltd	40,803,700	8.17
3	DBS Nominees Pte Ltd	38,889,100	7.78
4	Maybank Kim Eng Securities Pte Ltd	14,426,198	2.89
5	Ong Bee Dee	14,000,000	2.80
6	Phillip Securities Pte Ltd	7,417,600	1.48
7	Yeo Wei Huang	4,475,000	0.90
8	OCBC Securities Private Limited	3,973,929	0.79
9	Raffles Nominees (Pte) Limited	3,398,700	0.68
10	Yong Woon Chong	3,325,500	0.66
11	OCBC Nominees Singapore Pte Ltd	1,662,600	0.33
12	CGS-CIMB Securities (Singapore) Pte Ltd	1,639,129	0.33
13	Citibank Nominees Singapore Pte Ltd	1,501,900	0.30
14	Ang Jui Khoon	1,486,800	0.30
15	Ong Lee Yap	1,456,200	0.29
16	Lim Heok Eng	1,336,600	0.27
17	Cheah Sin Ee	1,145,200	0.23
18	Lim Ah Kau or Lum Mun Fah @ Lum Mun Chen	1,130,000	0.23
19	Ong Sui Hui (Wang Shihui)	1,104,100	0.22
20	Multinine Corporation Pte Ltd	1,100,000	0.22
		421,135,197	**84.28**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest No. of Shares	Direct Interest % [1]	Deemed Interest No. of Shares	Deemed Interest % [1]
Ong Sek Chong & Sons Pte Ltd [2]	1	NM[5]	282,646,445	56.56
Ong Pang Aik [3]	1	NM[5]	311,295,745	62.30
Ong Lay Huan [4]	1	NM[5]	298,658,444	59.77

Notes:

(1) Based on total issued and paid-up ordinary share capital (excluding 30,070,800 treasury shares) comprising 499,689,200 Shares.

(2) Ong Sek Chong & Sons Pte Ltd is deemed to be interested in 280,860,145 Shares registered in the name of nominee accounts and 1,786,300 ordinary shares held by OSC Investments Capital Private Limited, a wholly-owned subsidiary of Ong Sek Chong & Sons Pte Ltd.

(3) Mr. Ong Pang Aik is deemed to be interested in (a) 282,646,446 Shares in which Ong Sek Chong & Sons Pte Ltd is interested, and (b) 28,649,299 Shares registered in the name of nominee account(s).

(4) Ms. Ong Lay Huan is deemed to be interested in (a) 282,646,446 Shares in which Ong Sek Chong & Sons Pte Ltd is interested, and (b) 16,011,998 Shares registered in the name of nominee account(s).

(5) The percentage is not meaningful when rounded to two decimal places.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting ("**AGM**") of LIAN BENG GROUP LTD (the "**Company**") will be held by way of electronic means on Tuesday, 28 September 2021 at 11.30 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 May 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final (tax exempt one-tier) dividend of 1 cent per ordinary share for the financial year ended 31 May 2021. **(Resolution 2)**

3. To re-elect the following Directors retiring under Regulation 107 of the Company's Constitution:

   Ms Ong Lay Koon [see explanatory note 1] **(Resolution 3)**
   Mr Low Beng Tin [see explanatory note 2] **(Resolution 4)**
   Mr Ang Chun Giap [see explanatory note 3] **(Resolution 5)**

4. To approve the payment of Directors' fees of up to S$220,000 for the financial year ending 31 May 2022 to be paid quarterly in arrears (2021: S$220,000) [see explanatory note 4]. **(Resolution 6)**

5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS:

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

6. **General Share Issue Mandate** **(Resolution 8)**

   "That, authority be and is hereby given to the Directors of the Company to:

   (i) (aa) allot and issue shares, whether by way of rights, bonus or otherwise; and/or

   (bb) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of such authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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

   (ii) issue Shares in pursuance of any Instrument made or granted by the Board while such authority was in force (notwithstanding that such issue of the Shares pursuant to the Instruments may occur after the expiration of the authority contained in this Resolution);

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph 2 below) of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph 2 below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 1 above, the percentage of issued shares shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new Shares arising from the conversion or exercise of any convertible securities which were issued and are outstanding or subsisting at the time this resolution is passed;

(bb) new Shares arising from the exercise of options or vesting of awards which were issued and are outstanding or subsisting at the time this resolution is passed, provided that the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(cc) any subsequent bonus issue, consolidation or sub-division of Shares;

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

(4) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." [see explanatory note 5]

7. **Renewal of Share Buy Back Mandate** **(Resolution 9)**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the "**Share Buy Back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or is required by law to be held;

(ii) the date on which the share buy back is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(d) for purposes of this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

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

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**market day**" means a day on which the SGX-ST is open for trading in securities; and

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution." [see explanatory note 6]

8. To transact any other business that may be properly transacted at the AGM of the Company.

BY ORDER OF THE BOARD

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries
Singapore

11 September 2021

EXPLANATORY NOTES:

1. Ms Ong Lay Koon will, upon re-election as a Director of the Company, continue to serve as the Executive Director of the Company. Further information on Ms Ong Lay Koon can be found in the Company's Annual Report 2021. Please refer to pages 191 to 203 of the Annual Report 2021 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

2. Mr Low Beng Tin will, upon re-election as a Director of the Company, continue to serve as Independent Director of the Company and the Chairman of Audit Committee and Nominating Committee and member of the Remuneration Committee of the Company. Mr Low Beng Tin holds 900,000 ordinary shares of the Company. Mr Low Beng Tin is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Low Beng Tin does not have any relationships including immediate family relationships between himself and the Directors, the Company, its related corporations, its substantial shareholders or its officers. Further information on Mr Low Beng Tin can be found in the Company's Annual Report 2021. Please refer to pages 191 to 203 of the Annual Report 2021 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

3. Mr Ang Chun Giap will, upon re-election as a Director of the Company, continue to serve as Independent Director of the Company and member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. Mr Ang Chun Giap is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Ang Chun Giap does not have any relationships including immediate family relationships between himself and the Directors, the Company, its related corporations, its substantial shareholders or its officers. Further information on Mr Ang Chun Giap can be found in the Company's Annual Report 2021. Please refer to pages 191 to 203 of the Annual Report 2021 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

4. The proposed Ordinary Resolution 6 proposed in item 4 above is to seek approval for the payment of up to S$220,000 as directors' fees on a current year basis, that is for the financial year ending 31 May 2022. In the event that the amount proposed is insufficient, approval will be sought at the next annual general meeting for payments to meet the shortfall.

5. The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to issue shares up to 50% of the Company's issued share capital, with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

6. The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company from the date of the AGM until the date of the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the source of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum accompanying this Annual Report.

Notes on the alternative arrangements for the AGM in view of the COVID-19 restrictions:

(i) The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.2) Order 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.3) Order 2020.

(ii) In view of the COVID-19 restrictions imposed by the Government of Singapore, **members will not be able to attend the AGM in person**. A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. A member should specifically indicate how the member wishes to vote for or vote against (or abstain from voting on) the resolutions.

(iii) A member who wishes to watch and observe the proceedings of the AGM through a live webcast (comprising both video (audio-visual) and audio-only feeds) via their mobile phones, tablets or computers are to submit their request, with their full name (as per CDP/CPF/SRS/Script-based records), identification number (e.g. NRIC/Passport Number/FIN), shareholding type(s) (e.g. CDP/CPF/SRS/Script-based), email address and contact number (to enable the Company and/or its agents and service providers to authenticate their status as member) to the Company by **11.30 a.m. on 25 September 2021** (i.e. not less than 72 hours before the time appointed for holding the above AGM), via https://online.meetings.vision/lianbeng-agm-registration.

Upon successful authentication, each such member will receive an email reply by **9.00 a.m. on 27 September 2021**. The email reply will contain instructions to access the live webcast of the AGM proceedings. Only authenticated members are permitted to access and attend the AGM proceedings. Members who have pre-registered by the deadline of 11.30 a.m. on 25 September 2021 but have not received an email reply by 9.00 a.m. on 27 September 2021, please contact the Company's Share Registrar, M & C Services Private Limited at (65) 6228-0505 or (65) 6228-0517 between 9.00 a.m. and 6.00 p.m. on 27 September 2021 or between 9.00 a.m. and 10.30 a.m. on 28 September 2021.

On the day of the AGM, before an authenticated and pre-registered member may access the live webcast and attend the AGM (by electronic means), the member's identity is required to be verified by the Company's Share Registrar. Members are encouraged to log on (to access to the live webcast of the AGM proceedings) early to avoid possible bottlenecks and potential delays. We seek your kind understanding and cooperation. Members may log on from **10.30 a.m. on Tuesday, 28 September 2021**.

(iv) Members will not be allowed to ask questions during the live webcast of the AGM. Members who may have questions relating to each resolution to be tabled for approval at the AGM are to submit their questions by email, together with their full name (as per CDP/CPF/SRS/Script-based records), identification number (e.g. NRIC/Passport Number/FIN), shareholding type(s) (e.g. CDP/CPF/SRS/Script-based), email address, and contact number (to enable the Company and/or its agents and service providers to authenticate their status as members) to the Company by **11.30 a.m. on 25 September 2021** (that is not less than 72 hours before the time fixed for holding the AGM) to agm@lianbenggroup.com.sg. The Company will endeavour to address all relevant and substantial questions (as may be determined by the Company in its sole discretion) received.

(v) CPF and SRS Investors including persons who hold Shares through relevant intermediaries (as defined in section 181 of the Companies Act) who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks, SRS Operators or relevant intermediaries to submit their votes and/or questions relating to each resolution to be tabled for approval at the AGM, by **5.00 p.m. on 17 September 2021**. As a recap, only the Chairman of the AGM may be appointed as proxy.

(vi) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(vii) The instrument appointing a proxy must either be deposited at the office of the Company's Share Registrar (i.e. M & C Services Private Limited), at 112 Robinson Road, #05-01, Singapore 068902, or submitted to the Company's Share Registrar by email to gpc@mncsingapore.com, by **11.30 a.m. on 25 September 2021** (that is, not less than 72 hours before the time appointed for holding the AGM). Members are strongly encouraged to submit the completed and signed PDF copies of their proxy forms to the Company via email.

(viii) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to access the live webcast and attend and vote via proxy at the AGM.

(ix) The Company will publish the minutes of the AGM via the SGXNet platform and the Company's website within one month after the date of AGM.

(x) As the COVID-19 situation continues to evolve, members are advised to read the Government of Singapore's "COVID-19: Advisories for Various Sectors" (https://www.gov.sg/article/covid-19-sector-specific-advisories) including the health advisories issued by the Ministry of Health. The Company will monitor the situation and reserves the right to take further measures as appropriate in order to comply with the various government and regulatory advisories. Any changes to the manner of conduct of the AGM will be announced by the Company on the SGXNet platform.

Summary of Key Dates and Times (Deadlines/Opening Time)	Actions
By Friday, 17 September 2021, 5.00 p.m.	For CPF and SRS investors including persons who hold Shares through relevant intermediaries (as defined in section 181 of the Companies Act) who wish to appoint the Chairman of the AGM as proxy to approach their respective CPF Agent Bank, SRS Operators or relevant intermediaries to submit their votes and/or questions relating to each resolution to be tabled for approval at the AGM.
By Saturday, 25 September 2021, 11.30 a.m.	For members: (a) who have questions relating to the business of the AGM to email their questions to agm@lianbenggroup.com.sg. (b) submit the necessary information required for authentication via https://online.meetings.vision/lianbeng-agm-registration should they wish to access the live webcast and attend the AGM.
By Saturday, 25 September 2021, 11.30 a.m.	For members to deposit the completed and signed proxy forms either to the Company's Share Registrar at 112 Robinson Road, #05-01, Singapore 068902, or email to the Company's Share Registrar to gpc@mncsingapore.com. In view of the COVID-19 situation, members are strongly encouraged to submit their completed and signed PDF copies of their proxy forms electronically via email to gpc@mncsingapore.com.
By Monday, 27 September 2021, 9.00 a.m.	For members who have been successfully authenticated to receive an email reply with instructions to access the live webcast of the AGM ("**Confirmation Email**"); and for members who have pre-registered but have not received any Confirmation Email by this time, please contact the Company's Share Registrar, M & C Services Private Limited at (65) 6228-0505 or (65) 6228-0517 between 9.00 a.m. and 6.00 p.m. on 27 September 2021 or between 9.00 a.m. and 10.30 a.m. on 28 September 2021.
Tuesday, 28 September 2021, 10.30 a.m.	When pre-registered members may log on for the Share Registrar to verify their identity and access to the live webcast to the AGM (that is scheduled to commence at 11.30 a.m. on Tuesday, 28 September 2021), using the instructions received in the Confirmation Email.

Notice of Annual General Meeting

IMPORTANT

The following documents can be accessed via the Company's corporate website at https://ir.lianbeng.com.sg/press-release or the website of the SGX-ST at https://www.sgx.com/securities/company-announcements?value=LIAN%20BENG%20GROUP%20LTD&type=company:

- **Annual Report for the financial year ended 31 May 2021 ("2021 Annual Report")**
- **Notice of Annual General Meeting**
- **Proxy Form**

Personal data privacy:

By attending, speaking, proposing, seconding and/or voting at the AGM and/or by a member of the Company submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and/or vote at the AGM and/or any adjournment thereof, the person/member (i) understands and accepts that photographs, images, audio and/or video recordings and transcripts of the AGM may be taken and/or made by the Company (and/or its agents and service providers), (ii) consents to the collection, use and disclosure of the person's/member's and its proxy(ies)'s or representative(s)'s personal data by the Company (and/or its agents and service providers) for legal, regulatory, compliance, corporate policies, procedures and administration, corporate actions, corporate communications and investor relations purposes and for the purposes of the processing, administration and record keeping by the Company (and/or its agents and service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation, compilation, recording, keeping of the attendance lists, transcripts, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and/or its agents and service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines and for publication and/or use in the Annual Report 2021, corporate brochures, newsletters, publications, materials and/or corporate website by the Company (and/or its agents and service providers) (collectively, the "**Purposes**"), (iii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (and/or its agents and service providers), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and/or its agents and service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Additional Information on Directors Seeking Re-Election

PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

Ms Ong Lay Koon, Mr Low Beng Tin and Mr Ang Chun Giap are the retiring Directors who are seeking re-election at the forthcoming annual general meeting ("**AGM**") of the Company to be convened on 28 September 2021 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**") under Ordinary Resolutions 3, 4 and 5 as set out in the Notice of AGM dated 11 September 2021.

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the information relating to the Retiring Directors, in accordance to Appendix 7.4.1 of the SGX-ST Listing Manual, is set out below:

	Ms Ong Lay Koon	**Mr Low Beng Tin**	**Mr Ang Chun Giap**
Date of appointment	20 March 1999	8 July 2015	12 October 2016
Date of last re-appointment (if applicable)	27 September 2018	27 September 2018	27 September 2019
Age	50	71	64
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Ong Lay Koon as Executive Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Ms Ong Lay Koon's qualifications, expertise, past experience and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Low Beng Tin as Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Low Beng Tin's qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Ang Chun Giap as Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Ang Chun Giap's qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for the organisation and management of the Group's accounting, finance and corporate affairs, as well as for all matters relating to human resource.	Non-Executive	Non-Executive

Additional Information on Directors Seeking Re-Election

PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

	Ms Ong Lay Koon	**Mr Low Beng Tin**	**Mr Ang Chun Giap**
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director Audit Committee Chairman Nominating Committee Chairman Remuneration Committee Member	Independent Director Audit Committee Member Nominating Committee Member Remuneration Committee Member
Working experience and occupation(s) during the past 10 years	Ms Ong joined the Group in 1992, and heads the Group's Accounting and Finance, Human Resource, Corporate Affairs and Property Leasing Divisions. She has more than 25 years of experience in the construction industry, more than 20 years in the property development industry.	June 2015 to current – Managing Director, Assimilated Technologies (S) Pte Ltd September 1984 to October 2016 – Managing Director, OEL (Holdings) Limited May 2013 to May 2015 – Managing Director, Oakwell Distribution (S) Pte Ltd	November 2020 to current – Independent Director, G.H.Y Culture & Media Holding Co., Limited July 2010 to current – Partner, Acevision Management Consultants December 2014 to current – Director, Acevision & Associates PAC July 2016 to current – Director, Acevision Blast & Coat Pte. Ltd. August 2009 to October 2016 – Audit Manager/ Partner, JPL Wong & Co January 2010 to October 2016 – Audit Manager/ Director, J Wong & Associates PAC February 2010 to October 2015 – Director, Acevision Solutions Pte. Ltd. March 2010 to September 2014 – Director, Acevision Advisory Affairs Pte. Ltd. April 2011 to September 2014 – Director, Acevision Corporate 71 Pte. Ltd.

Additional Information on Directors Seeking Re-Election

PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

	Ms Ong Lay Koon	**Mr Low Beng Tin**	**Mr Ang Chun Giap**
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest – 1 ordinary share of Lian Beng Group Ltd Deemed Interest – 8,539,199 ordinary shares of Lian Beng Group Ltd registered in the name of nominee account.	Direct Interest – Nil Deemed Interest – 900,000 ordinary shares of Lian Beng Group Ltd registered in the name of nominee account.	Nil
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	Ms Ong Lay Koon (Executive Director), Mr Ong Pang Aik (Chairman and Managing Director and Substantial Shareholder), Ms Ong Lay Huan (Executive Director and Substantial Shareholder) are siblings. Mr Ong Eng Keong, the Executive Director and Chief Executive Officer of SLB Development Ltd., subsidiary of Lian Beng Group Ltd, is the nephew of Ms Ong Lay Koon.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

Additional Information on Directors Seeking Re-Election

PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

	Ms Ong Lay Koon	**Mr Low Beng Tin**	**Mr Ang Chun Giap**
Other principal commitments including directorships	Past (for the last 5 years) Directorships: Please refer to the Appendix Other Principal Commitments: Nil	Past (for the last 5 years) Directorships: 1) Datapulse Technology Limited 2) Fundamental Foods Pte. Ltd. 3) OEL (Holdings) Limited Other Principal Commitments: Nil	Past (for the last 5 years) Directorships: 1) Acevision Solutions Pte. Ltd. 2) J Wong & Associates PAC 3) JPL Wong & Co Other Principal Commitments: Nil
	Present Directorships: Please refer to the Appendix Other Principal Commitments: Nil	Present Directorships: 1) AA Vehicle Inspection Centre Pte Ltd 2) Assimilated Technologies (S) Pte Ltd 3) Autoswift Recovery Pte Ltd 4) CosmoSteel Holdings Limited 5) Fuji Offset Plates Manufacturing Ltd 6) Res Q Me Pte. Ltd. 7) Singapore Innovation and Productivity Institute Pte. Ltd. 8) SMF Centre For Corporate Learning Pte. Ltd. 9) JP Nelson Holdings Other Principal Commitments: Nil	Present Directorships: 1) Acevision & Associates PAC 2) Acevision Blast & Coat Pte. Ltd. 3) Acevision Management Consultants 4) G.H.Y Culture & Media Holding Co., Limited Other Principal Commitments: Nil

Additional Information on Directors Seeking Re-Election

PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

	Ms Ong Lay Koon	**Mr Low Beng Tin**	**Mr Ang Chun Giap**
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.			
(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?	No	No	No
(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?	No	Yes Mr Low was a director of OSEC Shipyard Pte Ltd ("OSEC") from 12 January 2007 to 15 December 2014. Oceanfront Trading Ltd, a company incorporated in the British Virgin Islands ("Oceanfront"), had on 12 December 2016 filed an application with the Singapore High Court to wind up OSEC on the basis that OSEC had failed to pay or satisfy a sum of US$562,464.00 arising from a settlement agreement dated 6 March 2014 entered into between Oceanfront and OSEC, which represented the unpaid sum owing by OSEC to Oceanfront under the term of the said settlement agreement	No

Additional Information on Directors Seeking Re-Election

PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

	Ms Ong Lay Koon	**Mr Low Beng Tin**	**Mr Ang Chun Giap**
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

		Ms Ong Lay Koon	Mr Low Beng Tin	Mr Ang Chun Giap
(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?	No	No	No
(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?	No	No	No

Additional Information on Directors Seeking Re-Election

PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

	Ms Ong Lay Koon	Mr Low Beng Tin	Mr Ang Chun Giap
(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?	No	No	No
(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?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	Yes Ms Ong Lay Koon is the director of certain entities in the Lian Beng Group which have been fined by the authorities in the ordinary course of business.	No	No

	Ms Ong Lay Koon	Mr Low Beng Tin	Mr Ang Chun Giap
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (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 (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			

Additional Information on Directors Seeking Re-Election

PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

	Ms Ong Lay Koon	Mr Low Beng Tin	Mr Ang Chun Giap
(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?			
(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?	No	No	No

Appendix

Past Directorships (for the last 5 years) of Ms Ong Lay Koon

1.	Action Property Pte. Ltd.	
2.	Epic Land (11-1) Pte. Ltd.	
3.	Epic Land (12-1) Pte. Ltd.	
4.	Epic Land (12-2) Pte. Ltd.	
5.	Epic Land (13-1) Pte. Ltd.	
6.	Epic Land (13-2) Pte. Ltd.	
7.	Epic Land (14-1) Pte. Ltd.	
8.	Epic Land (14-2) Pte. Ltd.	
9.	Epic Land (15-1) Pte. Ltd.	
10.	Epic Land (15-2) Pte. Ltd.	
11.	Epic Land (17-1) Pte. Ltd.	
12.	Epic Land (17-2) Pte. Ltd.	
13.	Epic Land (18-1) Pte. Ltd.	
14.	Epic Land (21) Pte. Ltd.	
15.	Epic Land (22) Pte. Ltd.	
16.	Epic Land (23) Pte. Ltd.	
17.	Epic Land (24) Pte. Ltd.	
18.	Epic Land (28) Pte. Ltd.	
19.	Epic Land (29) Pte. Ltd.	
20.	Goldprime (M) Pte. Ltd.	(Struck off)
21.	Goldprime Development Pte. Ltd.	(Struck off)
22.	Kovan Land Pte. Ltd.	(Struck off)
23.	Lian Beng-KSH Pte. Ltd.	(Struck off)
24.	Lian Beng (HK) Limited	(Dissolved)
25.	Mountbatten Development Pte. Ltd.	(Struck off)
26.	Oxley Sanctuary Pte. Ltd.	(Alternate director)
27.	Oxley Viva Pte. Ltd.	(Alternate director)
28.	Oxley YCK Pte. Ltd.	(Alternate director)
29.	Wealth Asset (LK) Management Pte. Ltd.	(Struck off)
30.	Wellprime Pte. Ltd.	

Present Directorships of Ms Ong Lay Koon

1.	Ang Mo Kio (LB) Pte. Ltd.	
2.	Bukit Merah (LB) Pte. Ltd.	
3.	Centurion-Lian Beng (Papan) Pte. Ltd.	
4.	CH Development Pte. Ltd.	
5.	Clementi (LB) Pte. Ltd.	
6.	Development 24 Pte. Ltd.	
7.	Epic Land (01) Pte. Ltd.	
8.	Epic Land (11-2) Pte. Ltd.	
9.	Epic Land (16-1) Pte. Ltd.	
10.	Epic Land (19-1) Pte. Ltd.	
11.	Epic Land (20) Pte. Ltd.	
12.	Epic Land (25) Pte. Ltd.	
13.	Epic Land (26) Pte. Ltd.	
14.	Epic Land (27) Pte. Ltd.	
15.	Epic Land Pte. Ltd.	(Alternate director)

Additional Information on Directors Seeking Re-Election

PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

Present Directorships of Ms Ong Lay Koon (Continued)

16. Evergrande (AMK) Pte. Ltd.
17. Evergrande (Bukit Batok) Pte. Ltd.
18. Evergrande Realty & Development Pte Ltd
19. Gold Holdings Pte. Ltd.
20. Goldprime Dormitory Pte. Ltd.
21. Goldprime Investment Pte. Ltd.
22. Goldprime Land Pte. Ltd.
23. Goldprime Property Pte. Ltd.
24. Goldprime Realty Pte. Ltd.
25. Great Development Pte. Ltd.
26. Hilllock Development Pte Ltd
27. KAP Hotel Investments Pte. Ltd. (Alternate director)
28. L.S. Construction Pte Ltd
29. LB Asset Management Pte. Ltd.
30. LB Fund Management Pte. Ltd.
31. LB Gold Land Pte. Ltd.
32. LB Land Pte. Ltd.
33. LB Property (S) Pte. Ltd.
34. LB Property Pte. Ltd.
35. LB Venture Capital Pte. Ltd.
36. LBD (China) Pte. Ltd.
37. LBD (GL) Pte. Ltd.
38. LBD (Midtown) Pte. Ltd.
39. LBD (Serangoon) Pte. Ltd.
40. Lian Beng – Apricot (Sembawang) Pte. Ltd.
41. Lian Beng (8) Pte. Ltd.
42. Lian Beng (BL) Pte. Ltd.
43. Lian Beng (Franklin) Pte. Ltd.
44. Lian Beng (Joo Chiat) Pte. Ltd.
45. Lian Beng (M) Pte. Ltd.
46. Lian Beng (Tai Seng) Pte. Ltd.
47. Lian Beng Bliss Pte. Ltd.
48. Lian Beng Capital Pte. Ltd.
49. Lian Beng Investment Pte Ltd
50. Lian Beng Realty Pte Ltd
51. Lian Beng Ventures Pte. Ltd.
52. Luxe Development Pte. Ltd.
53. Millennium International Builders Pte. Ltd.
54. Ong Sek Chong & Sons Pte Ltd
55. Oriental Investment Pte. Ltd.
56. Oxley Bliss Pte. Ltd.
57. Oxley-LBD Pte. Ltd.
58. Phileap Pte. Ltd.
59. Prospere Hotels Pte. Ltd.
60. Rio Casa Venture Pte. Ltd.
61. Rocca Investments Pte Ltd
62. SLB (MB) Pte. Ltd.
63. SLB (NIR) Pte. Ltd.
64. SLB Development Ltd.
65. SLB-Oxley (NIR) Pte. Ltd.

Present Directorships of Ms Ong Lay Koon (Continued)

66. Smooth Venture Pte Ltd
67. Spottiswoode Development Pte. Ltd.
68. Starview Investment Pte. Ltd.
69. Toa Payoh (LB) Pte. Ltd.
70. W167 Capital Pte. Ltd.
71. Wealth Assets Pte. Ltd.
72. Wealth Development Pte. Ltd.
73. Wealth Gold Pte. Ltd.
74. Wealth Land Pte. Ltd.
75. Wealth Property Pte. Ltd.
76. Wealth Space Pte. Ltd.
77. Well Capital Pte. Ltd.
78. Wickham Invesco Pte. Ltd.
79. Lian Beng Franklin Investment Pty Ltd
80. Lian Beng (St Kilda) Pty Ltd
81. Lian Beng Ventures (Melbourne) Pty Ltd
82. State Rich International Limited
83. Wickham 186 Pty Ltd

LIAN BENG GROUP LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199802527Z)

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT

1. The AGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.2) Order 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.3) Order 2020.
2. The notice of AGM and this proxy form are published on and can be downloaded from the website of SGX-ST at https://www.sgx.com/securities/company-announcements?value=LIAN%20BENG%20GROUP%20LTD&type=company.
3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live webcast (comprising both video (audio-visual) and audio-only feeds)), submission of questions to the Chairman of the AGM in advance of the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the notice of AGM.
4. **In view of the COVID-19 restrictions imposed by the Government of Singapore, members will not be able to attend the AGM in person. A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.** A member should specifically indicate how the member wishes to vote for or vote against (or abstain from voting on) the resolutions.
5. CPF/SRS investors including persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50) who wish to appoint the Chairman of the AGM as proxy, should approach their respective Agent Banks/SRS Operators or relevant intermediaries to submit their votes by 5.00 p.m. on 17 September 2021.
6. By submitting an instrument appointing the Chairman of the AGM as proxy, a member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of the AGM dated 11 September 2021.
7. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to vote on his/her/its behalf at the AGM.**

I/We, ____ (Name)

NRIC/Passport number/Company Registration No.* ______________________________

____ (Address)

being a member/members of **LIAN BENG GROUP LTD** (the "**Company**") hereby appoint the Chairman of the annual general meeting ("**AGM**") of the Company as my/our* proxy to vote for me/us* on my/our* behalf at the AGM to be held by way of electronic means on Tuesday, 28 September 2021 at 11.30 a.m. and at any adjournment thereof.

I/We* direct the Chairman of the AGM to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution(s) will be treated as invalid**.

All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Ordinary Resolutions relating to:	Number of Votes For**	Number of Votes Against**	Number of Votes Abstain**
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 May 2021			
2.	Payment of proposed final dividend of 1 cent per ordinary share for the financial year ended 31 May 2021			
3.	Re-election of Ms Ong Lay Koon as a Director of the Company			
4.	Re-election of Mr Low Beng Tin as a Director of the Company			
5.	Re-election of Mr Ang Chun Giap as a Director of the Company			
6.	Approval of payment of Directors' fees of up to S$220,000 for the financial year ending 31 May 2022 to be paid quarterly in arrears			
7.	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company			
8.	Authority to allot and issue shares pursuant to the General Share Issue Mandate			
9.	Renewal of Share Buy Back Mandate			

* *Delete accordingly.*

** *If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______________ day of ______________ 2021.

Total Number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. In view of the COVID-19 restrictions imposed by the Government of Singapore, members will not be able to attend the AGM in person. A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. This proxy form is made available on the website of SGX-ST at https://www.sgx.com/securities/company-announcements?value=LIAN%20BENG%20GROUP%20LTD&type=company. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting (for or against), or abstention from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. CPF/SRS investors including persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50) who wish to appoint the Chairman of the AGM as proxy should approach their respective Agent Banks/SRS Operators or relevant intermediaries to submit their votes by **5.00 p.m. on 17 September 2021**.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. A member who wishes to submit an instrument of proxy appointing the Chairman of the AGM as proxy must download, complete, sign and submit the proxy form, either by:

   (i) depositing the signed proxy form at the office of the Company's Share Registrar (i.e. M & C Services Private Limited), at 112 Robinson Road, #05-01, Singapore 068902; or

   (ii) scanning and emailing a copy of the signed proxy form to the Company's Share Registrar to gpc@mncsingapore.com; and

   in either case, by **11.30 a.m. on 25 September 2021** (that is, not less than 72 hours before the time appointed for the AGM). **Members are strongly encouraged to submit their completed and signed PDF copies of their proxy forms to the Company's Share Registrar via email at gpc@mncsingapore.com.**

6. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) either be:

   (i) lodged/deposited with the instrument of proxy (if submitted by post); or

   (ii) scanned and submitted electronically with the instrument of proxy (if submitted via email), failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of a member whose shares are entered against his/her/its 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/its name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. Any alteration made in this instrument appointing the Chairman of the AGM as proxy, must be initialed by the member/person who signs it.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of the AGM dated 11 September 2021.

LIAN BENG GROUP LTD

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