



聯心明志 無阻不懼

# Uniting Hearts Rebuilding Hope

ANNUAL REPORT 2020



聯明集團有限公司  
LIAN BENG GROUP LTD



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A photograph of a modern residential complex. The image shows several multi-story apartment buildings with white facades and dark grey accents. In the foreground, there is a swimming pool with blue and white checkered tiles. A blue and white paddleboat is docked at the edge of the pool. A wooden walkway runs along the pool, and there are various plants and trees, including a large green tree and several palm trees. A suspension bridge is visible in the background. The sky is blue with some clouds.

MISSION STATEMENT

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



# Chairman's Statement

My fellow directors and I would like to extend sincere appreciation to all our employees for their loyalty and solidarity during such an extraordinary time. I am also thankful for the steadfast support given to us by our shareholders, customers and business partners all these years.

## Dear Shareholders,

Construction activity in Singapore was lifted by sustained recovery and demand in public and private sectors in 2019. Leveraging our solid track record and robust capabilities, we were able to secure a number of construction projects during the financial year ended 31 May 2020 ("FY2020"), and accordingly, strengthen our order book ahead of what would become a challenging 2020.

## FINANCIAL HIGHLIGHTS

The Group registered revenue of S\$556.0 million for FY2020, a 43.8% improvement compared to the S\$386.8 million recorded in the preceding financial year ("FY2019"). This was largely on the back of an improved performance in the Construction business segment in the first 10 months of FY2020, along with higher contributions from the Investment Holding and Dormitory business segments. Unfortunately, these improvements were weighed down by significantly reduced construction activity in the last two months of FY2020.

Cost of sales rose 54.6% to S\$471.5 million, compared to S\$305.0 million in FY2019, in view of the increase in construction activity, as well as the commencement of new projects during the year. Gross profit thus increased marginally to S\$84.5 million in FY2020, from S\$81.8 million in the preceding year.

We recorded profit attributable to shareholders of the Company of S\$28.7 million in FY2020, compared to S\$32.9 million in FY2019. Profit for FY2020 takes into account a decrease in the fair value of investment properties held by our subsidiaries, associates and joint ventures and was partially offset by government grants received under the Singapore Budgets. Excluding these, profit would have been S\$25.5 million, similar to the S\$25.1 million in the preceding year.

Our financial position remains strong with cash and cash equivalents (including restricted cash pledged for bank loan) standing at a robust S\$209.4 million as at May 2020, compared to S\$179.9 million as at May

2019. Net asset value per share also improved to 141.2 cents, from 138.9 cents as at 31 May 2019.

The Group has paid interim dividend of 1.0 cent per share in February 2020. In the face of a prolonged COVID-19 pandemic, the Board believes that cash conservation and cost control should be a top priority and is thus not recommending a final dividend payment for FY2020. The retained funds will help to reinforce our working capital for the long haul.

## SEGMENTAL HIGHLIGHTS

The Construction segment turned in a 57.9% improvement in revenue to S\$460.5 million, on the back of a pick-up in construction activity in the first 10 months of FY2020. We also successfully secured five contracts worth an aggregate S\$867 million in FY2020.

We had looked forward to building on the momentum, but the outbreak of COVID-19 at the start of 2020 put the brakes on our plans. The Circuit Breaker measures implemented by the Singapore government in April 2020 to contain the pandemic resulted in work suspension at most of our project sites. Consequently, we recorded minimal revenue for the last two months of FY2020.

Revenue from our Property Development segment, which is generated by our 78%-owned subsidiary SLB Development, contracted 3.1% to S\$46.2 million in FY2020, from S\$47.6 million in FY2019. The increase in revenue recognised from Mactaggart Foodlink and INSPACE in FY2020 was insufficient to make up for the absence of revenue from T-Space @ Tampines, which was completed in FY2019. We look forward to further revenue contribution by Mactaggart Foodlink and INSPACE once construction on the projects is allowed to resume. Since receiving approval from its shareholders for business diversification into fund management in September 2019, SLB has made significant progress in developing the new business. Amongst others, it made an investment in October





**Mr Ong Pang Aik** BBM (L)  
Chairman and Managing Director

2019 into UK-based Pinnacle Residential Fund (“PRF”), which is focused on the private rented sector housing across the UK. Subsequent to the financial year, in June 2020, SLB exercised its option to subscribe to a 20% stake in Pinnacle Investment Management Limited, the manager of PRF.

The Investment Holding segment contributed revenue of S\$26.1 million in FY2020, an increase of 7.2% from a year ago, mainly due to the addition of a new commercial property at 381 Joo Chiat Road to our property portfolio in November 2019 and higher dividend and interest income generated from investment securities portfolio.

The pandemic and the Circuit Breaker measures have greatly impacted retail activity. To help our retail tenants, we have extended support measures to them in accordance with government regulations. These measures include passing on the property tax rebate and providing rental relief.

|   |  |
|---|--|
| REVENUE<br><b>S\$556.0</b><br>MILLION               | NET PROFIT<br><b>S\$33.6</b><br>MILLION    |
| PROFIT BEFORE TAXATION<br><b>S\$41.5</b><br>MILLION | DIVIDENDS PER SHARE<br><b>1.0</b><br>CENTS |



# Chairman's Statement

The Dormitory segment yielded revenue of S\$23.3 million during the year, on the back of steady average occupancy rates. The Group's two dormitories have been implementing the necessary measures that will allow workers residing there to resume work as soon as possible, following a lockdown across all dormitories in April 2020.

## NAVIGATING A CHALLENGING COURSE

The COVID-19 pandemic has generated unprecedented operational challenges for the construction industry. The assistance rendered by the government of Singapore to businesses through the Budgets offers partial relief as we do our best to navigate the challenges arising from the situation. Nevertheless, our revenue remains severely impacted by the work suspension at our project sites, while we continue to incur fixed cost like worker wages, staff salary, equipment rental and dormitory rental. We have also had to incur additional costs to re-accommodate our workers and improve their living conditions as part of the country's larger effort to help contain the outbreak.

While the authorities have permitted a controlled restart of some construction activities from June 2020, the pace of resumption has been slow. We are devoting significant time and effort into working with authorities to ensure compliance with the government's Safe Management Measures and other regulations. Together with the authorities' regulatory efforts, including conducting frequent tests and checks at the dormitories and work sites, we have made some progress towards work resumption. Nevertheless, while these measures help to prevent further spreads, they, unfortunately, also lead to project delays.

The construction sector is dealing with manpower shortage and lack of revenue, while incurring ongoing overheads. In addition, the need to reschedule project timelines, material orders and deliveries, as well as to comply with measures at the worksites and dormitories, is expected to add to operating costs. As we brace ourselves for an economic contraction in the year ahead, we are adopting a prudent approach by focusing on cash conservation and cost control to reinforce our sustainability. We have implemented various Group-wide measures to help us manage our costs. In the meantime, while work has gradually resumed at all our project sites, we expect significant challenges for the industry, and ourselves, to return to pre-COVID levels of productivity and growth. We are

also looking forward to participating in project tenders when they are available.

## APPRECIATION

My fellow directors and I would like to extend sincere appreciation to all our employees for their loyalty and solidarity during such an extraordinary time. I am also thankful for the steadfast support given to us by our shareholders, customers and business partners all these years.

Lian Beng Group has come so far because you believed in us. We are determined to pull through and emerge stronger from this crisis.

**ONG PANG AIK** BBM (L)  
Chairman and Managing Director





▲ The Avenir (Artist's Impression)



# 主席致辞

我与董事部衷心感谢全体员工们在这个非凡时期的忠诚和团结。我也感激股东、客户和生意伙伴长期以来的坚定支持。

## 尊敬的股东：

新加坡建筑活动在2019年因来自公共和私人领域的稳健需求的带动下有所提升。我们凭借良好的施工记录和卓越的施工能力，在截至2020年5月31日的财政年度（“2020财年”）成功取得多项建筑项目，在2020年局势演变成极具挑战之前，扩充了建筑订单。

## 财经摘要

集团营收在2020财年达到5亿5600万元，同比前一财年（“2019财年”）的3亿8680万，增幅达43.8%。这主要归功于集团建筑业务在2020财年首十个月取得同比进步，而投资和客工宿舍两个业务在2020财年里的贡献也有所增加。然而，建筑活动在2020财年最后两个月因为阻断措施陷入了停摆，影响了整体营收表现。

随着建筑活动的回升以及新项目的动工，集团的营收成本上升54.6%达4亿7150万元，对比2019财年的3亿500万。毛利因此小幅度上涨至2020财年的8450万元，2019财年则为8180万元。

股东应占净利从2019财年的3290万元下降至2020财年的2870万元。2020财年的净利包括了集团子公司、联营公司和合资公司所持有的投资产业的折损和来自新加坡政府在预算案下给予的补贴。如果不包括产业折损和政府补贴，2020财年股东应占净利将会达到2550万元，相近于2019财年的2510万元。

集团财务状况依然稳固。集团的现金及现金等价物于2020年5月处于稳健的2亿940万元，相比2019年5月的1亿7990万元来的高。每普通股净资产值从2019年5月的138.9分，上升至2020年5月的141.2分。

2020年2月集团派发了每股1分的中期股息，然而面临持续的2019冠状病毒疫情，董事部认为现金保留及成本管理应是重中之重，因此不提议在2020财年派发末期股息，以保留资金加强和巩固集团的营运资金，面对未来的挑战。

## 部门业务摘要

随着建筑活动在2020财年前十个月的回升，集团建筑业务的营收上涨57.9%达4亿6050万元。在2020财年

里集团也成功取得五项总额达8亿6700万元的建筑项目。

然而，这种向好的趋势却被2020年初冠状病毒疫情的爆发促使我们的计划陷入停摆。新加坡政府在四月份实施的阻断措施迫使我们大部分项目的建筑工程无法施工。因此，集团在2020财年的最后两个月几乎没有建筑收入。

由集团持有78%股权的新联明发展有限公司（“新联明”）所经营的房地产发展业务在2020财年稍微下滑，从2019财年的4760万元减少3.1%至2020财年的4620万元。尽管 Mactaggart Foodlink 和 INSPACE 的营收贡献有所增加，但由于 T-Space@Tampines 已于2019财年完成，再无营收贡献，来自 Mactaggart Foodlink 和 INSPACE 的营收贡献尚不足以弥补空缺。我们期待 Mactaggart Foodlink 和 INSPACE 在建筑活动恢复后能继续为集团带来贡献。另外，新联明自2019年9月获得股东批准发展新的基金管理业务后，便积极拓展这项新业务。新联明于2019年10月开展了基金投资，投资于英国的 Pinnacle Residential Fund。2020年财年过了之后的6月，新联明行使其选择权，购入管理 Pinnacle Residential Fund 的 Pinnacle Investment Management Limited 的20%股权。

投资业务营收同比上涨7.2%达到2020财年的2610万元，主要是因为集团于2019年11月完成收购位于如切路第381号的一项商用房产，以及投资证券组合所带来更高的股息和利息收入。由于疫情以及阻断措施给零售业带来很大影响，为了帮助我们的零售租户，我们已遵守政府所规定的条例给予他们援助，包括将房地产税回扣转给租户并提供租金减免。

在平均入住率维持稳定的支撑下，客工宿舍业务在2020财年营收为2330万元。在2020年四月份客工宿舍全面隔离检疫后，我们的两座客工宿舍已经着重采取必要的防疫措施，让居住在宿舍的客工们都能尽快安全复工。

## 发展前路存挑战

冠状病毒疫情给建筑业带来前所未有的运营挑战。新加



坡政府通过预算案为企业缓解了部分压力，帮助我们尽力应对疫情带来的挑战。然而，集团的收入受到项目停工的严重影响，而我们却仍得继续承担固定成本，例如客工和员工工资，以及设备和宿舍等相关的租金开销。新加坡政府为遏制疫情蔓延而实施多项措施，却也导致我们必须承担额外开支来重新安置客工并改善他们的居住环境以便控制疫情的传播。

尽管建筑活动自六月起已经有限制的陆续重启，但复工步伐相当缓慢。在有关当局的严格监管下，我们投入了庞大的时间和精力与有关当局密切合作并遵从政府的安全管理和相关措施，包括在客工宿舍和建筑工地的频密监察和检测，我们已经朝向复工的道路上迈进了一步。然而，尽管这些措施对疫情蔓延起了很大的控制作用，却也导致了我们的项目延工。

因此，建筑业目前面对人力短缺和收入不足，同时又得承担开销成本的严峻挑战。此外，项目延工，建筑材料的重新订购和交付，以及遵守政府针对工地和宿舍实施的措施，都将加重集团的营运成本。

面对未来的经济萎缩，我们采取谨慎态度，重点关注

现金保留和成本控制，以增强集团的可持续性。我们已在集团内实施了各种措施来帮助管理成本。虽然我们所有项目都已逐渐复工，但我们预计整个建筑业，包括我们集团，要恢复至疫情前的生产力和增长率还需克服诸多挑战。另外，我们也期待在项目投标重新开放后参与投标。

## 致谢

我与董事部衷心感谢全体员工们在这个非凡时期里的忠诚和团结。我也感激股东、客户和生意伙伴长期以来的坚定支持。

集团能有今天的成就有赖于你们对集团的信心和信任。我们决心克服困境，在这场危机中脱颖而出，变得更加坚强。

**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 about community work. He serves as a grassroots leader in the Marine Parade GRC – Braddell Heights CCMC and as Chairman of the Ci Yuan Community Club Building Fund Committee. Mr Ong is also the Patron of the Ang Mo Kio-Hougang Citizens' Consultative Committee and a member of the PAP Community Foundation Braddell Heights Executive Committee. In addition, he is a patron of the Braddell Heights Constituency Sports Club.

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

## **MS ONG LAY KOON**

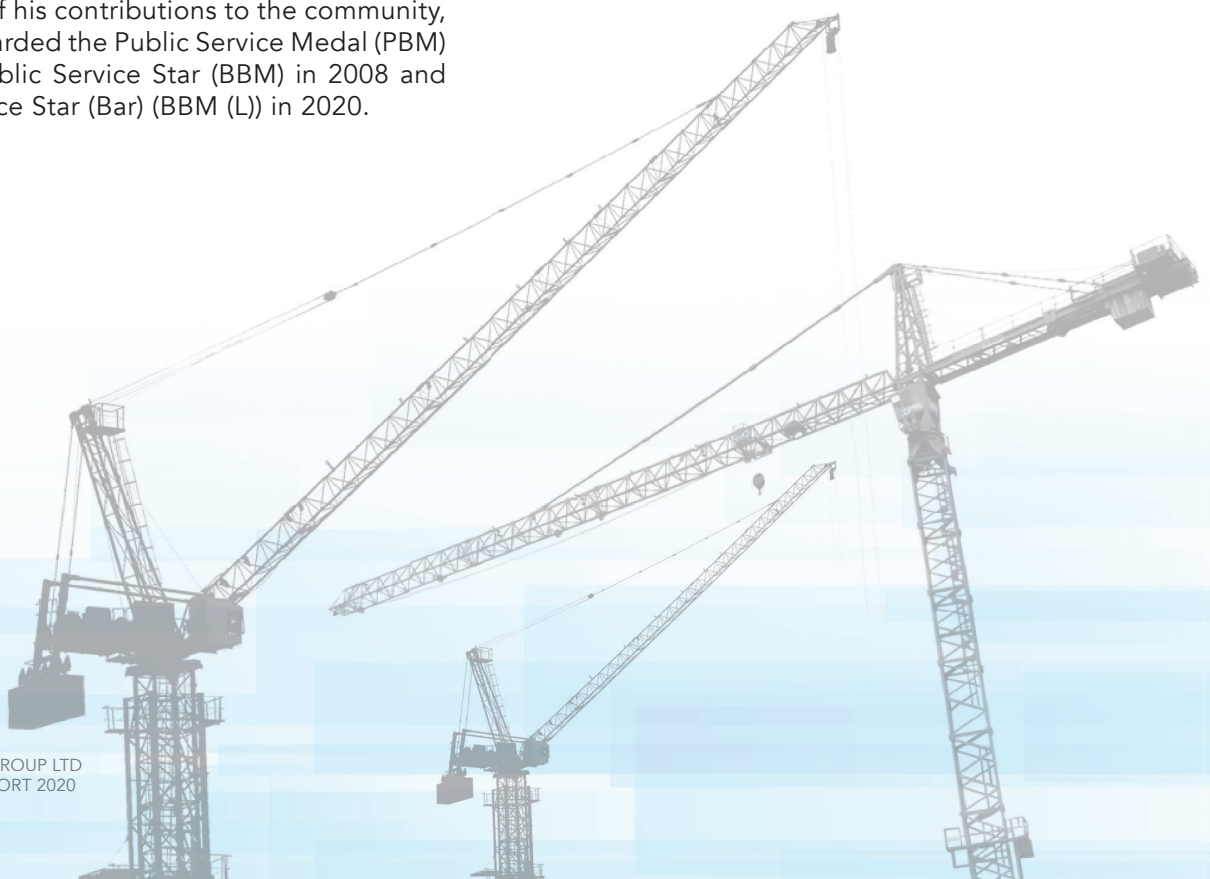
Executive Director

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

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.



# Board 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 27 September 2017.

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, Agropak Engineering (S) Pte Ltd, Autoswift Recovery Pte Ltd, SMF Centre for Corporate Learning 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 27 September 2017. 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 16 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 People's Republic of China ("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 respectively.

Mr Ko is currently Vice President of ESG Society, as well as a Council Member of 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 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

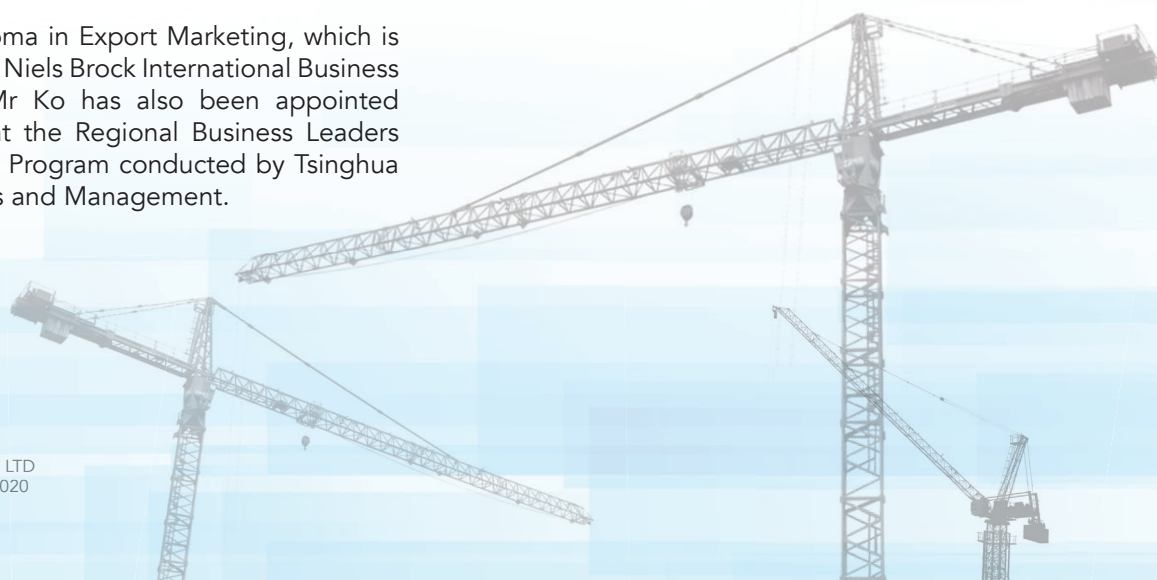
Mr Ang Chun Giap joined the Board as an Independent Director on 12 October 2016 and was last re-elected on 27 September 2019. He is a member of the Nominating Committee, Remuneration Committee and Audit Committee.

He is presently the Managing Director of Acevision & Associates PAC, a public accounting corporation. He has over 19 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. 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 is 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, as well as monitoring the progress of materials utilisation by the Group's Construction division. In addition, he is responsible for overseeing the operations and management of the Group's ready-mix concrete business. He is also responsible for the 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 of these subsidiaries and associated companies. 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 a 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 of these subsidiaries and associated companies. 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 well 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.



# Key Executive Officers

## 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 27 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 27 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 32 years of experience in the ready-mix concrete industry has enabled him to lead the division efficiently in managing its assets allocation and cost control measures, as well as ensure a smooth supply chain within the division's network of customers and suppliers.

## MR CHEW TEOW LEONG

Mr Chew Teow Leong is the Financial Controller of the Group and is responsible for the financial accounting, financial management and internal control functions of the Group. He has over 23 years of experience in financial and management accounting, costs and budgetary control in the trading, construction and manufacturing industries.

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

For Key Executives of the Property Development segment, please refer to SLB Development Ltd.'s 2020 Annual Report.



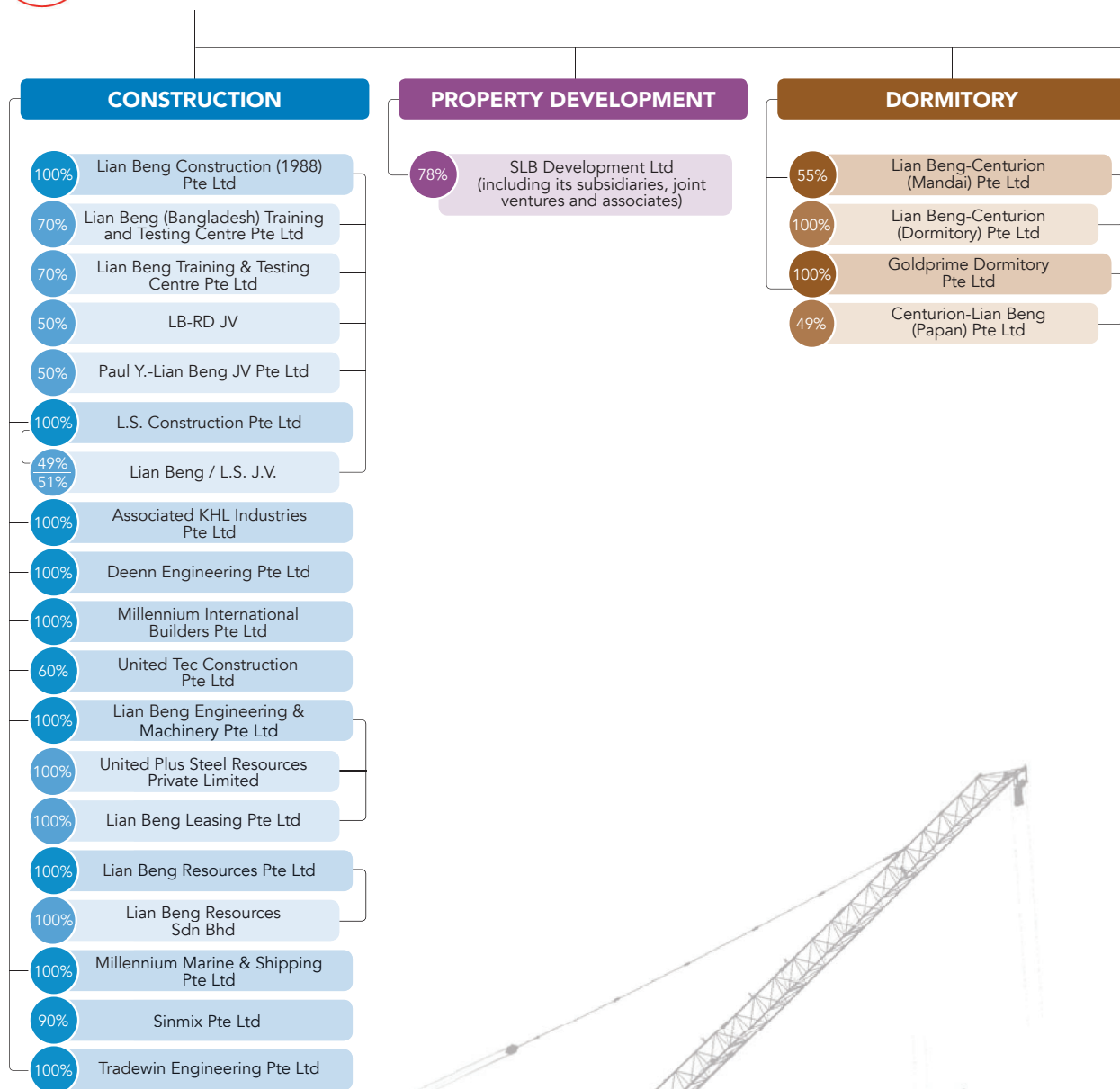


# Group Structure

As at 31 July 2020

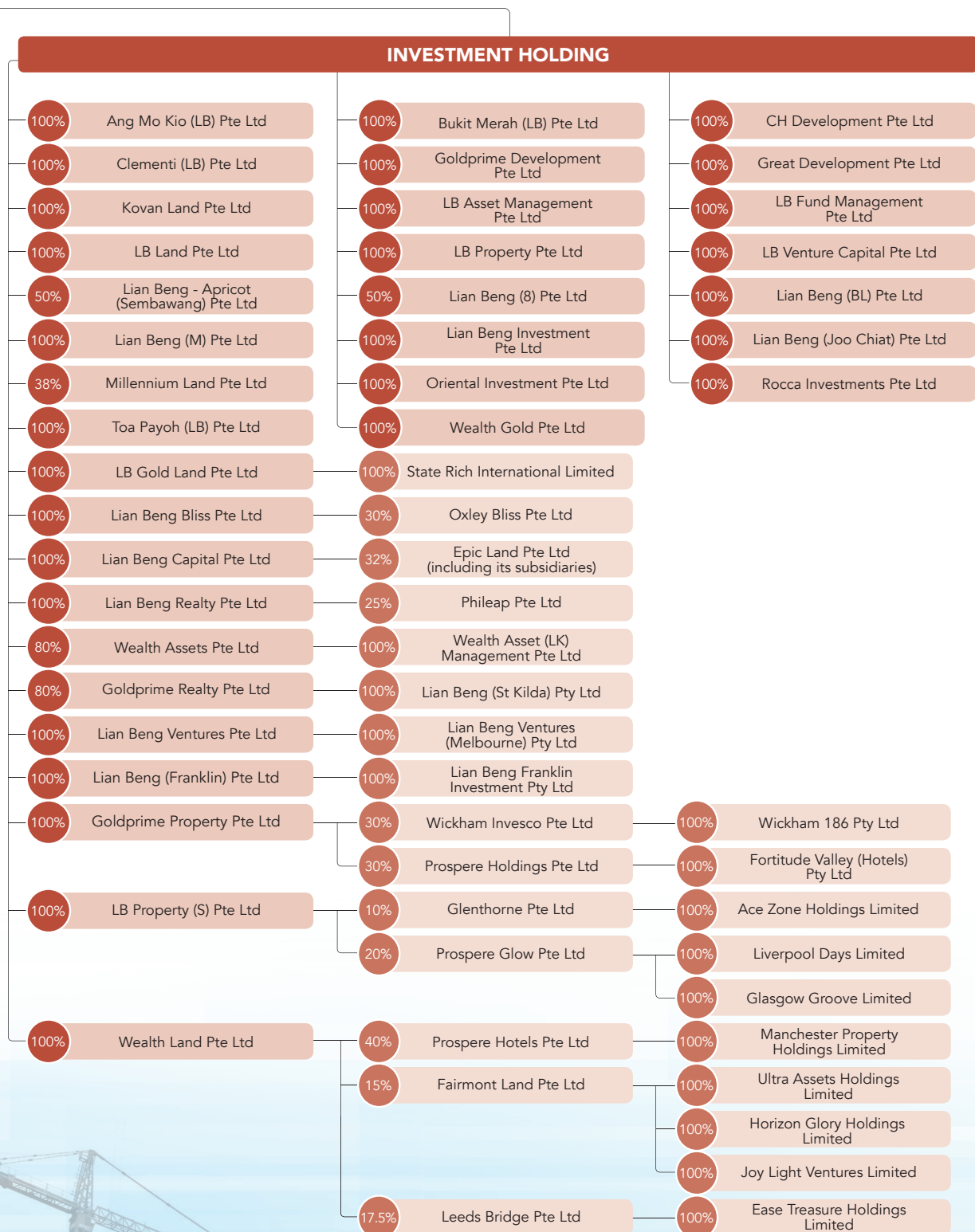


聯明集團有限公司  
LIAN BENG GROUP LTD



# Group Structure

As at 31 July 2020





# Financial Highlights

The Group recorded revenue of S\$556.0 million for the financial year ended 31 May 2020 ("FY2020"), an increase of 43.8% from the S\$386.8 million recorded for the financial year ended 31 May 2019 ("FY2019").



The increase in revenue in FY2020 was mainly due to higher revenue generated from the Construction Segment on the back of progressive revenue recognition from construction projects during the first 10 months of FY2020. The Group did not record much revenue for the months of April and May 2020 as a result of Circuit Breaker ("CB") measures implemented by the Singapore government to combat the COVID-19 pandemic.

Gross profit increased marginally by 3.3% to S\$84.5 million in FY2020, from S\$81.8 million in FY2019. This was in line with the pick-up in construction activity, along with the commencement of new projects, during the year.

Other operating income rose to S\$20.9 million in FY2020, from S\$11.1 million in FY2019, mainly due to the receipt of S\$6.7 million in government grants consists mainly of the Jobs Support Scheme, property tax rebate, foreign worker levy waiver and rebate, along with an increase of S\$1.2 million in interest income from loans to associates and a S\$0.6 million gain on disposal of a subsidiary that holds the development site at 50 Lorong 21 Geylang.

Share of loss of associates was S\$10.9 million in FY2020, compared to S\$0.2 million in FY2019. This was mainly due to the S\$13.8 million share of fair value loss on investment properties held by associates, offset by the increase in development profit recognised from Riverfront Residences and Affinity @ Serangoon.

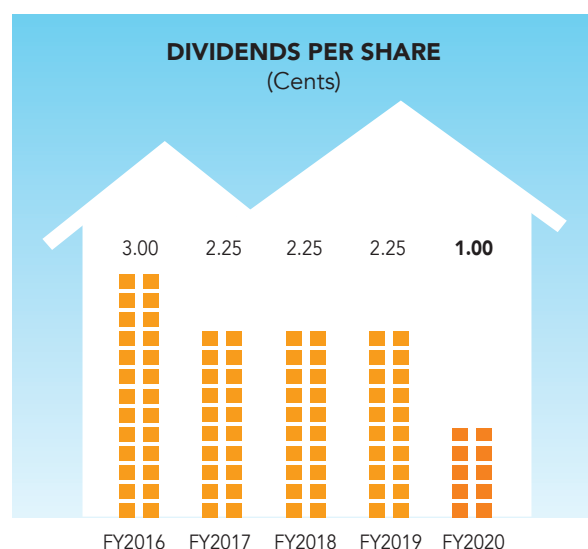
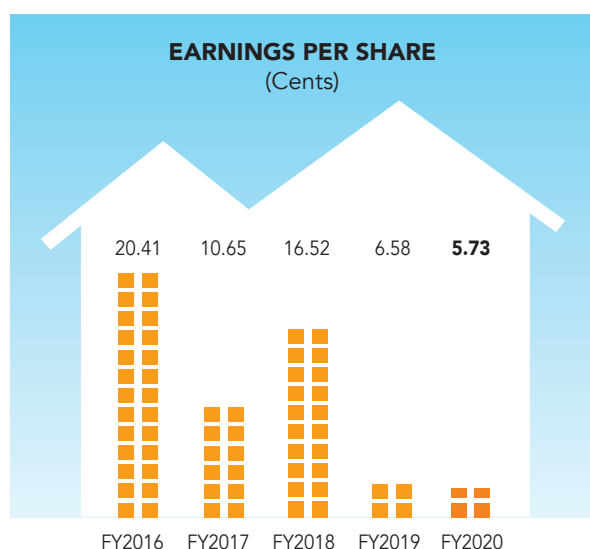
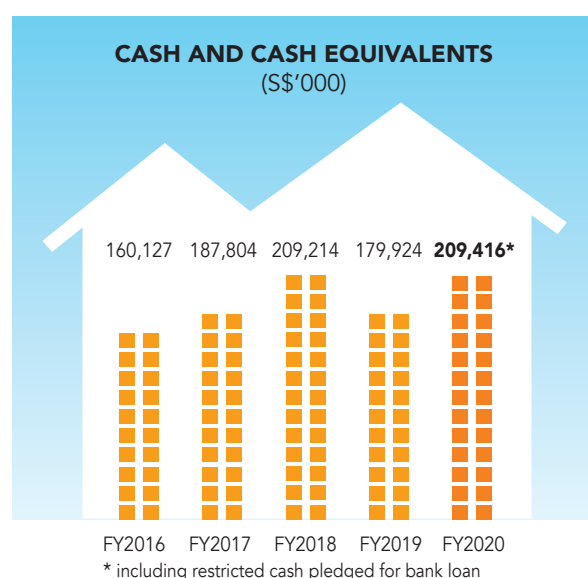
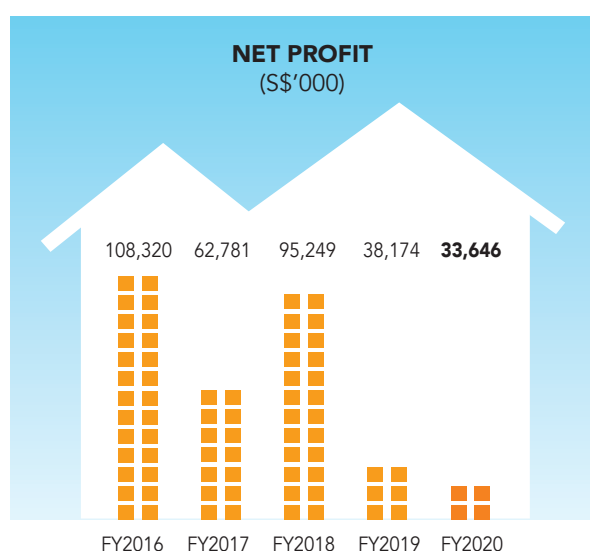
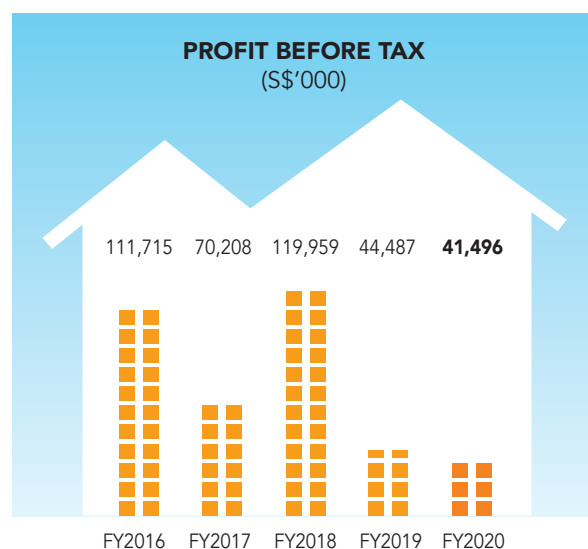
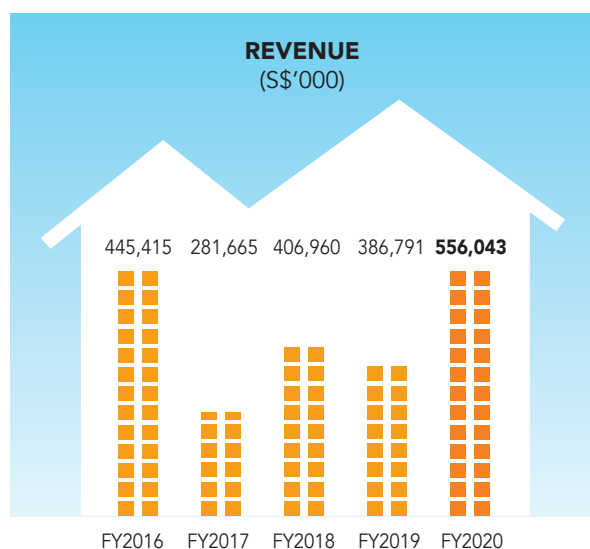
Taking into account the above, profit attributable to owners of the Company was 12.8% lower at S\$28.7 million, compared to S\$32.9 million in FY2019.

Excluding the fair value loss on investment properties held by its subsidiaries, associates and joint ventures of the Group, the government grant income and grant expenses, the profit attributable to owners of the Company would have been S\$25.5 million, similar to the S\$25.1 million recorded in FY2019.

Cash and cash equivalents (including restricted cash pledged for bank loan) stood at S\$209.4 million as at 31 May 2020, compared to S\$179.9 million as at 31 May 2019.

Equity attributable to shareholders as at 31 May 2020 was S\$705.8 million, compared to S\$694.1 million a year ago.

# Financial Highlights





# Significant Events

8  
July  
2019

United Tec Construction Pte Ltd secured a contract worth S\$234.7 million for the construction of a fresh food distribution centre for NTUC Fairprice Co-operative Limited at Sunview Road, part of the Boon Lay planning area. The contract covers the construction of a seven-storey ramp-up building, as well as a 40-metre-high Automatic Storage and Retrieval system, multi-temperature cold rooms and ancillary office and facilities. Construction of the distribution centre is scheduled to be completed in 2021.

31  
July  
2019

The Group, through its 30%-owned associated company, Wickham 186 Pty Ltd, acquired a 67% stake in 186 Wickham Street (Residential) Pty Ltd, the legal and beneficial owner of a freehold land parcel located at 186 Wickham Street, Fortitude Valley QLD 4006 in Brisbane, Australia.

13  
September  
2019

United Tec Construction secured a S\$107.5 million contract for the construction of Kopar at Newton, a residential development at Kampong Java Road. The scope of work covers the construction of two 23-storey towers housing 378 apartment units and a landscaped deck, common basement carparks and communal facilities. The project is expected to be completed in 2022.

24  
October  
2019

Lian Beng Construction (1988) Pte Ltd successfully bagged a S\$173.0 million contract for the construction of a condominium development at River Valley Close. The contract involves the demolition of existing buildings on the 128,352-sq-ft site occupied by the Pacific Mansion condominium, and the construction of 376 apartment units within two 36-storey blocks, along with the construction of a landscape deck, common basement carparks and communal facilities. Work on the condominium development is expected to be completed in 2022.

18  
November  
2019

The Group completed the acquisition of the property at 381 Joo Chiat Road for an aggregate consideration of S\$27.0 million. The property will add to the recurring income stream of the Group's Investment Holding business.

27  
December  
2019

United Tec Construction won a S\$178.0 million tender for the construction of a private residential development at Clementi Avenue 1. The contract covers the construction of 640 apartment units housed within two 37-storey blocks, a childcare centre, two levels of basement carparks, a swimming pool and other communal facilities. The project is expected to be completed in 2023.

22  
April  
2020

The Group completed the disposal of its 40% stake in United E & P Pte Ltd for an aggregate consideration of about S\$9.4 million.

11  
May  
2020

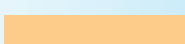
Lian Beng Construction (1988) successfully secured a S\$174.0 million contract for the construction of Penrose, private condominium development at Sims Drive. The scope of work covers the construction of five 18-storey blocks housing 566 apartment units, a childcare centre, a four-storey carpark, a basement carpark, a swimming pool and other communal facilities. The project is expected to be completed in 2023.

## REVENUE BY BUSINESS SEGMENT (\$S'000)



### CONSTRUCTION

291,719 460,511  
FY2019 FY2020



### PROPERTY DEVELOPMENT

47,645 46,166  
FY2019 FY2020



### INVESTMENT HOLDING

24,319 26,082  
FY2019 FY2020



### DORMITORY

23,108 23,284  
FY2019 FY2020





# Operations Review

## CONSTRUCTION

Operating conditions in the construction sector enjoyed significant improvement for most of FY2020. Demand for construction services was lifted by sustained private and public construction demand.

Drawing on our strength and resilience, we overcame the construction downturn in prior years to emerge on a robust footing, and capitalised on the industry recovery to kick-start a positive growth momentum.

We secured five contracts in FY2020 which were collectively worth about S\$867 million. These include a significant project worth S\$234.7 million that was awarded in July 2019 to our 60%-owned subsidiary, United Tec Construction Pte Ltd, for the construction of a fresh food distribution centre for NTUC Fairprice Co-operative Limited. The distribution centre consists of a seven-storey ramp-up building, as well as a 40-metre-high Automatic Storage and Retrieval System and multi-temperature cold rooms.

Apart from this, we also secured contracts for private residential developments such as Kopar at Kampong Java Road, The Avenir at River Valley Close, Clavon at Clementi Avenue 1, and Penrose at Sims Drive.

On the back of an increase in construction activity, the segment contributed revenue of S\$460.5 million in FY2020, a 57.9% improvement from S\$291.7 million in the preceding financial year. The revenue was mainly recognised from progress in the construction of Defu Industrial City, Martin Modern, Avenue South Residence and NTUC Fairprice fresh food distribution centre. In addition to these, other ongoing projects include private residential developments such as Affinity @ Serangoon, The Tre Ver and The Jovell, among others.

Our order book as at 31 May 2020 was S\$1.6 billion, which should support Group activities through FY2023.

Separately, following a strategic review of the Group's business plan, we have divested our 40% shareholding interest in United E & P Pte Ltd, a company principally engaged in the manufacturing of asphalt premix, for an aggregate sale consideration of about S\$9.4 million. The divestment was completed in April 2020.





# Operations Review



▲ Ongoing Project - Defu Industrial City



▲ Ongoing Project - The Jovell



# Operations Review

## PROPERTY DEVELOPMENT

The property development business is undertaken by our 78%-owned subsidiary SLB Development Ltd (“SLB”). SLB recognised higher revenue from the light industrial developments, Mactaggart Foodlink and INSPACE during FY2020.

However, there was an absence of contribution from T-Space @ Tampines compared to FY2019, as revenue from units sold had already been fully recognised upon the project’s completion in FY2019. As a result, the property development segment contributed revenue of S\$46.2 million in FY2020, compared to S\$47.6 million in FY2019.

In October 2019, SLB divested its entire share capital of Wellprime Pte Ltd, which holds a freehold industrial property at 50 Lorong 21 Geylang, for a consideration of S\$13.5 million.

SLB sought and received approval from its shareholders in September 2019 to diversify into the fund management business. In the following month, it made an investment of £2 million into

Pinnacle Residential Fund (“PRF”), a UK residential fund managed by Pinnacle Investment Management Limited (“PIML”), a subsidiary of UK-based Pinnacle Investments (Holdings) Limited and Pinnacle Group Limited. Through the PRF, PIML acquires assets across areas in the UK that exhibit good prospects for economic growth. Subsequent to the financial year-end, in June 2020, SLB reinforced its position by exercising its option to subscribe to a 20% equity stake in PIML for £90,000. At the same time, it also entered into a subscription and shareholder agreement with Weave Co-Living (“Weave”) through its 33%-owned associated company to establish a S\$150 million equity joint venture to acquire, develop, refurbish and operate co-living and rental accommodation assets in Singapore under Weave and its affiliated brands.



▲ Mactaggart Foodlink (Artist's Impression)



▲ INSPACE (Artist's Impression)

## INVESTMENT HOLDING

The Investment Holding segment, which holds a portfolio of commercial, industrial and residential properties in Singapore, as well as a portfolio of investment securities, continued to generate stable recurring income.

Revenue from the segment rose 7.2% to S\$26.1 million in FY2020, from S\$24.3 million in the preceding financial year. The rise was partly due to the addition of a new commercial property at 381 Joo Chiat Road to the property portfolio. The acquisition of the Joo Chiat property was completed in November 2019, at a consideration of S\$27.0 million.

Retail tenants at our commercial properties such as Sembawang Shopping Centre, Wilkie Edge and Broadway Plaza were impacted by the pandemic and the subsequent CB measures. Fortunately, occupancy at the office units at Wilkie Edge remained relatively stable and the four commercial properties in the HDB heartlands also proved relatively resilient as they were leased out to essential service suppliers.

Our investment securities portfolio increased by S\$6.7 million to S\$150.0 million in FY2020, from S\$143.3million in FY2019, mainly due to bond purchases during the year. In tandem with this, the portfolio generated higher dividend and interest income of S\$7.7 million in FY2020, S\$0.8 million higher than S\$6.9 million a year ago.

In all, the Group's strategy to build a diversified portfolio has proven to be effective, amid these challenging times. We will continue to look for suitable opportunities to expand our portfolio of properties to generate higher returns for the Group.



▲ Broadway Plaza



▲ 381 Joo Chiat Road



# Operations Review

## DORMITORY

The Dormitory segment, comprising the 55%-owned Westlite Mandai and 49%-owned ASPRI-Westlite Papan dormitories, maintained steady revenue contribution at S\$23.3 million in FY2020, compared to S\$23.1 million a year ago. Occupancy rates remained relatively stable at 97% in FY2020.

Various social and recreational activities were organised for the residents in FY2020 to enhance their well-being and encourage interaction. For example, the residents went on a subsidised trip to Langkawi Island in Malaysia in January 2020. They had the opportunity to visit the Petronas Twin Towers in Kuala Lumpur during their stopover, as well as tourist attractions in Langkawi such as the Langkawi Eagle Square and the Kilim Karst Geoforest Park. The residents were provided with hotel stays and sumptuous meals throughout the trip.

Due to an outbreak of COVID-19 among the foreign worker community in Singapore, workers residing at all foreign worker dormitories, including Westlite Mandai and ASPRI-Westlite Papan, were placed under isolation or movement restrictions from 21 April 2020 as part of stricter CB measures, which required residents to stay within their dormitories at all times. Following the gradual easing of the CB measures

from May 2020, necessary measures have been taken to ensure compliance with regulations order to allow workers residing there to resume work. At the time of writing, both Westlite Mandai and ASPRI-Westlite Papan have been declared COVID-cleared and are working towards the fulfilment of requirements for work resumption. Going forward, operating costs for this segment are expected to increase in view of the need to reduce living density, implement segregation at shared facilities, improve hygiene standards and cohort the workers, among other COVID-19 preventative measures instituted.

During the period when the dormitories were in lockdown, the residents were kept engaged with various contactless activities and contests, including video making contest, cleanest unit contest and Labour Day greeting video contest. Cash vouchers and prizes were given out as prizes to winning participants.



▲ Langkawi Trip



▲ Festive Celebration



▲ Cricket Competition



# Our People, Our Assets

At Lian Beng Group, we believe in caring for our employees and the communities that we operate in so that we can continue to grow in a sustainable manner.

We seek to retain and attract talent with the right policies and investments. Investing in their growth through continuous training and development is key for the continued success of the Group. We do so by sending them for courses and trainings that enable them to keep abreast of the latest technological developments and industry knowledge, with the goals of upgrading their skillsets and improving overall productivity and efficiency.

We are also committed to nurturing our employees to improve their general well-being and satisfaction. We celebrated special occasions that bring all of us together, such as New Year, National Day, Mid-Autumn Festival and Christmas Day.

As a responsible corporate citizen, the Group actively gives back, while also encouraging continued community engagement among our employees. We contributed to the SGX Bull Charge Charity Run 2019, the Maybank Global Corporate Responsibility Day 2019 which raised funds in support of President's Challenge for the Community Chest, as well as to the bursary fund for children at the TOUCH Community Services. In addition, we donated to the POSB PAssion Run for Kids 2019, with our employees participating in the run too. Our employees also had the opportunity to explore painting with adult learners from the Down Syndrome Association.

Beyond Singapore, we sponsor and help to build homes in remote parts of Cambodia, a programme that we have participated in many years.



▲ Terrarium Workshop



▲ DIY Oral Care workshop



▲ Art Jamming for Adult Learners with Down Syndrome

# 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*

## 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

## 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

## AUDIT COMMITTEE

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

## REGISTRAR AND SHARE TRANSFER OFFICE

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

## AUDITORS

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

## SOLICITORS

**Opal Lawyers LLC**  
20 Collyer Quay, #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

# Corporate Governance Report

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 2020 (“**FY2020**”), 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 accordingly 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.



# Corporate Governance Report (cont'd)

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 FY2020, 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.

# Corporate Governance Report (cont'd)

## **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 FY2020 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     | 3              | 3            | –                             | –            | –                               | –            | –                        | –            |
| Ong Lay Huan     | 3              | 3            | –                             | –            | –                               | –            | –                        | –            |
| Ong Lay Koon     | 3              | 3            | –                             | –            | –                               | –            | –                        | –            |
| Low Beng Tin     | 3              | 3            | 1                             | 1            | 1                               | 1            | 3                        | 3            |
| Ko Chuan Aun     | 3              | 3            | 1                             | 1            | 1                               | 1            | 3                        | 3            |
| Ang Chun Giap    | 3              | 3            | 1                             | 1            | 1                               | 1            | 3                        | 3            |
| Tan Khee Giap*   | 1              | 1            | –                             | –            | –                               | –            | 1                        | 1            |

Note:

\* Appointed on 14 November 2019

# Corporate Governance Report (cont'd)

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 FY2020, given that only three Directors currently hold three (3) 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, and the provisions in the Listing Manual are complied with.

At least one 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 Singapore Exchange



# Corporate Governance Report (cont'd)

Securities Trading Limited (“**SGX-ST**”) are complied with. Under the direction of the Chairman, the Company Secretaries are responsible for ensuring good information flow within the Board and its committees, facilitating the Directors’ orientation programme, and assisting with professional developments as required. They are also the primary channel of communication between the Company and the SGX-ST. The 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 Executive Directors and four Independent Directors, namely:

Executive Directors

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

Independent & Non-Executive Directors

1. Mr Low Beng Tin
2. Mr Ko Chuan Aun
3. Mr Ang Chun Giap
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 FY2020.

As there are 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.

# Corporate Governance Report (cont'd)

- (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 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 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.

# Corporate Governance Report (cont'd)

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.



# Corporate Governance Report (cont'd)

## **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 7 members of whom four 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 FY2020, 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.

# Corporate Governance Report (cont'd)

## **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 Huan and Mr Ko Chuan Aun be nominated for re-election under Regulation 107 at the forthcoming AGM.

Ms Ong Lay Huan will, upon re-election as a Director of the Company, continue to serve as the Executive Director of the Company. Mr Ko Chuan Aun will, upon re-election as a Director of the Company, continue to serve as Independent Director of the Company and the Chairman of Remuneration Committee and member of the Audit

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# Corporate Governance Report (cont'd)

Committee and Nominating Committee of the Company. Mr Ko Chuan Aun is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 53 to 63 of this annual report for further information on Ms Ong Lay Huan and Mr Ko Chuan Aun required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Pursuant to Regulation 117 of the Company's Constitution, any new Director so appointed by the Directors shall hold office until the next AGM and shall be eligible for re-election. The NC has recommended to the Board that Dr Tan Khee Giap be nominated for re-election at the forthcoming AGM pursuant to Regulation 117 of the Constitution. Dr Tan Khee 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. Dr Tan Khee Giap is 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 53 to 63 of this annual report for further information on Dr Tan Khee 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.



# Corporate Governance Report (cont'd)

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          | 27/09/2017            | 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, and JP Nelson Holdings | Datapulse Technology Limited                       |
| Ko Chuan Aun     | 10/07/2015          | 27/09/2017            | Koon Holdings Limited, KSH Holdings Limited and Pavillion Holdings Ltd                    | KOP Limited, Super Group Ltd and San Teh Ltd       |
| Ang Chun Giap    | 12/10/2016          | 27/09/2019            | Nil   | Nil  |
| Tan Khee Giap    | 14/11/2019          | Not Applicable        | Amcorp Global Limited (formerly known as TEE Land Limited) and Boustead Singapore Limited | BreadTalk Group Limited, Boustead Projects 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.

# Corporate Governance Report (cont'd)

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 FY2020, 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 FY2020.

## **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.**

# Corporate Governance Report (cont'd)

The RC currently comprises four 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 FY2020, 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.



# Corporate Governance Report (cont'd)

## 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.

# Corporate Governance Report (cont'd)

## 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 2020 is as follows:

| Remuneration Band           | Name                         | Salary and CPF (%) | Bonus & Profit Sharing (%) | Other Benefits and Allowances (%) | Directors' Fees (%) | Total (%) |
|-----------------------------|------------------------------|--------------------|----------------------------|-----------------------------------|---------------------|-----------|
| S\$2,500,001 – S\$2,750,000 | Ong Pang Aik                 | 24                 | 72                         | 4                                 | –                   | 100       |
| S\$1,500,001 – S\$1,750,000 | Ong Lay Huan                 | 30                 | 67                         | 3                                 | –                   | 100       |
| S\$1,500,001 – S\$1,750,000 | Ong Lay Koon <sup>(1)</sup>  | 28                 | 68                         | 4                                 | –                   | 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 <sup>(2)</sup> | –                  | –                          | –                                 | 100                 | 100       |

(1) Does not include director's fee received from SLB Development Ltd.

(2) Dr Tan Khee Giap was appointed on 14 November 2019. His director's fee for FY2020 is subject to shareholder's approval during the forthcoming AGM to be convened on 28 September 2020.

# Corporate Governance Report (cont'd)

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 2020 Annual Report.

The remuneration for FY2020 of the top eight key executives are as follows:

|                                |     |
|--------------------------------|-----|
| S\$500,000 to below S\$750,000 | : 2 |
| S\$250,000 to below S\$500,000 | : 3 |
| Below S\$250,000               | : 3 |

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 2020, the total remuneration paid to the top eight key executives (who are not Directors or the CEO) of the Company was S\$2,816,000.

## **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 FY2020. 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.



# Corporate Governance Report (cont'd)

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 FY2020 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 and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislations, regulations and best practices and the identification and management of business and strategic risks.

The Board has received assurance from the Chairman and Managing Director and the Financial Controller that the financial records have been properly maintained and the financial statements for the financial year ended 31 May 2020 give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems were adequate and effective ("**Assurance**").

The Board has put in place a risk governance and internal control framework manual to define the strategic objectives and determine the risk appetite, tolerance and risk mitigation measures to address potential impediments to achieving these business strategies. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the Management and various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational, compliance and information technology controls risks, and risk management systems of the Company were adequate and effective as at 31 May 2020. The Board has also evaluated the internal control system against the COSO internal control framework (COSO 2013 Internal Control - Integrated Framework) for adequate and effective internal control. The Board's opinion is based collectively on the risk governance and internal control framework and assessment of internal control adequacy and effectiveness.

# Corporate Governance Report (cont'd)

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

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

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

## **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 received assurance from the Chairman and Managing Director and the Financial Controller that:

- (a) the financial records of the Group have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group's operations and finances and are in accordance with the relevant accounting standards; and
- (b) the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

## **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;**

# Corporate Governance Report (cont'd)

- (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 whistleblowing policy and procedures for raising such concerns.

The AC currently comprises of four 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 Board is of the view that the AC has sufficient financial management and accounting expertise and experience to discharge the AC's functions. Mr Low Beng Tin has more than 35 years of experience in business and management. Mr Ko Chuan Aun has more than 23 years of experience in business and management. Mr Ang Chun Giap has over 21 years of experience in finance and management and has more than 19 years of experience in public accounting profession. Dr Tan Khee Giap has more than 30 years of experience in treasury, economic and business profession.

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

The AC convened three 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;
- 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.



# Corporate Governance Report (cont'd)

The AC meets with the external and internal auditors, without the presence of Management, at least annually, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge its functions properly. The AC has met with the external and internal auditors, without the presence of Management during FY2020. 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 FY2020 are as follows:-

|                |   |                                 |
|----------------|---|---------------------------------|
| Audit fees     | : | S\$663,000 (FY2019: S\$663,000) |
| Non-audit fees | : | S\$300,000 (FY2019: S\$272,000) |
| Total          | : | S\$963,000 (FY2019: S\$935,000) |

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

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

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

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

## 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**"), namely (i) accounting for construction contracts; (ii) fair value measurement of investment properties; and (iii) recoverability of investments in development properties. 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](mailto: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 FY2020.

# Corporate Governance Report (cont'd)

## **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)   |
| Dr 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 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 report their findings based on the scope of review performed for FY2020 directly to the AC and administratively to the Executive Director. 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 FY2020. The AC is satisfied that the internal auditor is adequately qualified, resourced and has the appropriate standing within the Group to discharge its duties effectively.

# Corporate Governance Report (cont'd)

## **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 Singapore Companies Act and the Company's Constitution. Information to all shareholders is disclosed to in a timely and transparent manner and in compliance with SGX disclosure requirements.

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

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 Annual Report is sent to all shareholders and is available on request. The Company's latest Annual Report is also accessible via the Company's website.

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

## **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.



# Corporate Governance Report (cont'd)

## **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 available at the general meetings to answer those questions relating to the work of these committees. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

## **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. In line with the amendments to the Companies Act, Chapter 50 of Singapore, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than 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 future dividends on the Company's shares will depend on the Group's earnings, financial position, results of operations, cash flow, capital needs, the terms of borrowing arrangements (if any), plans for expansion and other factors which the Directors may deem appropriate. For FY2020, the Board has declared an interim dividend of 1.0 cent per ordinary share.

# Corporate Governance Report (cont'd)

## 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 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

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# Corporate Governance Report (cont'd)

published in the newspapers, annual reports and circulars sent to all Shareholders. 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 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](http://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](mailto: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 FY2019 which was published on 31 October 2019 and is available at the company's website at [www.lianbeng.com.sg](http://www.lianbeng.com.sg).

The Company will publish its Sustainability Report for FY2020 by end of October 2020.

#### **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](http://www.lianbeng.com.sg) regularly with information released on the SGXNET and business developments of the Group.

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# Corporate Governance Report (cont'd)

## 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 FY2020.

## 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 FY2020 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 FY2019 is available at the Company's website at [www.lianbenggroup.com.sg](http://www.lianbenggroup.com.sg).

The Sustainability Report outlines the Group's (i) sustainability reporting framework; (ii) Economic, Environmental, Social and Governance ("EESG") factors; (iii) policies, practices and performance; and (iv) targets.

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 FY2020 by end of October 2020, in accordance with Practice Note 7.6 of the Listing Manual.

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# Additional Information on Directors Seeking Re-Election

## **ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL**

Ms Ong Lay Huan, Mr Ko Chuan Aun and Dr Tan Khee 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 2020 (collectively, the “Retiring Directors” and each a “Retiring Director”) under Ordinary Resolutions 2, 3 and 4 as set out in the Notice of AGM dated 11 September 2020.

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:

|   | <b>Ms Ong Lay Huan</b>   | <b>Mr Ko Chuan Aun</b>  | <b>Dr Tan Khee Giap</b>   |
|---|--|---|---|
| Date of appointment   | 20 March 1999  | 10 July 2015  | 14 November 2019  |
| Date of last re-appointment (if applicable)   | 27 September 2017  | 27 September 2017   | Not Applicable  |
| Age   | 51   | 63  | 63  |
| 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 Huan as Executive Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Ms Ong Lay Huan’s qualifications, expertise, past experience and overall contribution since she was appointed as a Director. | The re-election of Mr Ko Chuan Aun as Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Ko Chuan Aun’s qualifications, expertise, past experience and overall contribution since he was appointed as a Director. | The re-election of Dr Tan Khee Giap as Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Dr Tan Khee Giap’s qualifications, expertise, past experience and overall contribution since he was appointed as a Director. |
| Whether appointment is executive, and if so, the area of responsibility   | Executive.<br>Responsible for the overall strategic direction and business expansion of the Group.   | Non-Executive   | Non-Executive   |

## Additional Information on Directors Seeking Re-Election (cont'd)

|   | Ms Ong Lay Huan   | Mr Ko Chuan Aun   | Dr Tan Khee Giap   |
|---|---|---|--|
| Job title (e.g. Lead ID, AC Chairman, AC Member etc.)         | Executive Director  | Independent Director, Chairman of Remuneration Committee, Member of Audit Committee and Nominating Committee of the Company   | Independent Director, Member of Audit Committee, Nominating Committee and Remuneration Committee of the Company  |
| Professional qualifications                                   | Diploma in Quantity Surveying, Singapore Polytechnic,<br><br>Member of the Singapore Institute of Directors.  | Diploma in Export Marketing, which is equivalent to Danish Niels Brock International Business Degree Programme.   | PhD (Monetary Economics), University of East Anglia, United Kingdom.   |
| Working experience and occupation(s) during the past 10 years | Ms Ong joined the Group in 1991 and heads the Group's Contracts department.<br><br>She has more than 25 years of experience in the construction industry. | Mr Ko is currently the Chairman of HSK Resources Pte. Ltd.<br><br>Prior to that, he 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.<br><br>Mr Ko has more than 16 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. | Dr Tan is Associate Professor at Lee Kuan Yew School of Public Policy, National University of Singapore and Chairman, Singapore National Committee for Pacific Economic Cooperation.<br><br>He was the Co-Director of the Asia Competitiveness Institute from 2011 to 2020 |

## Additional Information on Directors Seeking Re-Election (cont'd)

|  | Ms Ong Lay Huan   | Mr Ko Chuan Aun  | Dr Tan Khee Giap |
|--|---|--|------------------|
| Shareholding interest in the listed issuer and its subsidiaries  | <p>Direct Interest – 16,011,999 ordinary shares of Lian Beng Group Ltd</p> <p>Deemed Interest – 154,131,000 ordinary shares of Lian Beng Group Ltd, arising from his deemed interest in shares held by Ong Sek Chong &amp; Sons Pte. Ltd as at 17 August 2020.</p>  | Direct Interest – 205,000 ordinary shares of Lian Beng Group Ltd | No               |
| 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 | <p>Ms Ong Lay Huan (Executive Director and Substantial Shareholder), Mr Ong Pang Aik (Chairman and Managing Director and Substantial Shareholder), and Ms Ong Lay Koon (Executive Director) are siblings.</p> <p>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 Huan.</p> <p>Mr Ong Lay Huan is deemed to be interested in 154,131,000 ordinary shares held by Ong Sek Chong &amp; Sons Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap.50 as at 17 August 2020.</p> | No   | No               |

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## Additional Information on Directors Seeking Re-Election (cont'd)

|   | Ms Ong Lay Huan   | Mr Ko Chuan Aun   | Dr Tan Khee Giap  |
|---|---|---|---|
| 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   |
| Other principal commitments including directorships   | <p><u>Past</u> (for the last 5 years)</p> <p>Directorships:</p> <ol style="list-style-type: none"> <li>1) Mountbatten Development Pte Ltd</li> <li>2) LBD (Midtown) Pte Ltd</li> <li>3) Oxley-LBD Pte Ltd</li> <li>4) Spottiswoode Development Pte Ltd</li> <li>5) Luxe Development Pte Ltd</li> <li>6) Starview Investment Pte Ltd</li> <li>7) Wealth Development Pte Ltd</li> <li>8) Lian Beng - KSH Pte Ltd</li> </ol> <p>Other Principal Commitments: Nil</p> <p><u>Present</u></p> <p>Directorships:</p> <ol style="list-style-type: none"> <li>1) Lian Beng Construction (1988) Pte Ltd</li> <li>2) Tradewin Engineering Pte Ltd</li> <li>3) Evergrande Realty &amp; Development Pte Ltd</li> <li>4) Ong Sek Chong &amp; Sons Pte Ltd</li> <li>5) Lian Beng Realty Pte Ltd</li> </ol> | <p><u>Past</u> (for the last 5 years)</p> <p>Directorships:</p> <ol style="list-style-type: none"> <li>1) KOP Limited</li> <li>2) San Teh Ltd</li> <li>3) Scorpio East Entertainment Pte Ltd</li> <li>4) Scorpio East Multimedia Pte Ltd</li> <li>5) Scorpio East Pictures Pte Ltd</li> <li>6) Scorpio East Productions Pte Ltd</li> <li>7) Singapore Koh Clan Association Ltd</li> <li>8) Super Group Ltd</li> </ol> <p>Other Principal Commitments: Nil</p> <p><u>Present</u></p> <p>Directorships:</p> <ol style="list-style-type: none"> <li>1) Koon Holdings Limited</li> <li>2) KSH Holdings Limited</li> <li>3) Pavillon Holdings Ltd</li> <li>4) HSK Resources Pte. Ltd.</li> </ol> <p>Other Principal Commitments: Nil</p> | <p><u>Past</u> (for the last 5 years)</p> <p>Directorships:</p> <ol style="list-style-type: none"> <li>1) Forterra Real Estate Pte Ltd</li> <li>2) Artivision Technologies Ltd</li> <li>3) Boustead Projects Limited</li> </ol> <p>Other Principal Commitments: Nil</p> <p><u>Present</u></p> <p>Directorships:</p> <ol style="list-style-type: none"> <li>1) Amcorp Global Limited (formerly known as TEE Land Limited)</li> <li>2) Boustead Singapore Limited</li> <li>3) Chengdu Rural Commercial Bank Co Ltd</li> <li>4) BreadTalk Group Limited</li> </ol> <p>Other Principal Commitments: Nil</p> |

## Additional Information on Directors Seeking Re-Election (cont'd)

|   | Ms Ong Lay Huan  | Mr Ko Chuan Aun | Dr Tan Khee Giap |
|---|--|-----------------|------------------|
| Other principal commitments including directorships | 6) Lian Beng-Centurion (Mandai) Pte Ltd<br>7) Lian Beng-Centurion (Dormitory) Pte Ltd<br>8) Millennium Land Pte Ltd<br>9) Paul Y.- Lian Beng JV Pte Ltd (Alternate Director)<br>10) Lian Beng (M) Pte Ltd<br>11) Lian Beng Bliss Pte Ltd<br>12) Lian Beng Ventures Pte Ltd<br>13) Oriental Investment Pte Ltd<br>14) Clementi (LB) Pte Ltd<br>15) Bukit Merah (LB) Pte Ltd<br>16) Toa Payoh (LB) Pte Ltd<br>17) Ang Mo Kio (LB) Pte Ltd<br>18) LB Asset Management Pte Ltd<br>19) Lian Beng (Franklin) Pte Ltd<br>20) Lian Beng-Apricot (Sembawang) Pte Ltd<br>21) United Tec Construction Pte Ltd<br>22) LB Venture Capital Pte Ltd<br>23) LB Fund Management Pte Ltd<br><br>Other Principal Commitments: Nil |                 |                  |

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## Additional Information on Directors Seeking Re-Election (cont'd)

|   | Ms Ong Lay Huan | Mr Ko Chuan Aun | Dr Tan Khee Giap |
|---|-----------------|-----------------|------------------|
| <p>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.</p>  |                 |                 |                  |
| <p>(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?</p>  | No              | No              | No               |
| <p>(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</p> | No              | No              | No               |

## Additional Information on Directors Seeking Re-Election (cont'd)

|  | Ms Ong Lay Huan | Mr Ko Chuan Aun | Dr Tan Khee Giap |
|--|-----------------|-----------------|------------------|
| entity is the trustee of a business trust, that business trust, on the ground of insolvency?   |                 |                 |                  |
| (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               |



## Additional Information on Directors Seeking Re-Election (cont'd)

|  | Ms Ong Lay Huan | Mr Ko Chuan Aun | Dr Tan Khee 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 (cont'd)

|  | Ms Ong Lay Huan | Mr Ko Chuan Aun | Dr Tan Khee 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               |

## Additional Information on Directors Seeking Re-Election (cont'd)

|   | Ms Ong Lay Huan   | Mr Ko Chuan Aun | Dr Tan Khee Giap |
|---|---|-----------------|------------------|
| <p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> | <p>Yes.</p> <p>Ong Lay Huan is the director of certain entities in the Lian Beng Group which have been fined by the authorities in the ordinary course of business.</p> | <p>No</p>       | <p>No</p>        |

## Additional Information on Directors Seeking Re-Election (cont'd)

|   | Ms Ong Lay Huan   | Mr Ko Chuan Aun | Dr Tan Khee Giap |
|---|---|-----------------|------------------|
| <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> |   |                 |                  |
| <p>(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?</p>                    | <p>Yes.</p> <p>Ong Lay Huan released a notification in 2012 that she had become a deemed substantial shareholder of Lian Beng Group Ltd, when the effective date of change in her interest occurred in 2010. The delay in notification occurred as Ong Lay Huan did not realise that she had become deemed to be interested in the shares of Lian Beng Group Ltd held by Ong Sek Chong &amp; Sons Pte Ltd by virtue of Section 7 of Companies Act. Ong Lay Huan was imposed with a penalty of an aggregate amount of S\$4,500 by Monetary Authority of Singapore and Accounting and Corporate Regulatory Authority for the aforesaid late notification, which has been duly paid.</p> | <p>No</p>       | <p>No</p>        |

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# 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 2020.

## 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 2020 and the financial performance and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

|               |                                  |
|---------------|----------------------------------|
| Ong Pang Aik  | (Chairman and Managing Director) |
| Ong Lay Huan  | (Executive Director)             |
| Ong Lay Koon  | (Executive Director)             |
| Low Beng Tin  | (Independent Director)           |
| Ko Chuan Aun  | (Independent Director)           |
| Ang Chun Giap | (Independent Director)           |
| 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 the beginning of financial year | At the end of financial year |
| <b>The Company</b>     |                                    |                              |                                    |                              |
| <i>Ordinary shares</i> |                                    |                              |                                    |                              |
| Ong Pang Aik           | 28,325,400                         | 28,649,300                   | 147,723,500                        | 154,131,000                  |
| Ong Lay Huan           | 16,011,999                         | 16,011,999                   | 147,723,500                        | 154,131,000                  |
| Ong Lay Koon           | 8,539,200                          | 8,539,200                    | –                                  | –                            |
| Low Beng Tin           | –                                  | 900,000                      | 900,000                            | –                            |
| Ko Chuan Aun           | 205,000                            | 205,000                      | –                                  | –                            |

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# Directors' Statement

## Directors' interests in shares and debentures (cont'd)

There was no change in the above-mentioned interests between the end of the financial year and 21 June 2020.

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, at the date of appointment or at the end of the financial year.

## Options

During the financial year, there were:

- (a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (b) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

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

## Audit Committee

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

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

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# Directors' Statement

## **Audit Committee** (cont'd)

The AC convened three 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

Singapore  
21 August 2020

**Ong Lay Huan**

Director



# Independent Auditor's Report

For the Financial Year ended 31 May 2020

## 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 2020, 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 2020 and of the financial performance and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date.

#### Basis for opinion

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

#### Key audit matters

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

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

# Independent Auditor's Report

For the Financial Year ended 31 May 2020

## 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 percentage of completion and budgeted cost to complete each project 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
- 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.

### 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 2020.

# Independent Auditor's Report

For the Financial Year ended 31 May 2020

## Key audit matters (cont'd)

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

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 arising from the changes in market and economic conditions brought on by the 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 changes in market and economic conditions brought on by the 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 COVID-19 pandemic 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 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 2020, the Group's development properties and interests in associates amounted to \$78,353,000 and \$117,736,000, respectively. Determining the recoverability of these assets involved significant management judgement in estimating the net realisable value of the development properties as at 31 May 2020, and in estimating the future financial performance of the projects and expected credit losses on default of the associates. There are also higher levels of estimation uncertainty and judgement required due to the changes in market and economic conditions brought on by the COVID-19 pandemic. Accordingly, we have identified this as a key audit matter.

For material 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 vouching to relevant documents, making inquiries with relevant project executives and reviewing the computations and estimation of the progress of the projects. 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.

# Independent Auditor's Report

For the Financial Year ended 31 May 2020

## Key audit matters (cont'd)

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

Our audit procedures in reviewing management's assessment of the net realisable value of development properties and the recoverability of the Group's interest in the associates 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.

In respect to the independent valuations obtained by management, 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. 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 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.



# Independent Auditor's Report

For the Financial Year ended 31 May 2020

## Auditor's responsibilities for the audit of the financial statements

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

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

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

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.

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# Independent Auditor's Report

For the Financial Year ended 31 May 2020

## **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  
21 August 2020

# Statements of Financial Position

As at 31 May 2020

|                                       | Note | Group          |                | Company        |                |
|---------------------------------------|------|----------------|----------------|----------------|----------------|
|                                       |      | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| <b>Non-current assets</b>             |      |                |                |                |                |
| Property, plant and equipment         | 4    | 174,394        | 158,015        | –              | –              |
| Investment properties                 | 5    | 560,164        | 533,047        | –              | –              |
| Investment in subsidiaries            | 6    | –              | –              | 175,031        | 168,612        |
| Investment in joint ventures          | 7    | 15,339         | 19,097         | –              | 5,720          |
| Investment in associates              | 8    | 29,625         | 41,075         | –              | –              |
| Investment securities                 | 9    | 120,955        | 127,573        | 13,355         | 15,812         |
| Amounts due from subsidiaries         | 15   | –              | –              | 33,783         | 33,783         |
| Amounts due from associates           | 15   | 40,527         | 41,466         | –              | –              |
| Deferred tax assets                   | 22   | 726            | 66             | –              | –              |
|                                       |      | <u>941,730</u> | <u>920,339</u> | <u>222,169</u> | <u>223,927</u> |
| <b>Current assets</b>                 |      |                |                |                |                |
| Contract assets                       | 10   | 84,578         | 101,714        | –              | –              |
| Capitalised contract costs            | 10   | 1,668          | 1,462          | –              | –              |
| Development properties                | 11   | 78,353         | 104,509        | –              | –              |
| Inventories                           | 12   | 12,540         | 2,895          | –              | –              |
| Trade receivables                     | 13   | 26,626         | 43,738         | –              | –              |
| Other receivables and deposits        | 14   | 22,328         | 16,161         | 123            | 139            |
| Prepayments                           |      | 12,182         | 5,582          | 4              | 46             |
| Tax recoverable                       |      | 682            | 486            | –              | –              |
| Amounts due from affiliated companies | 15   | 2              | 12             | –              | –              |
| Amounts due from subsidiaries         | 15   | –              | –              | 178,706        | 179,076        |
| Amounts due from joint ventures       | 15   | 76,833         | 78,514         | 62,947         | 63,086         |
| Amounts due from associates           | 15   | 170,166        | 167,774        | –              | –              |
| Investment securities                 | 9    | 29,027         | 15,703         | –              | –              |
| Cash and cash equivalents             | 16   | 209,416        | 179,924        | 10,806         | 40,510         |
|                                       |      | <u>724,401</u> | <u>718,474</u> | <u>252,586</u> | <u>282,857</u> |
| <b>Current liabilities</b>            |      |                |                |                |                |
| Contract liabilities                  | 10   | 56,717         | 29,056         | –              | –              |
| Trade and other payables              | 18   | 147,607        | 164,219        | 29             | 33             |
| Accruals                              |      | 20,159         | 23,246         | 173            | 131            |
| Lease liabilities                     | 21   | 4,134          | 1,984          | –              | –              |
| Amounts due to associates             | 15   | 1,349          | 1,126          | –              | 76             |
| Amounts due to joint ventures         | 15   | 700            | 2,152          | –              | –              |
| Amounts due to subsidiaries           | 19   | –              | –              | 237,762        | 268,146        |
| Bank loans and bills payable          | 20   | 243,527        | 309,966        | –              | –              |
| Provision for taxation                |      | 9,474          | 8,111          | 159            | 223            |
|                                       |      | <u>483,667</u> | <u>539,860</u> | <u>238,123</u> | <u>268,609</u> |
| <b>Net current assets</b>             |      | <u>240,734</u> | <u>178,614</u> | <u>14,463</u>  | <u>14,248</u>  |

# Statements of Financial Position

As at 31 May 2020

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| <b>Non-current liabilities</b>                      |      |                |                |                |                |
| Refundable rental deposits                          |      | 2,559          | 3,067          | –              | –              |
| Amounts due to subsidiaries                         | 19   | –              | –              | 1,744          | 1,681          |
| Lease liabilities                                   | 21   | 9,694          | 3,139          | –              | –              |
| Bank loans  | 20   | 341,645        | 268,450        | –              | –              |
| Deferred tax liabilities                            | 22   | 3,884          | 4,165          | –              | –              |
|   |      | <u>357,782</u> | <u>278,821</u> | <u>1,744</u>   | <u>1,681</u>   |
| <b>Net assets</b>                                   |      | <u>824,682</u> | <u>820,132</u> | <u>234,888</u> | <u>236,494</u> |
| <b>Equity attributable to owners of the Company</b> |      |                |                |                |                |
| Share capital                                       | 23   | 82,275         | 82,275         | 82,275         | 82,275         |
| Treasury shares                                     | 23   | (17,777)       | (17,777)       | (17,777)       | (17,777)       |
| Retained earnings                                   |      | 646,474        | 627,967        | 178,756        | 177,905        |
| Other reserves                                      | 24   | (5,213)        | 1,595          | (8,366)        | (5,909)        |
|   |      | <u>705,759</u> | <u>694,060</u> | <u>234,888</u> | <u>236,494</u> |
| <b>Non-controlling interests</b>                    |      | <u>118,923</u> | <u>126,072</u> | <u>–</u>       | <u>–</u>       |
| <b>Total equity</b>                                 |      | <u>824,682</u> | <u>820,132</u> | <u>234,888</u> | <u>236,494</u> |

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 2020

|  | Note | Group          |                | Company        |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| <b>Revenue</b>   | 25   | 556,043        | 386,791        | 9,845          | 21,911         |
| Cost of sales  |      | (471,577)      | (305,004)      | –              | –              |
| <b>Gross profit</b>  |      | 84,466         | 81,787         | 9,845          | 21,911         |
| Other operating income   | 26   | 20,878         | 11,115         | 5,629          | 2,238          |
| Distribution expenses  |      | (2,474)        | (3,856)        | (14)           | (7)            |
| Administrative expenses  |      | (28,138)       | (25,881)       | (875)          | (825)          |
| Other operating expenses   | 26   | (9,088)        | (8,843)        | (127)          | (1,500)        |
| Finance costs  | 28   | (18,286)       | (17,600)       | (82)           | (128)          |
| Impairment losses on financial assets  | 26   | (743)          | (2,022)        | (2,139)        | (3,131)        |
| Share of results of associates   |      | (10,907)       | (246)          | –              | –              |
| Share of results of joint ventures   |      | 6,455          | 6,533          | –              | –              |
|  |      | 42,163         | 40,987         | 12,237         | 18,558         |
| Fair value (loss)/gain on investment properties                                      | 5    | (667)          | 3,500          | –              | –              |
| Profit before taxation   | 26   | 41,496         | 44,487         | 12,237         | 18,558         |
| Taxation   | 29   | (7,850)        | (6,313)        | (143)          | (222)          |
| <b>Profit for the year, net of taxation</b>  |      | 33,646         | 38,174         | 12,094         | 18,336         |
| <b>Other comprehensive income:</b>   |      |                |                |                |                |
| <i>Items that will not be reclassified to profit or loss:</i>                        |      |                |                |                |                |
| Net loss on equity instruments at fair value through other comprehensive income      |      | (4,285)        | (862)          | (2,457)        | (2,272)        |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                |      |                |                |                |                |
| Net (loss)/gain on debt instruments at fair value through other comprehensive income |      | (1,834)        | 298            | –              | –              |
| Foreign currency translation loss  |      | (108)          | (1,630)        | –              | –              |
| <b>Other comprehensive income for the year, net of taxation</b>                      |      | (6,227)        | (2,194)        | (2,457)        | (2,272)        |
| <b>Total comprehensive income for the year</b>                                       |      | 27,419         | 35,980         | 9,637          | 16,064         |

# Statements of Comprehensive Income

For the financial year ended 31 May 2020

|  | Note | Group          |                | Company        |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| <b>Profit attributable to:</b>                     |      |                |                |                |                |
| Owners of the Company                              |      | 28,654         | 32,863         | 12,094         | 18,336         |
| Non-controlling interests                          |      | 4,992          | 5,311          | –              | –              |
|  |      | <u>33,646</u>  | <u>38,174</u>  | <u>12,094</u>  | <u>18,336</u>  |
| <b>Total comprehensive income attributable to:</b> |      |                |                |                |                |
| Owners of the Company                              |      | 22,535         | 30,838         | 9,637          | 16,064         |
| Non-controlling interests                          |      | 4,884          | 5,142          | –              | –              |
|  |      | <u>27,419</u>  | <u>35,980</u>  | <u>9,637</u>   | <u>16,064</u>  |
| <b>Earnings per share (Cents)</b>                  |      |                |                |                |                |
| Basic and diluted                                  | 30   | <u>5.73</u>    | <u>6.58</u>    |                |                |

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 2020

|   | Attributable to owners of the Company |                              |                   |                             |                |                           |              |
|---|---------------------------------------|------------------------------|-------------------|-----------------------------|----------------|---------------------------|--------------|
|   | Share capital<br>(Note 23)            | Treasury shares<br>(Note 23) | Retained earnings | Other reserves<br>(Note 24) | Total reserves | Non-controlling interests | Total equity |
|   | \$'000                                | \$'000                       | \$'000            | \$'000                      | \$'000         | \$'000                    | \$'000       |
| <b>Group</b>  |                                       |                              |                   |                             |                |                           |              |
| <b>2020</b>   |                                       |                              |                   |                             |                |                           |              |
| <b>Balance at 1 June 2019</b>   | 82,275                                | (17,777)                     | 627,967           | 1,595                       | 629,562        | 126,072                   | 820,132      |
| <b>Profit for the year, net of taxation</b>                                     | –                                     | –                            | 28,654            | –                           | 28,654         | 4,992                     | 33,646       |
| <u>Other comprehensive income</u>   |                                       |                              |                   |                             |                |                           |              |
| Net loss on equity instruments at fair value through other comprehensive income | –                                     | –                            | –                 | (4,196)                     | (4,196)        | (89)                      | (4,285)      |
| Net loss on debt instruments at fair value through other comprehensive income   | –                                     | –                            | –                 | (1,834)                     | (1,834)        | –                         | (1,834)      |
| Foreign currency translation loss   | –                                     | –                            | –                 | (89)                        | (89)           | (19)                      | (108)        |
| <b>Other comprehensive income for the year, net of taxation</b>                 | –                                     | –                            | –                 | (6,119)                     | (6,119)        | (108)                     | (6,227)      |
| <b>Total comprehensive income for the year</b>                                  | –                                     | –                            | 28,654            | (6,119)                     | 22,535         | 4,884                     | 27,419       |
| <u>Change in ownership interests of subsidiary</u>                              |                                       |                              |                   |                             |                |                           |              |
| Acquisition of additional interest in SLB Development Ltd (“SLB”) (Note 6(e))   | –                                     | –                            | –                 | 407                         | 407            | (1,597)                   | (1,190)      |
| <b>Total changes in ownership interests of subsidiary</b>                       | –                                     | –                            | –                 | 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)     |
| <b>Total transactions with owners in their capacity as owners</b>               | –                                     | –                            | (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)                     | –              | –                         | –            |
| <b>Total others</b>   | –                                     | –                            | 1,096             | (1,096)                     | –              | –                         | –            |
| <b>Balance at 31 May 2020</b>   | 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 2020

|   | Attributable to owners of the Company |                              |                   |                             |                |                           |              |
|---|---------------------------------------|------------------------------|-------------------|-----------------------------|----------------|---------------------------|--------------|
|   | Share capital<br>(Note 23)            | Treasury shares<br>(Note 23) | Retained earnings | Other reserves<br>(Note 24) | Total reserves | Non-controlling interests | Total equity |
|   | \$'000                                | \$'000                       | \$'000            | \$'000                      | \$'000         | \$'000                    | \$'000       |
| <b>Group 2019</b>   |                                       |                              |                   |                             |                |                           |              |
| <b>Balance at 1 June 2018 (FRS framework)</b>                                   | 82,275                                | (17,777)                     | 564,643           | 17,017                      | 581,660        | 115,387                   | 761,545      |
| Effects of adoption of SFRS(I) 15   | –                                     | –                            | 31,494            | (2,980)                     | 28,514         | –                         | 28,514       |
| Effects of adoption of SFRS(I) 9  | –                                     | –                            | 10,210            | (10,210)                    | –              | 16,442                    | 16,442       |
| <b>Balance at 1 June 2018 (SFRS(I) framework)</b>                               | 82,275                                | (17,777)                     | 606,347           | 3,827                       | 610,174        | 131,829                   | 806,501      |
| <b>Profit for the year, net of taxation</b>                                     | –                                     | –                            | 32,863            | –                           | 32,863         | 5,311                     | 38,174       |
| <u>Other comprehensive income</u>   |                                       |                              |                   |                             |                |                           |              |
| Net loss on equity instruments at fair value through other comprehensive income | –                                     | –                            | –                 | (862)                       | (862)          | –                         | (862)        |
| Net gain on debt instruments at fair value through other comprehensive income   | –                                     | –                            | –                 | 298                         | 298            | –                         | 298          |
| Foreign currency translation loss   | –                                     | –                            | –                 | (1,461)                     | (1,461)        | (169)                     | (1,630)      |
| <b>Other comprehensive income for the year, net of taxation</b>                 | –                                     | –                            | –                 | (2,025)                     | (2,025)        | (169)                     | (2,194)      |
| <b>Total comprehensive income for the year</b>                                  | –                                     | –                            | 32,863            | (2,025)                     | 30,838         | 5,142                     | 35,980       |
| <u>Change in ownership interests of subsidiaries</u>                            |                                       |                              |                   |                             |                |                           |              |
| Acquisition of additional interest in SLB (Note 6(e))                           | –                                     | –                            | –                 | (207)                       | (207)          | (1,298)                   | (1,505)      |
| Acquisition of interest in a subsidiary (Note 6(d))                             | –                                     | –                            | –                 | –                           | –              | 114                       | 114          |
| <b>Total changes in ownership interests of subsidiaries</b>                     | –                                     | –                            | –                 | (207)                       | (207)          | (1,184)                   | (1,391)      |
| <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                     | –                                     | –                            | –                 | –                           | –              | (9,995)                   | (9,995)      |
| Capital contribution by non-controlling interest of a subsidiary                | –                                     | –                            | –                 | –                           | –              | 280                       | 280          |
| <b>Total transactions with owners in their capacity as owners</b>               | –                                     | –                            | (11,243)          | (207)                       | (11,450)       | (10,899)                  | (22,349)     |
| <b>Balance at 31 May 2019</b>   | 82,275                                | (17,777)                     | 627,967           | 1,595                       | 629,562        | 126,072                   | 820,132      |

# Statements of Changes in Equity

For the financial year ended 31 May 2020

|   | Attributable to owners of the Company |                              |                   |                             |                |              |
|---|---------------------------------------|------------------------------|-------------------|-----------------------------|----------------|--------------|
|   | Share capital<br>(Note 23)            | Treasury shares<br>(Note 23) | Retained earnings | Other reserves<br>(Note 24) | Total reserves | Total equity |
|   | \$'000                                | \$'000                       | \$'000            | \$'000                      | \$'000         | \$'000       |
| <b>Company</b>  |                                       |                              |                   |                             |                |              |
| <b>2020</b>   |                                       |                              |                   |                             |                |              |
| <b>Balance at 1 June 2019</b>   | 82,275                                | (17,777)                     | 177,905           | (5,909)                     | 171,996        | 236,494      |
| <b>Profit for the year, net of taxation</b>                                     | –                                     | –                            | 12,094            | –                           | 12,094         | 12,094       |
| <u>Other comprehensive income</u>   |                                       |                              |                   |                             |                |              |
| Net loss on equity instruments at fair value through other comprehensive income | –                                     | –                            | –                 | (2,457)                     | (2,457)        | (2,457)      |
| <b>Other comprehensive income for the year, net of taxation</b>                 | –                                     | –                            | –                 | (2,457)                     | (2,457)        | (2,457)      |
| <b>Total comprehensive income for the year</b>                                  | –                                     | –                            | 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)     |
| <b>Balance at 31 May 2020</b>   | 82,275                                | (17,777)                     | 178,756           | (8,366)                     | 170,390        | 234,888      |
| <b>2019</b>   |                                       |                              |                   |                             |                |              |
| <b>Balance at 1 June 2018 (FRS framework)</b>                                   | 82,275                                | (17,777)                     | 161,252           | 5,923                       | 167,175        | 231,673      |
| Effects of adoption of SFRS(I) 9  | –                                     | –                            | 9,560             | (9,560)                     | –              | –            |
| <b>Balance at 1 June 2018 (SFRS(I) framework)</b>                               | 82,275                                | (17,777)                     | 170,812           | (3,637)                     | 167,175        | 231,673      |
| <b>Profit for the year, net of taxation</b>                                     | –                                     | –                            | 18,336            | –                           | 18,336         | 18,336       |
| <u>Other comprehensive income</u>   |                                       |                              |                   |                             |                |              |
| Net loss on equity instruments at fair value through other comprehensive income | –                                     | –                            | –                 | (2,272)                     | (2,272)        | (2,272)      |
| <b>Other comprehensive income for the year, net of taxation</b>                 | –                                     | –                            | –                 | (2,272)                     | (2,272)        | (2,272)      |
| <b>Total comprehensive income for the year</b>                                  | –                                     | –                            | 18,336            | (2,272)                     | 16,064         | 16,064       |
| <u>Contribution by and distribution to owners</u>                               |                                       |                              |                   |                             |                |              |
| Dividends on ordinary shares (Note 39)  | –                                     | –                            | (11,243)          | –                           | (11,243)       | (11,243)     |
| <b>Balance at 31 May 2019</b>   | 82,275                                | (17,777)                     | 177,905           | (5,909)                     | 171,996        | 236,494      |

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

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# Consolidated Cash Flow Statement

For the financial year ended 31 May 2020

|   | Note      | 2020<br>\$'000 | 2019<br>\$'000 |
|---|-----------|----------------|----------------|
| <b>Cash flows from operating activities</b>                   |           |                |                |
| Profit before taxation  |           | 41,496         | 44,487         |
| <u>Adjustments for:</u>                                       |           |                |                |
| Amortisation of capitalised contract costs                    |           | 1,971          | 2,251          |
| Amortisation of other assets                                  | 26(b)     | –              | 76             |
| Depreciation of property, plant and equipment                 | 4         | 17,169         | 15,636         |
| Dividend income from investment securities                    | 25, 26(a) | (2,357)        | (1,747)        |
| Fair value gain on derivative instrument                      | 26(a)     | –              | (91)           |
| Fair value loss/(gain) on investment properties               | 5         | 667            | (3,500)        |
| Fair value loss on investment securities                      | 26(b)     | 599            | 507            |
| Gain on disposal of property, plant and equipment             | 26(a)     | (853)          | (970)          |
| Gain on disposal of a subsidiary                              | 6(f)      | (640)          | –              |
| Impairment loss of financial assets                           | 26(d)     | 743            | 2,022          |
| Loss on disposal of investment securities                     | 26(b)     | 114            | 39             |
| Interest income   | 25, 26(a) | (12,704)       | (11,567)       |
| Interest expense  | 28        | 18,286         | 17,600         |
| Loss on disposal of a joint venture                           | 26(b)     | 325            | –              |
| Unrealised exchange differences                               |           | 265            | (540)          |
| Property, plant and equipment written off                     | 26(b)     | 51             | 9              |
| Bad debts written off   | 26(b)     | 12             | 72             |
| Goodwill written off  | 6(d)      | –              | 9              |
| Share of results of associates and joint ventures             |           | 4,452          | (6,287)        |
| Waiver of amount due to associate                             | 26(a)     | (390)          | –              |
| <b>Operating cash flows before changes in working capital</b> |           | <b>69,206</b>  | <b>58,006</b>  |
| <u>Changes in working capital:</u>                            |           |                |                |
| Development properties  |           | 13,404         | (29,440)       |
| Capitalised contract costs                                    |           | (2,177)        | (3,495)        |
| Contract assets   |           | 17,136         | 26,699         |
| Contract liabilities  |           | 27,786         | 29,018         |
| Inventories   |           | (9,645)        | 932            |
| Trade receivables   |           | 17,100         | 5,561          |
| Other receivables and deposits                                |           | (8,755)        | 11,679         |
| Prepayments   |           | (6,600)        | (4,315)        |
| Trade and other payables and accruals                         |           | (18,943)       | 3,247          |
| Balances with joint ventures and associates                   |           | 3,873          | 780            |
| Total changes in working capital                              |           | <b>33,179</b>  | <b>40,666</b>  |
| <b>Cash flows from operations</b>                             |           | <b>102,385</b> | <b>98,672</b>  |
| Interest paid and capitalised in development properties       |           | (112)          | (731)          |
| Income tax paid   |           | (7,624)        | (18,217)       |
| <b>Net cash flows from operating activities</b>               |           | <b>94,649</b>  | <b>79,724</b>  |

# Consolidated Cash Flow Statement

For the financial year ended 31 May 2020

|  | Note | 2020<br>\$'000 | 2019<br>\$'000 |
|--|------|----------------|----------------|
| <b>Cash flows from investing activities</b>                              |      |                |                |
| Interest received  |      | 7,795          | 9,707          |
| Dividend income from investment securities                               |      | 2,357          | 1,747          |
| Dividend income from associates  |      | 784            | 19,410         |
| Dividend income from joint ventures                                      |      | 1,450          | 6,500          |
| Additions to investment securities                                       |      | (42,742)       | (38,172)       |
| Purchase of property, plant and equipment (Note A)                       |      | (19,259)       | (11,744)       |
| Additional investments in investment properties                          |      | (25,628)       | (75)           |
| Proceeds from disposal of property, plant and equipment                  |      | 862            | 1,446          |
| Proceeds from disposal of a subsidiary                                   | 6(f) | 4,046          | –              |
| Proceeds from disposal of a joint venture                                | 7(a) | 9,438          | –              |
| Repayment of loans by associates   |      | 115            | 1,488          |
| Investment in associates   |      | –              | (12,804)       |
| Additional investment in an associate                                    |      | (387)          | –              |
| Repayment of loans by/(loans to) joint ventures                          |      | 686            | (13,583)       |
| Proceeds from disposal of investment securities                          |      | 29,934         | 42,543         |
| Additional investment in SLB   | 6(e) | (1,190)        | (1,505)        |
| Acquisition of a subsidiary  | 6(d) | –              | (27)           |
| Investment in a joint venture  |      | (1,000)        | –              |
| Proceeds from liquidation of associates                                  |      | –              | 826            |
| <b>Net cash flows (used in)/from investing activities</b>                |      | (32,739)       | 5,757          |
| <b>Cash flows from financing activities</b>                              |      |                |                |
| Interest paid  |      | (18,272)       | (17,600)       |
| Proceeds from bank loans and bills payable                               |      | 185,932        | 134,095        |
| Repayment of bank loans and bills payable                                |      | (170,819)      | (197,090)      |
| Repayment of hire purchase creditors                                     |      | –              | (3,257)        |
| Repayment of lease liabilities   | 21   | (5,644)        | –              |
| Dividends paid on ordinary shares  |      | (11,243)       | (11,243)       |
| Dividends paid to non-controlling interest of subsidiaries               |      | (10,436)       | (9,995)        |
| Repayment of loans to joint ventures                                     |      | (1,450)        | (2,350)        |
| Loans from/(repayment of loans to) associates                            |      | 627            | (7,490)        |
| Repayment of loans due to non-controlling interests of a subsidiary      |      | (1,600)        | (9,776)        |
| Loans from the non-controlling interests of subsidiaries                 |      | 617            | 10,784         |
| Loan to non-controlling interests of a subsidiary                        |      | –              | (262)          |
| Capital contribution from non-controlling interest of a subsidiary       |      | –              | 280            |
| Restricted cash – fixed deposits and bank balances pledged for bank loan | 16   | (14,814)       | –              |
| <b>Net cash flows used in financing activities</b>                       |      | (47,102)       | (113,904)      |
| Net increase/(decrease) in cash and cash equivalents                     |      | 14,808         | (28,423)       |
| Cash and cash equivalents at beginning of the year                       |      | 179,924        | 209,214        |
| Effect of exchange rate changes on cash and cash equivalents             |      | (130)          | (867)          |
| <b>Cash and cash equivalents at end of the year</b>                      | 16   | 194,602        | 179,924        |

## Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$23,935,000 (2019: \$14,301,000) of which \$4,676,000 (2019: \$2,557,000) were acquired under lease arrangements (2019: hire purchase arrangements). Cash payments of \$19,259,000 (2019: \$11,744,000) were made to purchase property, plant and equipment.

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

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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 2019. Except for the adoption of SFRS(I) 16 *Leases* as described below, the adoption of the other standards did not have any effect on the financial performance or position of the Group and the Company.

#### SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases-Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

##### As lessor

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17 *Leases*. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 did not have an impact for leases where the Group is the lessor.

##### As lessee

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 June 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 June 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease* at the date of initial application.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.2 Changes in accounting policies (cont'd)

#### SFRS(I) 16 Leases (cont'd)

##### As lessee (cont'd)

The effect of adoption of SFRS(I) 16 as at 1 June 2019 is as follows:

|                               | <b>Group</b><br>Increase<br>\$'000 |
|-------------------------------|------------------------------------|
| <b>Assets</b>                 |                                    |
| Property, plant and equipment | <u>9,673</u>                       |
| <b>Liabilities</b>            |                                    |
| Lease liabilities             | <u>9,673</u>                       |

The Group has lease contracts for various items of property, plant and equipment. Before the adoption of SFRS(I) 16, the Group classified each of its leases at the inception date as either a finance lease or an operating lease. Refer to Note 2.23 for the accounting policy on leases prior to 1 June 2019.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

##### *Leases previously classified as finance leases*

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under SFRS(I) 1-17). The requirements of SFRS(I) 16 were applied to these leases from 1 June 2019.

##### *Leases previously accounted for as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 June 2019. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.2 Changes in accounting policies (cont'd)

#### SFRS(I) 16 Leases (cont'd)

##### As lessee (cont'd)

##### *Leases previously accounted for as operating leases* (cont'd)

Based on the above, as at 1 June 2019:

- Right-of-use assets of \$134,602,000 were recognised and presented within property, plant and equipment in the statement of financial position. This includes the lease assets recognised previously under finance lease arrangement of \$10,354,000; and
- Lease liabilities of \$14,796,000 were recognised in the statement of financial position. This includes the lease obligation recognised previously under finance leases of \$5,123,000 that were reclassified from obligations under hire purchase.

The lease liabilities as at 1 June 2019 can be reconciled to the operating lease commitments as at 31 May 2019, as follows:

|   | <b>Group</b><br>\$'000 |
|---|------------------------|
| Operating lease commitments as at 31 May 2019                               | 14,105                 |
| (Less): Commitments relating to short-term leases                           | (2,880)                |
| (Less): Commitments relating to leases of low-value assets                  | (5)                    |
| Lease liabilities as at 1 June 2019   | <u>11,220</u>          |
| Weighted average incremental borrowing rate as at 1 June 2019               | <u>3.17%</u>           |
| Discounted operating lease commitments as at 1 June 2019                    | 9,673                  |
| Add: Commitments relating to leases previously classified as finance leases | 5,123                  |
| Lease liabilities as at 1 June 2019 (Note 21)                               | <u>14,796</u>          |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.3 Standards issued but not yet effective

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

| Description  | Effective for annual periods beginning on or after |
|--|--|
| Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> and SFRS(I) 1-8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material</i>                                       | 1 January 2020                                     |
| Amendments to SFRS(I) 3 <i>Business Combination: Definition of a Business</i>  | 1 January 2020                                     |
| Amendments to References to the Conceptual Framework in SFRS(I) Standards  | 1 January 2020                                     |
| Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 <i>Interest Rate Benchmark Reform</i>  | 1 January 2020                                     |
| Amendment to SFRS(I) 16: <i>COVID-19-Related Rent Concessions</i>  | 1 June 2020  |
| SFRS(I) 17 <i>Insurance Contracts</i>  | 1 January 2021                                     |
| Amendment to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>   | 1 January 2023                                     |
| Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture</i> | 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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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.

#### (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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.8 Investment properties (cont'd)

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.



# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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.

### 2.17 *Financial instruments*

#### (a) *Financial assets*

##### *Initial recognition and measurement*

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.17 Financial instruments (cont'd)

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

##### *Initial recognition and measurement (cont'd)*

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

##### *Subsequent measurement*

##### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

#### (i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

#### (ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

##### Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

##### Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.17 Financial instruments (cont'd)

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

##### *De-recognition*

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

##### *Regular way purchases and sales*

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

#### (b) Financial liabilities

##### *Initial recognition and measurement*

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

##### *Subsequent measurement*

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

##### *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.



# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 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.

### 2.20 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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.20 Provisions (cont'd)

#### *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.

#### (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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.23 Leases

#### Policy applicable from 1 June 2019

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.

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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.23 Leases (cont'd)

#### Policy applicable from 1 June 2019 (cont'd)

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

(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).

#### Policy applicable before 1 June 2019

(a) *As lessee*

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

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

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

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards 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).

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.24 Financial guarantee

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are 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.

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.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.25 Revenue (cont'd)

#### (a) Construction contract revenue (cont'd)

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.

#### (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.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.25 Revenue (cont'd)

#### (b) Sale of development properties (cont'd)

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.

#### (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.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.26 Taxes (cont'd)

#### (a) Current income tax (cont'd)

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.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.26 Taxes (cont'd)

#### (c) Sales tax

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

- where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

### 2.27 Government grants

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

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

### 2.28 Share capital and share issue expenses

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

### 2.29 Contingencies

A contingent liability is:

- a 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
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - 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.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### 2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly 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.

### 2.31 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:

#### Sale of residential and commercial development properties

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.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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 \$84,578,000 and \$56,717,000 (2019: \$101,714,000 and \$29,056,000) 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 2020 were \$26,626,000 and \$84,578,000 (2019: \$43,738,000 and \$101,714,000) respectively.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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 2020. The two valuation techniques adopted were the Direct Comparison Method and Income Approach Method. The first involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the fair value of the property. The second involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The fair value of the property is arrived at by capitalising the net income at a suitable rate of return.

The carrying amount of the Group's investment properties as at 31 May 2020 was \$560,164,000 (2019: \$533,047,000).

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 4. Property, plant and equipment

|  | Freehold land<br>\$'000 | Freehold properties<br>\$'000 | Leasehold properties<br>\$'000 | Plant and machinery<br>\$'000 | Furniture, fittings and office equipment<br>\$'000 | Motor vehicles<br>\$'000 | Tugboats and barges<br>\$'000 | Construction-in-progress<br>\$'000 | Workers' dormitory<br>\$'000 | Total<br>\$'000 |
|--|-------------------------|-------------------------------|--------------------------------|-------------------------------|--|--------------------------|-------------------------------|------------------------------------|------------------------------|-----------------|
| <b>Cost</b>                                  |                         |                               |                                |                               |  |                          |                               |                                    |                              |                 |
| At 1 June 2018                               | 6,185                   | 7,531                         | 124,828                        | 94,664                        | 9,146  | 9,318                    | 17,580                        | -                                  | 493                          | 269,745         |
| Acquisition of a subsidiary (Note 6(d))      | -                       | -                             | -                              | -                             | 200  | 279                      | -                             | -                                  | -                            | 479             |
| Additions                                    | -                       | -                             | -                              | 5,771                         | 784  | 1,182                    | -                             | 6,564                              | -                            | 14,301          |
| Disposals                                    | -                       | -                             | -                              | (3,193)                       | (29)   | (1,158)                  | -                             | -                                  | -                            | (4,380)         |
| Written off                                  | -                       | -                             | -                              | (468)                         | (264)  | -                        | -                             | -                                  | -                            | (732)           |
| At 31 May 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 (Note 2.2) | -                       | -                             | 9,527                          | -                             | 146  | -                        | -                             | -                                  | -                            | 9,673           |
| As at 1 June 2019                            | 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                               | 6,185                   | 7,531                         | 141,860                        | 100,983                       | 10,686   | 10,737                   | 17,580                        | 12,606                             | 493                          | 308,661         |

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

| Group                            | Freehold land | Freehold properties | Leasehold properties | Plant and machinery | Furniture, fittings and office equipment | Motor vehicles | Tugboats and barges | Construction-in-progress | Workers' dormitory | Total   |
|----------------------------------|---------------|---------------------|----------------------|---------------------|--|----------------|---------------------|--------------------------|--------------------|---------|
|                                  | \$'000        | \$'000              | \$'000               | \$'000              | \$'000                                   | \$'000         | \$'000              | \$'000                   | \$'000             | \$'000  |
| <b>Accumulated depreciation</b>  |               |                     |                      |                     |  |                |                     |                          |                    |         |
| At 1 June 2018                   | -             | 1,142               | 12,798               | 73,911              | 8,035                                    | 6,914          | 7,096               | -                        | 493                | 110,389 |
| Depreciation charge for the year | -             | 151                 | 4,019                | 7,923               | 667                                      | 1,148          | 1,728               | -                        | -                  | 15,636  |
| Disposals                        | -             | -                   | -                    | (2,946)             | (28)                                     | (930)          | -                   | -                        | -                  | (3,904) |
| Written off                      | -             | -                   | -                    | (459)               | (264)                                    | -              | -                   | -                        | -                  | (723)   |
| At 31 May 2019 and 1 June 2019   | -             | 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                   | -             | 1,444               | 23,690               | 82,078              | 9,160                                    | 6,850          | 10,552              | -                        | 493                | 134,267 |
| <b>Net carrying amount</b>       |               |                     |                      |                     |  |                |                     |                          |                    |         |
| At 31 May 2020                   | 6,185         | 6,087               | 118,170              | 18,905              | 1,526                                    | 3,887          | 7,028               | 12,606                   | -                  | 174,394 |
| At 31 May 2019                   | 6,185         | 6,238               | 108,011              | 18,345              | 1,427                                    | 2,489          | 8,756               | 6,564                    | -                  | 158,015 |

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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

| <b>Company</b>   | <b>Office<br/>Equipment<br/>\$'000</b> |
|--|--|
| <b>Cost</b>  |  |
| At 1 June 2018, 31 May 2019, 1 June 2019 and 31 May 2020 | 5                                      |
| <b>Accumulated depreciation</b>                          |  |
| At 1 June 2018, 31 May 2019, 1 June 2019 and 31 May 2020 | 5                                      |
| <b>Net carrying amount</b>                               |  |
| At 31 May 2020 and 2019                                  | —                                      |

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

|   | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2020</b>  | <b>2019</b> |
|   | \$'000       | \$'000      |
| Tugboats and barges mortgaged to banks for credit facilities granted to a subsidiary                                  | 4,646        | 5,602       |
| Freehold land and freehold properties mortgaged to bank for credit facilities granted to a subsidiary                 | 12,272       | 12,423      |
| Plant, machinery, motor vehicle and office equipment held under lease arrangements (2019: hire purchase arrangements) | 16,732       | 10,354      |
| Leasehold properties mortgaged to banks for credit facilities granted to subsidiaries                                 | 103,724      | 107,609     |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

Details of the Group's properties are as follows:

| Description and location  | Tenure   | Site Area<br>(square metre) | Gross<br>Floor Area<br>(square metre) | Interest<br>held by<br>the Group<br>(%) |
|---|--|-----------------------------|---------------------------------------|---|
| An industrial flatted factory at 63 Senoko Drive, Singapore         | 22 years (effective from 1 October 2000)   | 10,143                      | 4,165                                 | 100                                     |
| A 10-storey light industrial factory at 29 Harrison Road, Singapore | Freehold   | 1,007                       | 2,547                                 | 100                                     |
| A factory at 60 Sungei Kadut Street 1, Singapore                    | 10 years (effective from 1 July 2006 and subsequent extension till 31 December 2020) | 20,199                      | 3,184                                 | 100                                     |
| A 6-storey detached factory building at 2 Penjuru Close, Singapore  | 30 years (effective from 16 October 1995)  | 5,796                       | 11,109                                | 100                                     |
| A 8-storey light industrial building at 24 Leng Kee Road, Singapore | 99 years (effective from 28 February 1955)   | 6,576                       | 16,265                                | 80                                      |
| A factory at Tuas South Link 3, Singapore                           | 20 years (effective from 18 February 2019)   | 5,953                       | 4,259                                 | 100                                     |
| <u>Construction-in-progress:</u>                                    |  |                             |                                       |   |
| A 3-storey general industrial factory at 20 Kranji Way, Singapore   | 20 years (effective from 1 October 2018)   | 14,000                      | 12,937                                | 100                                     |

## 5. Investment properties

### Statement of financial position:

|  | Group          |                |
|--|----------------|----------------|
|  | 2020<br>\$'000 | 2019<br>\$'000 |
| Beginning of financial year  | 533,047        | 529,472        |
| - Acquisition during the financial year  | 27,782         | -              |
| - Additions during the financial year  | 2              | 75             |
| - Net fair value (loss)/gain recognised in the statement of comprehensive income | (667)          | 3,500          |
| End of financial year  | 560,164        | 533,047        |

The acquisition of investment property included the utilisation of deposits of \$2,156,000 paid during the previous financial year.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 5. Investment properties (cont'd)

### Statement of comprehensive income:

|   | Group  |        |
|---|--------|--------|
|   | 2020   | 2019   |
|   | \$'000 | \$'000 |
| <b>Revenue</b>  |        |        |
| Rental income from investment properties:                                   |        |        |
| Minimum lease payments  | 36,131 | 35,336 |
| <b>Other operating income</b>   |        |        |
| Rental income from investment properties:                                   |        |        |
| Minimum lease payments  | 608    | 583    |
| Direct operating expenses (including repairs and maintenance) arising from: |        |        |
| Rental generating properties  | 16,364 | 15,258 |

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 2020 and 2019. The valuations were performed by independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 34(d)(i).

### Properties pledged as security

Investment properties with carrying amount of \$524,300,000 (2019: \$497,000,000) are mortgaged to banks for credit facilities granted to subsidiaries.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 5. Investment properties (cont'd)

Details of the Group's investment properties as at 31 May 2020 are as follows:

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

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# Notes to the Financial Statements

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## 6. Investment in subsidiaries

|                                      | <b>Company</b> |             |
|--------------------------------------|----------------|-------------|
|                                      | <b>2020</b>    | <b>2019</b> |
|                                      | \$'000         | \$'000      |
| Unquoted equity investments, at cost | 176,031        | 169,491     |
| Impairment loss                      | (1,000)        | (879)       |
|                                      | 175,031        | 168,612     |

(a) *Composition of the Group*

Details of the subsidiaries are as follows:

| <b>Name of company</b>                           | <b>Principal activities</b>                                   | <b>Principal place of business</b> | <b>Proportion of ownership interest</b> |             |
|--|---|------------------------------------|---|-------------|
|  |   |                                    | <b>2020</b>                             | <b>2019</b> |
|  |   |                                    | (%)                                     | (%)         |
| <b><i>Held by the Company</i></b>                |   |                                    |   |             |
| Ang Mo Kio (LB) Pte Ltd <sup>(1)</sup>           | Property investment holding                                   | Singapore                          | 100                                     | 100         |
| Associated KHL Industries Pte Ltd <sup>(1)</sup> | Engineering, automation and technical services, rental income | Singapore                          | 100                                     | 100         |
| Bukit Merah (LB) Pte Ltd <sup>(1)</sup>          | Property investment holding                                   | Singapore                          | 100                                     | 100         |
| CH Development Pte Ltd <sup>(1)</sup>            | Property investment holding                                   | Singapore                          | 100                                     | 100         |
| Clementi (LB) Pte Ltd <sup>(1)</sup>             | Property investment holding                                   | Singapore                          | 100                                     | 100         |
| Deenn Engineering Pte Ltd <sup>(1)</sup>         | General building construction and civil engineering works     | Singapore                          | 100                                     | 100         |
| Goldprime Development Pte Ltd <sup>(5)</sup>     | Investment holding  | Singapore                          | 100                                     | 100         |
| Goldprime Dormitory Pte Ltd <sup>(1)</sup>       | Investment holding  | Singapore                          | 100                                     | 100         |
| Goldprime Property Pte Ltd <sup>(1)</sup>        | Investment holding  | Singapore                          | 100                                     | 100         |
| Goldprime Realty Pte Ltd <sup>(1)</sup>          | Investment holding  | Singapore                          | 80                                      | 80          |
| Great Development Pte Ltd <sup>(1)</sup>         | Investment holding  | Singapore                          | 100                                     | 100         |
| Kovan Land Pte Ltd <sup>(5)</sup>                | Investment holding  | Singapore                          | 100                                     | 100         |
| L.S. Construction Pte Ltd <sup>(1)</sup>         | General building construction and civil engineering works     | Singapore                          | 100                                     | 100         |
| LB Venture Capital Pte Ltd <sup>(1)</sup>        | Investment holding  | Singapore                          | 100                                     | 100         |

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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 |          |
|--|---|-----------------------------|----------------------------------|----------|
|  |   |                             | 2020 (%)                         | 2019 (%) |
| <b>Held by the Company</b> (cont'd)                      |   |                             |                                  |          |
| LB Asset Management Pte Ltd <sup>(1)</sup>               | Investment holding  | Singapore                   | 100                              | 100      |
| LB Fund Management Pte Ltd <sup>(4)</sup>                | Provision of management consultancy services  | Singapore                   | 100                              | 100      |
| LB Gold Land Pte Ltd <sup>(1)</sup>                      | Investment holding  | Singapore                   | 100                              | 100      |
| LB Land Pte Ltd <sup>(1)</sup>                           | Property investment holding   | Singapore                   | 100                              | 100      |
| LB Property (S) Pte Ltd <sup>(1)</sup>                   | Investment holding  | Singapore                   | 100                              | 100      |
| LB Property Pte Ltd <sup>(1)</sup>                       | Provision of management services  | Singapore                   | 100                              | 100      |
| Lian Beng (BL) Pte Ltd <sup>(1)</sup>                    | Property investment holding   | Singapore                   | 100                              | 100      |
| Lian Beng (Franklin) Pte Ltd <sup>(1)</sup>              | Investment holding  | Singapore                   | 100                              | 100      |
| Lian Beng (HK) Limited <sup>(5)</sup>                    | Liquidated  | Singapore*                  | –                                | 100      |
| Lian Beng (Joo Chiat) Pte Ltd <sup>(1)</sup>             | Property investment holding   | Singapore                   | 100                              | 100      |
| Lian Beng (M) Pte Ltd <sup>(1)</sup>                     | Investment holding  | Singapore                   | 100                              | 100      |
| Lian Beng Bliss Pte Ltd <sup>(1)</sup>                   | Investment holding  | Singapore                   | 100                              | 100      |
| Lian Beng Capital Pte Ltd <sup>(1)</sup>                 | Investment holding  | Singapore                   | 100                              | 100      |
| Lian Beng Construction (1988) Pte Ltd <sup>(1)</sup>     | General building construction and civil engineering works   | Singapore                   | 100                              | 100      |
| Lian Beng Engineering & Machinery Pte Ltd <sup>(1)</sup> | Provision of engineering works and sale, rental and maintenance of construction machinery and equipment | Singapore                   | 100                              | 100      |
| Lian Beng Investment Pte Ltd <sup>(1)</sup>              | Property investment holding   | Singapore                   | 100                              | 100      |
| Lian Beng Realty Pte Ltd <sup>(1)</sup>                  | Investment holding  | Singapore                   | 100                              | 100      |
| Lian Beng Resources Pte Ltd <sup>(1)</sup>               | Trading of construction materials   | Singapore                   | 100                              | 100      |
| Lian Beng Ventures Pte Ltd <sup>(1)</sup>                | Investment holding  | Singapore                   | 100                              | 100      |

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# Notes to the Financial Statements

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## 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 |          |
|--|---|-----------------------------|----------------------------------|----------|
|  |   |                             | 2020 (%)                         | 2019 (%) |
| <b>Held by the Company</b> (cont'd)                      |   |                             |                                  |          |
| Lian Beng-Centurion (Mandai) Pte Ltd <sup>(1)</sup>      | Property investment holding   | Singapore                   | 55                               | 55       |
| Millennium International Builders Pte Ltd <sup>(1)</sup> | General building construction and civil engineering works   | Singapore                   | 100                              | 100      |
| Millennium Marine & Shipping Pte Ltd <sup>(1)</sup>      | Shipping operations including chartering of ships   | Singapore                   | 100                              | 100      |
| Oriental Investment Pte Ltd <sup>(1)</sup>               | Property investment holding   | Singapore                   | 100                              | 100      |
| Rocca Investments Pte Ltd <sup>(1)</sup>                 | Property investment holding   | Singapore                   | 100                              | 100      |
| Sinmix Pte Ltd <sup>(1)</sup>                            | Manufacture and supply of concrete  | Singapore                   | 90                               | 90       |
| Toa Payoh (LB) Pte Ltd <sup>(1)</sup>                    | Property investment holding   | Singapore                   | 100                              | 100      |
| Tradewin Engineering Pte Ltd <sup>(1)</sup>              | Sale, rental and maintenance of construction machinery and equipment, and the provision of electrical works | Singapore                   | 100                              | 100      |
| United Tec Construction Pte Ltd <sup>(1)(7)</sup>        | General building construction and civil engineering works   | Singapore                   | 60                               | 60       |
| Wealth Assets Pte Ltd <sup>(1)</sup>                     | Provision of management services in relation to automotive business   | Singapore                   | 80                               | 80       |
| Wealth Gold Pte Ltd <sup>(4)</sup>                       | Inactive  | Singapore                   | 100                              | 100      |
| Wealth Land Pte Ltd <sup>(1)</sup>                       | Investment holding  | Singapore                   | 100                              | 100      |
| SLB Development Ltd <sup>(1)</sup>                       | Investment holding  | Singapore                   | 76                               | 75       |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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 |          |
|---|--|-----------------------------|----------------------------------|----------|
|   |  |                             | 2020 (%)                         | 2019 (%) |
| <b><i>Held by subsidiaries</i></b>  |  |                             |                                  |          |
| Lian Beng (Bangladesh) Training and Testing Centre Pte Ltd <sup>(3)</sup> | Provision of training for construction workers | Bangladesh                  | 70                               | 70       |
| Lian Beng (St Kilda) Pty Ltd <sup>(5)</sup>                               | Property developer                             | Australia                   | 80                               | 80       |
| Lian Beng-Centurion (Dormitory) Pte Ltd <sup>(1)</sup>                    | Provision of dormitory accommodation services  | Singapore                   | 55                               | 55       |
| Lian Beng Franklin Investment Pty Ltd <sup>(4)</sup>                      | Property investment holding                    | Australia                   | 100                              | 100      |
| Lian Beng Leasing Pte Ltd <sup>(6)</sup>                                  | Inactive                                       | Singapore                   | 100                              | –        |
| Lian Beng Resources Sdn Bhd <sup>(2)</sup>                                | Provision of administrative service            | Malaysia                    | 100                              | 100      |
| Lian Beng Training & Testing Centre Pte Ltd <sup>(1)</sup>                | Provision of management services               | Singapore                   | 70                               | 70       |
| Lian Beng Ventures (Melbourne) Pty Ltd <sup>(5)</sup>                     | Property investment holding                    | Australia                   | 100                              | 100      |
| State Rich International Limited <sup>(1)</sup>                           | Property investment holding                    | Singapore*                  | 100                              | 100      |
| United Plus Steel Resources Private Limited <sup>(1)</sup>                | Trading of steel products                      | Singapore                   | 100                              | 100      |
| Wealth Asset (LK) Management Pte Ltd <sup>(4)</sup>                       | Inactive                                       | Singapore                   | 80                               | 80       |
| <b><i>Held by SLB</i></b> <sup>(9)</sup>                                  |  |                             |                                  |          |
| Goldprime Investment Pte Ltd <sup>(1)</sup>                               | Investment holding                             | Singapore                   | 100                              | 100      |
| Goldprime Land Pte Ltd <sup>(1)</sup>                                     | Property developer                             | Singapore                   | 51                               | 51       |
| LBD (China) Pte Ltd <sup>(1)</sup>  | Investment holding                             | Singapore                   | 100                              | 100      |
| LBD (GL) Pte Ltd <sup>(1)</sup>   | Investment holding                             | Singapore                   | 100                              | 100      |
| LBD (Midtown) Pte Ltd <sup>(1)</sup>                                      | Investment holding                             | Singapore                   | 100                              | 100      |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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 |          |
|--|----------------------|-----------------------------|----------------------------------|----------|
|  |                      |                             | 2020 (%)                         | 2019 (%) |
| <i>Held by SLB</i> <sup>(9)</sup> (cont'd) |                      |                             |                                  |          |
| LBD (Serangoon) Pte Ltd <sup>(1)</sup>     | Investment holding   | Singapore                   | 100                              | 100      |
| Luxe Development Pte Ltd <sup>(1)</sup>    | Investment holding   | Singapore                   | 100                              | 100      |
| SLBF Pte Ltd <sup>(1) (6)</sup>            | Investment holding   | Singapore                   | 100                              | –        |
| SLBI (1) Pte Ltd <sup>(1) (6)</sup>        | Investment holding   | Singapore                   | 100                              | –        |
| SLBI (2) Pte Ltd <sup>(1) (6)</sup>        | Investment holding   | Singapore                   | 100                              | –        |
| SLB Starcap Pte Ltd <sup>(1) (6)</sup>     | Investment holding   | Singapore                   | 100                              | –        |
| SLB (NIR) Pte Ltd <sup>(1)</sup>           | Investment holding   | Singapore                   | 100                              | 100      |
| SLB-Oxley (NIR) Pte Ltd <sup>(1)</sup>     | Property developer   | Singapore                   | 51                               | 51       |
| Smooth Venture Pte Ltd <sup>(1)</sup>      | Property developer   | Singapore                   | 100                              | 100      |
| Starview Investment Pte Ltd <sup>(1)</sup> | Investment holding   | Singapore                   | 100                              | 100      |
| Wealth Property Pte Ltd <sup>(1)</sup>     | Property developer   | Singapore                   | 65                               | 65       |
| Well Capital Pte Ltd <sup>(1)</sup>        | Investment holding   | Singapore                   | 100                              | 100      |
| Wealth Space Pte Ltd <sup>(1)</sup>        | Property developer   | Singapore                   | 100                              | 100      |
| Wellprime Pte Ltd <sup>(8)</sup>           | Property developer   | Singapore                   | –                                | 100      |

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(2)</sup> Audited by member firms of EY Global in the respective countries

<sup>(3)</sup> Audited by Mohammad Atakarim & Co

<sup>(4)</sup> Not required to be audited as it is dormant/exempted by country of incorporation

<sup>(5)</sup> Struck off/liquidated during the financial year/in the process of liquidation/striking off

<sup>(6)</sup> Incorporated during the financial year

<sup>(7)</sup> Acquired during the previous financial year (Note 6(d))

<sup>(8)</sup> Disposed during the financial year (Note 6(f))

<sup>(9)</sup> The interest disclosed represents the interest held by SLB Development Ltd itself, a 76%-owned subsidiary of the Company.

\* Incorporated in British Virgin Islands

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

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

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

| Name of subsidiary  | Principal place of business | Proportion of ownership interest held by non-controlling interest | Proportion of profit allocated to NCI during the reporting period<br>\$'000 | Accumulated NCI at the end of reporting period<br>\$'000 | Dividends paid to NCI<br>\$'000 |
|---|-----------------------------|---|---|--|---------------------------------|
| <b>2020:</b>  |                             |   |   |  |                                 |
| 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%   | 1,829   | 40,704   | 6,502                           |
| <b>2019:</b>  |                             |   |   |  |                                 |
| Lian Beng - Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng - Centurion (Dormitory) Pte Ltd) | Singapore                   | 45%   | 5,213   | 77,208   | 6,145                           |
| SLB Development Ltd and its subsidiaries  | Singapore                   | 25%   | 106   | 47,077   | 3,500                           |

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## 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:

|  | <b>Lian Beng - Centurion<br/>(Mandai) Pte Ltd and<br/>its subsidiary<br/>(Lian Beng - Centurion<br/>(Dormitory) Pte Ltd)</b> |             |
|--|--|-------------|
|  | <b>2020</b>  | <b>2019</b> |
|  | \$'000   | \$'000      |
| <b>Summarised statement of financial position</b>  |  |             |
| <b>Current</b>   |  |             |
| Assets   | 22,666   | 24,089      |
| Liabilities  | (12,573)   | (15,949)    |
| Net current assets   | 10,093   | 8,140       |
| <b>Non-current</b>   |  |             |
| Assets   | 302,469  | 311,601     |
| Liabilities  | (145,368)  | (148,168)   |
| Net non-current assets   | 157,101  | 163,433     |
| Net assets   | 167,194  | 171,573     |
| <b>Summarised statement of comprehensive income</b>  |  |             |
| Revenue  | 23,289   | 23,109      |
| Other operating income   | 2,218  | 1,715       |
| Fair value loss on investment property   | (8,200)  | –           |
|  | 7,102  | 14,138      |
| Profit before taxation   | 7,102  | 14,138      |
| Taxation   | (2,739)  | (2,554)     |
| Profit for the year, net of taxation, representing total comprehensive income for the year | 4,363  | 11,584      |
| <b>Other summarised information</b>  |  |             |
| Net cash flows from operations   | 14,938   | 15,211      |
| Acquisition of property, plant and equipment   | 55   | 82          |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

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

|   | <b>SLB and its subsidiaries</b> |             |
|---|---------------------------------|-------------|
|   | <b>2020</b>                     | <b>2019</b> |
|   | \$'000                          | \$'000      |
| <b>Summarised statement of financial position</b>                     |                                 |             |
| <b>Current</b>  |                                 |             |
| Assets  | 286,599                         | 313,188     |
| Liabilities   | (31,979)                        | (37,387)    |
| Net current assets  | 254,620                         | 275,801     |
| <b>Non-current</b>  |                                 |             |
| Assets  | 13,908                          | 7,793       |
| Liabilities   | (107,878)                       | (125,260)   |
| Net non-current liabilities   | (93,970)                        | (117,467)   |
| Net assets  | 160,650                         | 158,334     |
| Non-controlling interests   | (2,432)                         | (9,597)     |
| Net assets attributable to owner of SLB                               | 158,218                         | 148,737     |
| <b>Summarised statement of comprehensive income</b>                   |                                 |             |
| Revenue   | 46,166                          | 47,645      |
| Other operating income  | 5,607                           | 2,261       |
| Share of results of associates  | (2,241)                         | (7,269)     |
| Share of results of joint ventures                                    | (283)                           | (34)        |
| Profit/(loss) before taxation   | 11,900                          | (2,166)     |
| Taxation  | (1,974)                         | (1,455)     |
| Profit/(loss) for the year, net of taxation                           | 9,926                           | (3,621)     |
| <b>Other comprehensive income:</b>                                    |                                 |             |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |                                 |             |
| Foreign currency translation loss                                     | (64)                            | (545)       |
| Fair value loss on financial assets at FVOCI                          | (361)                           | –           |
| <b>Other comprehensive income for the year, net of taxation</b>       | (425)                           | (545)       |
| <b>Total comprehensive income for the year</b>                        | 9,501                           | (4,166)     |
| <b>Profit/(loss) attributable to:</b>                                 |                                 |             |
| Owner of SLB  | 10,819                          | (5,033)     |
| Non-controlling interests   | (893)                           | 1,412       |
|   | 9,926                           | (3,621)     |
| <b>Total comprehensive income attributable to:</b>                    |                                 |             |
| Owner of SLB  | 10,394                          | (5,578)     |
| Non-controlling interests   | (893)                           | 1,412       |
|   | 9,501                           | (4,166)     |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

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

#### **Other summarised information**

|  | <b>SLB and its subsidiaries</b> |             |
|--|---------------------------------|-------------|
|  | <b>2020</b>                     | <b>2019</b> |
|  | \$'000                          | \$'000      |
| Net cash flows generated from operations | 35,290                          | 20,150      |
| Acquisition of plant and equipment       | 216                             | 491         |

### (d) *Acquisition of a subsidiary*

In the previous financial year, on 25 June 2018 (the "acquisition date"), the Company acquired 60% equity interest in United Tec Construction Pte Ltd ("United Tec"), a company principally engaged in general construction business specialising in Prefabricated Prefinished Volumetric Construction method, as part of the design for manufacturing and assembly ("DfMA") process. The Group has acquired United Tec to strengthen its position as a leading construction company.

The Group had elected to measure the non-controlling interest at the non-controlling interest's proportionate share of United Tec's net identifiable assets.

The fair value of the identifiable assets and liabilities of United Tec as at the acquisition date were:

|   | <b>Fair value recognised on acquisition 2019</b> |
|---|--|
|   | \$'000   |
| Property, plant and equipment   | 479  |
| Cash and bank balances  | 153  |
| Other receivables   | 100  |
|   | <u>732</u>                                       |
| Trade payables  | (75)   |
| Obligations under hire purchase   | (172)  |
| Amount due to shareholder   | (200)  |
|   | <u>(447)</u>                                     |
| Total identifiable net assets at fair value   | 285  |
| Non-controlling interest measured at the non-controlling interest's proportionate share of United Tec's net identifiable assets | (114)  |
| Goodwill arising from acquisition   | 9  |
| Cash consideration paid   | <u>180</u>                                       |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

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

### (d) *Acquisition of a subsidiary* (cont'd)

The goodwill arising from acquisition of \$9,000 had been written off in the previous financial year.

*Effect of the acquisition of United Tec on cash flows*

|   | <b>2019</b> |
|---|-------------|
|   | \$'000      |
| Total cash consideration for 60% equity interest acquired | 180         |
| Less: Cash and cash equivalents of United Tec acquired    | (153)       |
| Net cash outflow on acquisition                           | <u>27</u>   |

### (e) *Acquisition and dilution of ownership interest in SLB, without loss of control*

During the financial year, the Group acquired approximately an additional 1% (2019: 1%) equity interest in SLB from the open market for a cash consideration of \$1,190,000 (2019: \$1,505,000). The difference between consideration paid of \$1,190,000 (2019: \$1,505,000) and the carrying value of the additional interest acquired of \$1,597,000 (2019: \$1,298,000) 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:

|   | <b>2020</b>  | <b>2019</b> |
|---|--------------|-------------|
|   | \$'000       | \$'000      |
| Consideration paid for acquisition of NCI   | 1,190        | 1,505       |
| Decrease in equity attributable to NCI  | (1,597)      | (1,298)     |
| (Increase)/decrease in equity attributable to owners of the Company<br>(Note 24(c)) | <u>(407)</u> | <u>207</u>  |

### (f) *Disposal of a subsidiary*

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.

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# Notes to the Financial Statements

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## 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:

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

### (g) *Impairment testing of investment in subsidiaries*

Impairment losses of \$121,000 (2019: \$879,000) 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:

|                       | <b>Group</b>          |                       | <b>Company</b>        |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                       | <b>2020</b><br>\$'000 | <b>2019</b><br>\$'000 | <b>2020</b><br>\$'000 | <b>2019</b><br>\$'000 |
| United E & P Pte Ltd  | –                     | 12,406                | –                     | 5,720                 |
| Lian Beng (8) Pte Ltd | 20,268                | 9,312                 | *                     | *                     |
| Other joint ventures  | (4,929)               | (2,621)               | –                     | –                     |
|                       | <u>15,339</u>         | <u>19,097</u>         | <u>*</u>              | <u>5,720</u>          |

\* denotes amount less than \$1,000

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 7. Investment in joint ventures (cont'd)

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

During the 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:*

|   | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2020</b>  | <b>2019</b> |
|   | \$'000       | \$'000      |
| Carrying amount of investments              | 15,339       | 19,097      |
| Amount due from joint ventures (Note 15(c)) | 76,833       | 78,514      |
| Amount due to joint ventures (Note 15(d))   | (700)        | (2,152)     |
|   | 91,472       | 95,459      |

Details of the investment in joint ventures are as follows:

| <b>Name of company</b>                                 | <b>Principal activities</b>                               | <b>Principal place of business</b> | <b>Proportion of ownership interest</b> |             |
|--|---|------------------------------------|---|-------------|
|  |   |                                    | <b>2020</b>                             | <b>2019</b> |
|  |   |                                    | (%)                                     | (%)         |
| <b><i>Held by the Company</i></b>                      |   |                                    |   |             |
| Lian Beng – Apricot (Sembawang) Pte Ltd <sup>(1)</sup> | Investment holding  | Singapore                          | 50                                      | 50          |
| Lian Beng (8) Pte Ltd <sup>(1)</sup>                   | Investment holding  | Singapore                          | 50                                      | 50          |
| United E & P Pte Ltd <sup>(1)(3)</sup>                 | Manufacture of asphalt premix for construction industry   | Singapore                          | –                                       | 40          |
| <b><i>Held by subsidiaries</i></b>                     |   |                                    |   |             |
| Paul Y. – Lian Beng JV Pte. Ltd. <sup>(1)</sup>        | General building construction and civil engineering works | Singapore                          | 50                                      | 50          |
| Phileap Pte Ltd <sup>(1)</sup>                         | Property developer  | Singapore                          | 25                                      | 25          |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 7. Investment in joint ventures (cont'd)

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

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

| Name of company                                 | Principal activities | Principal place of business | Proportion of ownership interest |          |
|---|----------------------|-----------------------------|----------------------------------|----------|
|   |                      |                             | 2020 (%)                         | 2019 (%) |
| <i>Held by SLB</i> <sup>(5)</sup>               |                      |                             |                                  |          |
| 32 Real Estate Pte Ltd <sup>(1) (4)</sup>       | Investment holding   | Singapore                   | 50                               | –        |
| Oxley-LBD Pte Ltd <sup>(2)</sup>                | Property developer   | Singapore                   | 50                               | 50       |
| Spottiswoode Development Pte Ltd <sup>(2)</sup> | Property developer   | Singapore                   | 50                               | 50       |

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(2)</sup> Audited by RSM Chio Lim LLP, Singapore

<sup>(3)</sup> Disposed during the financial year

<sup>(4)</sup> Incorporated during the financial year

<sup>(5)</sup> The interest disclosed represents the interest held by SLB Development Ltd itself, a 76%-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.

There were dividends of \$1,450,000 (2019: \$6,500,000) 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          |                |
|--|----------------|----------------|
|  | 2020<br>\$'000 | 2019<br>\$'000 |
| Loss for the year, net of taxation, representing total comprehensive income for the year | (4,501)        | (2,270)        |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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**

|  | <b>Lian Beng (8) Pte Ltd</b> |               | <b>United<br/>E &amp; P<br/>Pte Ltd</b> |
|--|------------------------------|---------------|---|
|  | <b>2020</b>                  | <b>2019</b>   | <b>2019</b>                             |
|  | <b>\$'000</b>                | <b>\$'000</b> | <b>\$'000</b>                           |
| Cash and cash equivalents  | 8,267                        | 9,882         | 502                                     |
| Other current assets   | 544                          | 175           | 34,901                                  |
| Total current assets   | 8,811                        | 10,057        | 35,403                                  |
| Non-current assets   | 318,001                      | 300,002       | 52,614                                  |
| Total assets   | 326,812                      | 310,059       | 88,017                                  |
| Current liabilities  | 71,199                       | 71,570        | 37,811                                  |
| Non-current liabilities  | 215,077                      | 219,865       | 19,190                                  |
| Total liabilities  | 286,276                      | 291,435       | 57,001                                  |
| Net assets   | 40,536                       | 18,624        | 31,016                                  |
| Proportion of the Group's ownership                              | 50%                          | 50%           | 40%                                     |
| Group's share of net asset and carrying amount of the investment | 20,268                       | 9,312         | 12,406                                  |

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# Notes to the Financial Statements

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## 7. Investment in joint ventures (cont'd)

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

#### **Summarised statement of comprehensive income**

|  | <b>Lian Beng (8) Pte Ltd</b> | <b>Pte Ltd</b> | <b>United E &amp; P Pte Ltd</b> |
|--|------------------------------|----------------|---------------------------------|
|  | <b>2020</b>                  | <b>2019</b>    | <b>2019</b>                     |
|  | \$'000                       | \$'000         | \$'000                          |
| Revenue  | 15,429                       | 15,300         | 89,108                          |
| Other income   | 426                          | 12             | 182                             |
| Interest income  | 84                           | 137            | –                               |
| Other operating expenses                                 | (4,737)                      | (4,400)        | (84,791)                        |
| Fair value gain on investment property                   | 17,576                       | 11,920         | –                               |
| Finance costs  | (5,948)                      | (6,155)        | (1,473)                         |
| Profit before taxation                                   | 22,813                       | 16,814         | 3,026                           |
| Taxation expense   | (901)                        | (804)          | (1,031)                         |
| Profit for the year, net of taxation                     | 21,912                       | 16,010         | 1,995                           |
| Other comprehensive income for the year, net of taxation | –                            | –              | –                               |
| Total comprehensive income for the year                  | 21,912                       | 16,010         | 1,995                           |
| Proportion of the Group's ownership                      | 50%                          | 50%            | 40%                             |
| Group's share of net results                             | 10,956                       | 8,005          | 798                             |

### (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 |          |
|---------------------------|---|-----------------------------|----------------------------------|----------|
|                           |   |                             | 2020 (%)                         | 2019 (%) |
| <b>Held by subsidiary</b> |   |                             |                                  |          |
| LB – RD JV                | General building construction and civil engineering works | Singapore                   | 50                               | 50       |

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## 8. Investment in associates

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

|  | Group         |               | Company  |          |
|--|---------------|---------------|----------|----------|
|  | 2020          | 2019          | 2020     | 2019     |
|  | \$'000        | \$'000        | \$'000   | \$'000   |
| Centurion – Lian Beng (Papan) Pte Ltd  | 20,739        | 20,224        | –        | –        |
| Epic Land Pte Ltd and its subsidiaries | 1,253         | 1,009         | –        | –        |
| Oxley Bliss Pte Ltd                    | 9,921         | 18,275        | –        | –        |
| Other associates                       | (2,288)       | 1,567         | –        | –        |
|  | <u>29,625</u> | <u>41,075</u> | <u>–</u> | <u>–</u> |

Interests in associates:

|   | Group          |                |
|---|----------------|----------------|
|   | 2020           | 2019           |
|   | \$'000         | \$'000         |
| Carrying amount of investments          | 29,625         | 41,075         |
| Amount due from associates (Note 15(e)) | 210,693        | 209,240        |
| Amount due to associates (Note 15(f))   | (1,349)        | (1,126)        |
|   | <u>238,969</u> | <u>249,189</u> |

Details of the investment in associates are as follows:

| Name of company                                      | Principal activities  | Principal place of business | Proportion of ownership interest |                   |
|--|---|-----------------------------|----------------------------------|-------------------|
|  |   |                             | 2020                             | 2019              |
|  |   |                             | (%)                              | (%)               |
| <b>Held by the Company</b>                           |   |                             |                                  |                   |
| Millennium Land Pte Ltd <sup>(2)</sup>               | Investment holding  | Singapore                   | 38                               | 38                |
| <b>Held by subsidiaries</b>                          |   |                             |                                  |                   |
| Centurion – Lian Beng (Papan) Pte Ltd <sup>(3)</sup> | Property investment holding and provision of dormitory accommodation services | Singapore                   | 49                               | 49                |
| Centurion Kovan Pte Ltd <sup>(5)</sup>               | Struck off  | Singapore                   | –                                | 19 <sup>(a)</sup> |
| Epic Land Pte Ltd <sup>(1)</sup>                     | Property dealing and property rental business                                 | Singapore                   | 32                               | 32                |
| Fairmont Land Pte Ltd <sup>(1)</sup>                 | Investment holding  | Singapore                   | 15 <sup>(a)</sup>                | 15 <sup>(a)</sup> |
| Leeds Bridge Pte Ltd <sup>(1)</sup>                  | Investment holding  | Singapore                   | 18 <sup>(a)</sup>                | 18 <sup>(a)</sup> |
| Oxley Bliss Pte Ltd <sup>(2)</sup>                   | Property investment   | Singapore                   | 30                               | 30                |
| Prospere Glow Pte Ltd <sup>(1)</sup>                 | Investment holding  | Singapore                   | 20                               | 20                |
| Prospere Holdings Pte Ltd <sup>(1)</sup>             | Investment holding  | Singapore                   | 30                               | 30                |
| Prospere Hotels Pte Ltd <sup>(1)</sup>               | Investment holding  | Singapore                   | 40                               | 40                |
| Wickham Invesco Pte Ltd <sup>(1)</sup>               | Investment holding  | Singapore                   | 30                               | 30                |

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## 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 |                   |
|--|----------------------|-----------------------------|----------------------------------|-------------------|
|  |                      |                             | 2020 (%)                         | 2019 (%)          |
| <b>Held by subsidiaries</b> (cont'd)             |                      |                             |                                  |                   |
| Hyperhub Sdn Bhd <sup>(4)</sup>                  | Investment holding   | Malaysia                    | 40                               | 40                |
| Innovative Advisory Sdn Bhd <sup>(4)</sup>       | Investment holding   | Malaysia                    | 49                               | 49                |
| Ultra Harmony Development Sdn Bhd <sup>(4)</sup> | Investment holding   | Malaysia                    | 14 <sup>(a)</sup>                | 14 <sup>(a)</sup> |
| <b>Held by SLB</b> <sup>(6)</sup>                |                      |                             |                                  |                   |
| Action Property Pte Ltd <sup>(2)</sup>           | Property developer   | Singapore                   | 19 <sup>(a)</sup>                | 19 <sup>(a)</sup> |
| Development 24 Pte Ltd <sup>(1)</sup>            | Property developer   | Singapore                   | 42                               | 42                |
| KAP Holdings (China) Pte Ltd <sup>(2)</sup>      | Investment holding   | Singapore                   | 20                               | 20                |
| KAP Hotel Investments Pte Ltd <sup>(1)</sup>     | Investment holding   | Singapore                   | 20                               | 20                |
| Oxley Sanctuary Pte Ltd <sup>(2)</sup>           | Property developer   | Singapore                   | 15 <sup>(a)</sup>                | 15 <sup>(a)</sup> |
| Oxley Serangoon Pte Ltd <sup>(2)</sup>           | Property developer   | Singapore                   | 20                               | 20                |
| Oxley Viva Pte Ltd <sup>(2)</sup>                | Property developer   | Singapore                   | 10 <sup>(a)</sup>                | 10 <sup>(a)</sup> |
| Oxley YCK Pte Ltd <sup>(2)</sup>                 | Property developer   | Singapore                   | 10 <sup>(a)</sup>                | 10 <sup>(a)</sup> |
| Rio Casa Venture Pte Ltd <sup>(2)</sup>          | Property developer   | Singapore                   | 20                               | 20                |
| Wealth Development Pte Ltd <sup>(1)</sup>        | Property developer   | Singapore                   | 40                               | 40                |

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(2)</sup> Audited by RSM Chio Lim LLP, Singapore

<sup>(3)</sup> Audited by PricewaterhouseCoopers LLP, Singapore

<sup>(4)</sup> Audited by K Y Siow & Co., Malaysia

<sup>(5)</sup> Liquidated/struck off/in the process of striking off during the financial year

<sup>(6)</sup> The interest disclosed represents the interest held by SLB Development Ltd itself, a 76%-owned subsidiary of the Company.

<sup>(a)</sup> 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.

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 \$784,000 (2019: \$19,410,000) received from associates during the financial year.

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

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For the financial year ended 31 May 2020

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

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

|  | <b>Group</b>   |                |
|--|----------------|----------------|
|  | <b>2020</b>    | <b>2019</b>    |
|  | \$'000         | \$'000         |
| Loss for the year, net of taxation                       | (3,312)        | (7,640)        |
| Other comprehensive income for the year, net of taxation | (21)           | (519)          |
| Total comprehensive income for the year                  | <u>(3,333)</u> | <u>(8,159)</u> |

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

|   | <b>Centurion –<br/>Lian Beng (Papan)<br/>Pte Ltd</b> |                | <b>Epic Land<br/>Pte Ltd and its<br/>subsidiaries</b> |               | <b>Oxley Bliss<br/>Pte Ltd</b> |                |
|---|--|----------------|---|---------------|--------------------------------|----------------|
|   | <b>2020</b>  | <b>2019</b>    | <b>2020</b>   | <b>2019</b>   | <b>2020</b>                    | <b>2019</b>    |
|   | \$'000   | \$'000         | \$'000  | \$'000        | \$'000                         | \$'000         |
| Current assets  | 14,303   | 9,929          | 4,085   | 13,755        | 7,452                          | 8,955          |
| Non-current assets  | 216,512  | 228,144        | –   | –             | 170,000                        | 200,000        |
| Total assets  | <u>230,815</u>                                       | <u>238,073</u> | <u>4,085</u>  | <u>13,755</u> | <u>177,452</u>                 | <u>208,955</u> |
| Current liabilities   | 15,932   | 44,854         | 168   | 10,601        | 36,152                         | 33,909         |
| Non-current liabilities   | 172,559  | 151,945        | –   | –             | 108,230                        | 114,131        |
| Total liabilities   | <u>188,491</u>                                       | <u>196,799</u> | <u>168</u>  | <u>10,601</u> | <u>144,382</u>                 | <u>148,040</u> |
| Net assets  | <u>42,324</u>  | <u>41,274</u>  | <u>3,917</u>  | <u>3,154</u>  | <u>33,070</u>                  | <u>60,915</u>  |
| Proportion of the Group's ownership                               | 49%  | 49%            | 32%   | 32%           | 30%                            | 30%            |
| Group's share of net assets and carrying amount of the investment | <u>20,739</u>  | <u>20,224</u>  | <u>1,253</u>  | <u>1,009</u>  | <u>9,921</u>                   | <u>18,275</u>  |

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

### Summarised statement of comprehensive income

|   | Centurion –<br>Lian Beng (Papan)<br>Pte Ltd |                | Epic Land<br>Pte Ltd and its<br>subsidiaries |                | Oxley Bliss<br>Pte Ltd |                |
|---|---|----------------|--|----------------|------------------------|----------------|
|   | 2020<br>\$'000                              | 2019<br>\$'000 | 2020<br>\$'000                               | 2019<br>\$'000 | 2020<br>\$'000         | 2019<br>\$'000 |
| Revenue   | 27,235                                      | 27,108         | –  | –              | 10,272                 | 13,243         |
| Other income  | 210   | 150            | 617  | 764            | 2,419                  | 64             |
| Fair value (loss)/gain on investment<br>properties          | (10,049)                                    | –              | –  | –              | (29,656)               | 401            |
| Profit/(loss) for the year, net of<br>taxation              | 1,051                                       | 11,442         | 762  | 2,669          | (27,848)               | 3,113          |
| Other comprehensive income for<br>the year, net of taxation | –   | –              | –  | –              | –                      | –              |
| Total comprehensive income for<br>the year                  | 1,051                                       | 11,442         | 762  | 2,669          | (27,848)               | 3,113          |
| Proportion of the Group's ownership                         | 49%   | 49%            | 32%  | 32%            | 30%                    | 30%            |
| Group's share of results                                    | 515   | 5,606          | 244  | 854            | (8,354)                | 934            |

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For the financial year ended 31 May 2020

## 9. Investment securities

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| <b>Current</b>                          |                |                |                |                |
| <i>At FVPL</i>                          |                |                |                |                |
| – Quoted equity investments (SGD)       | 2,242          | 2,035          | –              | –              |
| – Quoted equity investments (HKD)       | 702            | 757            | –              | –              |
| – Quoted equity investments (USD)       | 370            | 357            | –              | –              |
|   | <u>3,314</u>   | <u>3,149</u>   | <u>–</u>       | <u>–</u>       |
| <i>At FVOCI</i>                         |                |                |                |                |
| – Quoted equity investments (SGD)       | 2,969          | –              | –              | –              |
| – Quoted debt investments (SGD)         | 9,864          | 11,921         | –              | –              |
| – Quoted debt investments (USD)         | 12,443         | 633            | –              | –              |
| – Quoted debt investments (GBP)         | 437            | –              | –              | –              |
|   | <u>25,713</u>  | <u>12,554</u>  | <u>–</u>       | <u>–</u>       |
| Total current investment securities     | <u>29,027</u>  | <u>15,703</u>  | <u>–</u>       | <u>–</u>       |
| <b>Non-current</b>                      |                |                |                |                |
| <i>At FVOCI</i>                         |                |                |                |                |
| – Quoted equity investments (SGD)       | 61,506         | 41,460         | 13,355         | 15,812         |
| – Quoted equity investments (USD)       | 25,034         | 15,539         | –              | –              |
| – Quoted equity investments (GBP)       | 1,740          | –              | –              | –              |
| – Quoted equity investments (AUD)       | 3,130          | –              | –              | –              |
| – Quoted debt investments (SGD)         | 16,194         | 32,506         | –              | –              |
| – Quoted debt investments (USD)         | 5,638          | 27,120         | –              | –              |
| – Unquoted equity investments (USD)     | 288            | –              | –              | –              |
| – Unquoted equity investments (GBP)     | 3,450          | 6,860          | –              | –              |
| – Unquoted equity investments (AUD)     | 3,975          | 4,088          | –              | –              |
| Total non-current investment securities | <u>120,955</u> | <u>127,573</u> | <u>13,355</u>  | <u>15,812</u>  |

### Investments pledged as security

The Group's investment securities amounting to \$123,899,000 (2019: \$115,512,000) have been pledged as security for bank loans (Note 20).

### Derecognition of equity investments

During the year, the Group disposed equity investments of \$9,234,000 due to favourable market conditions. The Group also redeemed equity investments of \$890,000. The cumulative gain arising from derecognition of these equity investments of \$1,096,000 was transferred from fair value adjustment reserve to retained earnings (Note 24(b)).

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For the financial year ended 31 May 2020

## 9. Investment securities (cont'd)

### 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 registration of the investment securities are as follows:

|           | Group          |                | Company        |                |
|-----------|----------------|----------------|----------------|----------------|
|           | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Singapore | 61,025         | 44,030         | 13,355         | 15,812         |
| Others    | 41,067         | 23,917         | –              | –              |
|           | <u>102,092</u> | <u>67,947</u>  | <u>13,355</u>  | <u>15,812</u>  |

The Group recognised dividends of \$1,540,000 (2019: \$1,615,000) from equity investments designated at FVOCI held at the end of the financial year and dividends of \$663,000 (2019: \$Nil) 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          |                |                       |
|--|----------------|----------------|-----------------------|
|  | 2020<br>\$'000 | 2019<br>\$'000 | 1 June 2018<br>\$'000 |
| Receivables from contracts with customers (Note 13, Note 15) | 27,353         | 48,329         | 55,962                |
| Contract assets  | 84,578         | 101,714        | 128,413               |
| Capitalised contract costs (Note 10(b))                      | 1,668          | 1,462          | 218                   |
| Contract liabilities   | <u>56,717</u>  | <u>29,056</u>  | –                     |

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date for construction, precast, electric power generation 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 \$22,868,000 (2019: \$27,019,000) 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.

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For the financial year ended 31 May 2020

## 10. Contract balances (cont'd)

### (a) Contract assets and contract liabilities (cont'd)

(i) Significant changes in contract assets are explained as follows:

|  | Group     |           |
|--|-----------|-----------|
|  | 2020      | 2019      |
|  | \$'000    | \$'000    |
| Changes in measurement of progress         | 273,762   | 231,217   |
| Contract asset reclassified to receivables | (286,747) | (280,320) |

(ii) Significant changes in contract liabilities are explained as follows:

|                         | Group  |        |
|-------------------------|--------|--------|
|                         | 2020   | 2019   |
|                         | \$'000 | \$'000 |
| Advances from customers | 56,717 | 29,056 |

#### 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 2020, the aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations is approximately \$1,695,601,000 (2019: \$1,224,244,000). The Group expects these performance obligations to be recognised in the next 3 years (2019: 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, \$2,177,000 (2019: \$3,495,000) of commission fees paid were capitalised as contract costs.

Capitalised commission fees are amortised when the related revenue is recognised. During the year, \$1,971,000 (2019: \$2,251,000) was amortised. There was no impairment loss in relation to such costs capitalised.

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## 10. Contract balances (cont'd)

### (b) Capitalised contract and fulfilment costs (cont'd)

|   | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2020</b>  | <b>2019</b> |
|   | \$'000       | \$'000      |
| <i>Capitalised incremental costs of obtaining contract – commission costs paid to property agents</i> |              |             |
| At 1 June   | 1,462        | 218         |
| Additions   | 2,177        | 3,495       |
| Amortisation  | (1,971)      | (2,251)     |
| At 31 May   | 1,668        | 1,462       |
| <i>Capitalised fulfilment costs (Note 10(a))</i>  |              |             |
| At 1 June   | 27,019       | 4,615       |
| Additions   | 15,691       | 37,630      |
| Amortisation  | (19,842)     | (15,226)    |
| At 31 May   | 22,868       | 27,019      |

## 11. Development properties

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2020</b>  | <b>2019</b> |
|  | \$'000       | \$'000      |
| (a) Properties under development, units for which revenue is recognised over time: |              |             |
| Cost incurred  | 73,148       | 99,261      |
| Allowance for onerous contracts  | –            | –           |
| Properties under development, net  | 73,148       | 99,261      |
| (b) Completed development properties:  |              |             |
| Cost incurred  | 5,205        | 5,248       |
| Allowance for onerous contracts  | –            | –           |
| Completed development properties, net  | 5,205        | 5,248       |
| Total development properties   | 78,353       | 104,509     |

### Assets pledged as security

Development properties with carrying amount of \$73,148,000 (2019: \$104,509,000) 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 \$112,000 (2019: \$731,000). The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 3.13% to 3.14% (2019: 2.64% to 3.14%) per annum. Interest ceases to be capitalised when the project is ready for its intended sale.

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## 11. Development properties (cont'd)

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

| Description and Location   | Tenure    | Site area /<br>floor area<br>(square<br>metre) | Stage of<br>development /<br>expected<br>completion date | Interest held<br>by the Group |           |
|--|-----------|--|--|-------------------------------|-----------|
|  |           |  |  | 2020<br>%                     | 2019<br>% |
| Proposed 9-storey ramp up strata industrial building on Lot 2964N at Mukim 29 Tampines North Drive 1, Singapore                              | Leasehold | 27,395<br>(site area)                          | Obtained TOP in June 2018                                | 39                            | 38        |
| Proposed erection of a 5-storey multi-user light industrial development on Lot 03706C MK24 at 50 Lorong 21 Geylang, Singapore <sup>(1)</sup> | Freehold  | 2,093<br>(site area)                           | Disposed on 16 October 2019                              | — <sup>(1)</sup>              | 75        |
| Proposed erection of a 5-storey multi-user light industrial building for food production on Lot 08190L MK24 at 20 Mactaggart Road            | Freehold  | 5,279<br>(floor area)                          | Construction stage and expected to obtain TOP in FY2021  | 76                            | 75        |
| Proposed erection of 8-storey multi-user industrial building on Lot 99488L MK23 at New Industrial Road, Singapore                            | Freehold  | 5,792<br>(site area)                           | Construction stage and expected to obtain TOP in FY2022  | 39                            | 38        |

<sup>(1)</sup> Disposed during the financial year through disposal of a subsidiary, Wellprime Pte Ltd (Note 6(f)).

## 12. Inventories

|   | Group          |                |
|---|----------------|----------------|
|   | 2020<br>\$'000 | 2019<br>\$'000 |
| <b>Statement of financial position:</b>               |                |                |
| Raw materials (at cost)                               | 12,540         | 2,895          |
| <b>Statement of comprehensive income:</b>             |                |                |
| Inventories recognised as an expense in cost of sales | 83,134         | 62,673         |

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# Notes to the Financial Statements

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## 13. Trade receivables

|                                | Group          |                |
|--------------------------------|----------------|----------------|
|                                | 2020<br>\$'000 | 2019<br>\$'000 |
| Trade receivables              | 29,148         | 46,276         |
| Less: Allowance for impairment | (2,522)        | (2,538)        |
|                                | 26,626         | 43,738         |

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 \$529,000 (2019: \$4,245,000).

### *Expected credit losses*

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

|                                  | Group          |                |
|----------------------------------|----------------|----------------|
|                                  | 2020<br>\$'000 | 2019<br>\$'000 |
| At 1 June                        | 2,538          | 1,346          |
| Charge for the year (Note 26(d)) | –              | 1,367          |
| Write-back (Note 26(d))          | –              | (175)          |
| Written off                      | (16)           | –              |
| At 31 May                        | 2,522          | 2,538          |

## 14. Other receivables and deposits

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Other receivables (Note A)                          | 18,445         | 15,765         | 123            | 139            |
| Grant receivable (Note B)                           | 4,911          | –              | –              | –              |
| Amount due from a shareholder of a subsidiary       | 263            | 263            | –              | –              |
| Deposits  | 3,269          | 1,702          | –              | –              |
| Stamp duty and deposit paid for investment property | –              | 2,248          | –              | –              |
|   | 26,888         | 19,978         | 123            | 139            |
| Less: Allowance for impairment                      | (4,560)        | (3,817)        | –              | –              |
|   | 22,328         | 16,161         | 123            | 139            |

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# Notes to the Financial Statements

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

### 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 \$1,997,000 (2019: \$1,990,000) which bears interest at 5% (2019: 5%) per annum.

### Note B

Grant receivable consists mainly of the Jobs Support Scheme and property tax rebate funded by the Singapore Government.

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

|                       | Group          |                | Company        |                |
|-----------------------|----------------|----------------|----------------|----------------|
|                       | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| British Pounds        | 2,491          | 2,383          | –              | –              |
| Australian Dollars    | 1,957          | 1,946          | –              | –              |
| United States Dollars | 374            | 414            | –              | –              |

### Expected credit losses

The movement in allowance for expected credit losses of other receivables computed based on lifetime ECL are as follows:

|                                  | Group          |                |
|----------------------------------|----------------|----------------|
|                                  | 2020<br>\$'000 | 2019<br>\$'000 |
| At 1 June                        | 3,817          | 2,987          |
| Charge for the year (Note 26(d)) | 743            | 830            |
| At 31 May                        | 4,560          | 3,817          |

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

### (a) Amounts due from affiliated companies

|                                       | Group          |                | Company        |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Amounts due from affiliated companies | 2              | 12             | –              | –              |

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

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

### (b) Amounts due from subsidiaries

|                                | Company        |                |
|--------------------------------|----------------|----------------|
|                                | 2020           | 2019           |
|                                | \$'000         | \$'000         |
| <u>Current</u>                 |                |                |
| Non-trade                      | 183,976        | 182,207        |
| Less: Allowance for impairment | (5,270)        | (3,131)        |
|                                | <u>178,706</u> | <u>179,076</u> |
| <br><u>Non-current</u>         |                |                |
| Non-trade                      | <u>33,783</u>  | <u>33,783</u>  |

### 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      |              |
|----------------------------------|--------------|--------------|
|                                  | 2020         | 2019         |
|                                  | \$'000       | \$'000       |
| At 1 June                        | 3,131        | –            |
| Charge for the year (Note 26(d)) | 2,139        | 3,131        |
| At 31 May                        | <u>5,270</u> | <u>3,131</u> |

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 (2019: \$33,783,000) bears interest at 1.5% (2019: 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       |               |
|-----------|---------------|---------------|---------------|---------------|
|           | 2020          | 2019          | 2020          | 2019          |
|           | \$'000        | \$'000        | \$'000        | \$'000        |
| Trade     | 230           | 1,097         | –             | –             |
| Non-trade | 76,603        | 77,417        | 62,947        | 63,086        |
|           | <u>76,833</u> | <u>78,514</u> | <u>62,947</u> | <u>63,086</u> |

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.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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  |          |
|-----------|------------|--------------|----------|----------|
|           | 2020       | 2019         | 2020     | 2019     |
|           | \$'000     | \$'000       | \$'000   | \$'000   |
| Trade     | –          | 2            | –        | –        |
| Non-trade | 700        | 2,150        | –        | –        |
|           | <u>700</u> | <u>2,152</u> | <u>–</u> | <u>–</u> |

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  |          |
|--------------------|----------------|----------------|----------|----------|
|                    | 2020           | 2019           | 2020     | 2019     |
|                    | \$'000         | \$'000         | \$'000   | \$'000   |
| <u>Current</u>     |                |                |          |          |
| Trade (Note A)     | 497            | 3,494          | –        | –        |
| Non-trade (Note B) | 169,669        | 164,280        | –        | –        |
|                    | <u>170,166</u> | <u>167,774</u> | <u>–</u> | <u>–</u> |
| <u>Non-current</u> |                |                |          |          |
| Non-trade (Note C) | 40,527         | 41,466         | –        | –        |

#### 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 \$127,112,000 (2019: \$121,063,000) which bears interest at 1.87% to 5.35% (2019: 2.88% to 5.35%) per annum.

#### Note C

The amount due from associates is unsecured, bears interest at 1.5% (2019: 1.5%) per annum over the bank's prevailing 3-month SIBOR rate and repayable in 28 quarterly instalments commencing from 1 May 2019. On 26 June 2020, the interest rate was revised to 1.25% per annum over the bank's prevailing 3-month SIBOR rate, and is repayable in 141 monthly instalments commencing from 1 December 2020 and a final instalment on 1 September 2032. The amounts due from associates are expected to be settled in cash and is denominated in Singapore Dollars.

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

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

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

|                    | Group          |                | Company        |                |
|--------------------|----------------|----------------|----------------|----------------|
|                    | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Australian Dollars | 1,927          | –              | –              | –              |
| British Pounds     | 16,286         | 22,139         | –              | –              |
| China Renminbi     | 3,961          | 3,990          | –              | –              |

### 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        |                |
|-----------|----------------|----------------|----------------|----------------|
|           | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Non-trade | 1,349          | 1,126          | –              | 76             |

The amounts due to associates are unsecured, interest-free, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars.

The non-trade amount due to associates denominated in foreign currencies as at 31 May is as follows:

|                   | Group          |                | Company        |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Malaysian Ringgit | 1,275          | 676            | –              | –              |

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## 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 |        |
|--|----------|---------|---------|--------|
|  | 2020     | 2019    | 2020    | 2019   |
|  | \$'000   | \$'000  | \$'000  | \$'000 |
| Fixed deposits (Note 17)   | 47,673   | 65,067  | 6,061   | 34,401 |
| Cash on hand and at banks  | 161,743  | 114,857 | 4,745   | 6,109  |
| Cash and cash equivalents per statement of financial position            | 209,416  | 179,924 | 10,806  | 40,510 |
| Restricted cash - fixed deposits and bank balances pledged for bank loan | (14,814) | –       | –       | –      |
| Cash and cash equivalents at end of the financial year                   | 194,602  | 179,924 | 10,806  | 40,510 |

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

Included in cash and cash equivalents are amounts of \$11,862,000 (2019: \$9,757,000) 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 |        |
|-----------------------|--------|--------|---------|--------|
|                       | 2020   | 2019   | 2020    | 2019   |
|                       | \$'000 | \$'000 | \$'000  | \$'000 |
| United States Dollars | 8,237  | 1,278  | 800     | 790    |
| Malaysian Ringgit     | 2,171  | 1,979  | –       | –      |
| British Pounds        | 12,591 | 1,274  | –       | –      |
| Australian Dollars    | 25,978 | 24,611 | 2,635   | 4,446  |
| Hong Kong Dollars     | 25     | 24     | –       | –      |

During the financial year, restricted cash which comprises fixed deposits of \$14,457,000 and bank balances of \$357,000 was pledged to banks for credit facilities granted to a subsidiary.

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## 17. Fixed deposits

Fixed deposits earn interest of 0.04% to 2.26% (2019: 0.70% to 2.35%) per annum and have maturities ranging between 1 day and 12 months (2019: 3 days and 12 months), depending on the immediate cash requirements of the Group and the Company. Fixed deposits can be readily converted into known amount of cash and are subject to insignificant risk of change in values.

## 18. Trade and other payables

|                | Group          |                | Company   |           |
|----------------|----------------|----------------|-----------|-----------|
|                | 2020           | 2019           | 2020      | 2019      |
|                | \$'000         | \$'000         | \$'000    | \$'000    |
| Trade payables | 106,721        | 135,643        | –         | –         |
| Other payables | 40,886         | 28,576         | 29        | 33        |
|                | <u>147,607</u> | <u>164,219</u> | <u>29</u> | <u>33</u> |

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 \$2,398,000 (2019: \$1,632,000).

### Other payables

|   | Group         |               | Company   |           |
|---|---------------|---------------|-----------|-----------|
|   | 2020          | 2019          | 2020      | 2019      |
|   | \$'000        | \$'000        | \$'000    | \$'000    |
| Deferred income (Note A)  | 322           | 604           | –         | –         |
| Refundable deposits   | 5,400         | 4,200         | –         | –         |
| Other payables (Note B)   | 3,280         | 3,900         | 29        | 33        |
| Deposit for purchase of materials   | 4,773         | –             | –         | –         |
| Advances from customer  | 3,273         | –             | –         | –         |
| Deferred grant income (Note C)  | 4,949         | –             | –         | –         |
| Amounts due to non-controlling interests of subsidiaries (non-trade) (Note D) | 18,889        | 19,872        | –         | –         |
|   | <u>40,886</u> | <u>28,576</u> | <u>29</u> | <u>33</u> |

### 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 (2019: \$13,668,000) which bears interest at 4.50% (2019: 4.50%) per annum, repayable on demand and are expected to be settled in cash.

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

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

|                       | Group  |        | Company |        |
|-----------------------|--------|--------|---------|--------|
|                       | 2020   | 2019   | 2020    | 2019   |
|                       | \$'000 | \$'000 | \$'000  | \$'000 |
| United States Dollars | 110    | 40     | –       | –      |
| Malaysian Ringgit     | 13     | 1      | –       | –      |
| Australian Dollars    | 123    | 71     | –       | –      |
| Euro                  | –      | 19     | –       | –      |

## 19. Amounts due to subsidiaries

|                  | Company |         |
|------------------|---------|---------|
|                  | 2020    | 2019    |
|                  | \$'000  | \$'000  |
| <u>Non-trade</u> |         |         |
| Current          | 237,762 | 268,146 |
| Non-current      | 1,744   | 1,681   |

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 \$2,734,000 (2019: \$2,734,000) which bears interest at 1.5% (2019: 1.5%) per annum over the bank's prevailing 3-month SIBOR rate and is repayable in 20 instalments commencing from 1 February 2016 and a final instalment payable on 1 November 2020. On 26 June 2020, the interest rate was revised to 1.25% per annum over the bank's prevailing 3-month SIBOR rate and the instalment was revised to 5 instalments on a quarterly basis with a final instalment payable in March 2022. The amounts due to subsidiaries are denominated in Singapore Dollars.

## 20. Bank loans and bills payable

|   | Group          |                | Company  |          |
|---|----------------|----------------|----------|----------|
|   | 2020           | 2019           | 2020     | 2019     |
|   | \$'000         | \$'000         | \$'000   | \$'000   |
| <b>Current liabilities</b>              |                |                |          |          |
| Short-term bank loans                   | 230,957        | 218,941        | –        | –        |
| Current portion of long-term bank loans | 11,563         | 90,791         | –        | –        |
| Bills payable                           | 1,007          | 234            | –        | –        |
|   | <u>243,527</u> | <u>309,966</u> | <u>–</u> | <u>–</u> |
| <b>Non-current liabilities</b>          |                |                |          |          |
| Long-term bank loans                    | 341,645        | 268,450        | –        | –        |

- (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 0.70% to 3.80% (2019: 1.99% to 3.72%) per annum. On 7 July 2020, one of the Group's subsidiary refinanced its bank loan and the bank loan interest rate was revised to 1.00% per annum over the bank's cost of fund, while the loan instalment repayments were revised to a monthly basis with a final instalment payable in July 2035.



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## 20. Bank loans and bills payable (cont'd)

- (b) The Group's bills payable is denominated in Singapore Dollars and bears an interest of 2.90% (2019: 2.08%) per annum.
- (c) There is no unsecured loan for the years ended 31 May 2020 and 2019. 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).

A reconciliation of liabilities arising from financing activities is as follows:

|  | 2019<br>\$'000 | Cash<br>flows<br>\$'000 | Non-cash changes                       |              |   |                 | 2020<br>\$'000 |
|--|----------------|-------------------------|--|--------------|---|-----------------|----------------|
|  |                |                         | Adoption<br>of SFRS(I)<br>16<br>\$'000 | Acquisition  | Foreign<br>exchange<br>movement<br>\$'000 | Other<br>\$'000 |                |
| Bank loans and bills payable                                       |                |                         |  |              |   |                 |                |
| <i>Changes from financing cashflow</i>                             |                |                         |  |              |   |                 |                |
| - 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        |
| <i>Changes arising from disposing of a subsidiary</i>              |                |                         |  |              |   |                 |                |
| - 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 18) | 19,872         | (983)                   | –                                      | –            | –   | –               | 18,889         |
| <b>Total</b>   | <b>606,687</b> | <b>7,663</b>            | <b>9,673</b>                           | <b>4,676</b> | <b>1,069</b>                              | <b>(9,830)</b>  | <b>619,938</b> |

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## 20. Bank loans and bills payable (cont'd)

A reconciliation of liabilities arising from financing activities is as follows: (cont'd)

|  | 2018<br>\$'000 | Cash<br>flows<br>\$'000 | Non-cash changes |                                 |          | 2019<br>\$'000 |
|--|----------------|-------------------------|------------------|---------------------------------|----------|----------------|
|  |                |                         | Acquisition      | Foreign<br>exchange<br>movement | Other    |                |
|  |                |                         | \$'000           | \$'000                          | \$'000   |                |
| Bank loans and bills payable   |                |                         |                  |                                 |          |                |
| - Current  | 330,707        | (120,183)               | -                | 1,510                           | 97,932   | 309,966        |
| - Non-current  | 309,194        | 57,188                  | -                | -                               | (97,932) | 268,450        |
| Obligations under hire purchase<br>(Note 21)                             |                |                         |                  |                                 |          |                |
| - Current  | 3,324          | (3,257)                 | 936              | -                               | 981      | 1,984          |
| - Non-current  | 2,327          | -                       | 1,793            | -                               | (981)    | 3,139          |
| Amounts due to joint ventures<br>(Note 15(d))                            | 4,500          | (2,350)                 | -                | -                               | -        | 2,150          |
| Amounts due to associates<br>(Note 15(f))                                | 8,616          | (7,490)                 | -                | -                               | -        | 1,126          |
| Amounts due to non-controlling<br>interests of subsidiaries<br>(Note 18) | 18,784         | 1,008                   | 80               | -                               | -        | 19,872         |
| <b>Total</b>   | <b>677,452</b> | <b>(75,084)</b>         | <b>2,809</b>     | <b>1,510</b>                    | <b>-</b> | <b>606,687</b> |

The 'other' column relates to reclassification of non-current portion of loans and borrowings including lease liabilities (2019: obligations under hire purchase) 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)).

In the previous financial year, acquisition of obligations under hire purchase included the hire purchase obligation of \$172,000 arising from the acquisition of a subsidiary (Note 6(d)).

## 21. Leases

### From 1 June 2019

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.

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## 21. Leases (cont'd)

### From 1 June 2019 (cont'd)

#### (a) Right-of-use assets

Information about right-of-use assets classified within property, plant and equipment (Note 4) is disclosed as follows:

|   | Leasehold properties<br>\$'000 | Plant and machinery<br>\$'000 | Office equipment<br>\$'000 | Motor vehicles<br>\$'000 | Construction-in-progress<br>\$'000 | Total<br>\$'000 |
|---|--------------------------------|-------------------------------|----------------------------|--------------------------|------------------------------------|-----------------|
| <b>Group Cost</b>                         |                                |                               |                            |                          |                                    |                 |
| At 1 June 2019                            | 124,828                        | 14,650                        | 16                         | 3,259                    | 6,564                              | 149,317         |
| Cumulative effects of adopting 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          |
| Hire purchase instalments fully paid      | –                              | (11,850)                      | –                          | (454)                    | –                                  | (12,304)        |
| Reclassified                              | 7,505                          | –                             | –                          | –                        | (7,505)                            | –               |
| At 31 May 2020                            | 141,860                        | 7,358                         | 162                        | 4,983                    | 12,021                             | 166,384         |
| <b>Accumulated depreciation</b>           |                                |                               |                            |                          |                                    |                 |
| At 1 June 2019                            | 16,817                         | 5,852                         | 9                          | 1,710                    | –                                  | 24,388          |
| Cumulative effects of adopting 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           |
| Hire purchase instalments fully paid      | –                              | (6,252)                       | –                          | (904)                    | –                                  | (7,156)         |
| At 31 May 2020                            | 23,690                         | 854                           | 45                         | 1,664                    | –                                  | 26,253          |
| <b>Net carrying amount</b>                |                                |                               |                            |                          |                                    |                 |
| At 31 May 2020                            | 118,170                        | 6,504                         | 117                        | 3,319                    | 12,021                             | 140,131         |
| At 1 June 2019                            | 117,538                        | 8,798                         | 153                        | 1,549                    | 6,564                              | 134,602         |

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## 21. Leases (cont'd)

### From 1 June 2019 (cont'd)

#### (b) Lease liabilities

|   | <b>Group<br/>2020</b><br>\$'000 |
|---|---------------------------------|
| At 1 June 2019                            | 5,123                           |
| Cumulative effects of adopting SFRS(I) 16 | 9,673                           |
| At 1 June 2019, as adjusted               | <u>14,796</u>                   |
| Additions                                 | 4,676                           |
| Accretion of interest                     | 430                             |
| Payments                                  | <u>(6,074)</u>                  |
| At 31 May 2020                            | <u>13,828</u>                   |
| Current                                   | 4,134                           |
| Non-current                               | <u>9,694</u>                    |
|   | <u>13,828</u>                   |

The maturity analysis of lease liabilities is disclosed in Note 36(b).

#### (c) Amounts recognised in profit and loss

|   | <b>Group<br/>2020</b><br>\$'000 |
|---|---------------------------------|
| Depreciation of right-of-use assets             | 9,021                           |
| Interest expense on lease liabilities (Note 28) | 430                             |
| Expenses relating to short-term leases          | 10,802                          |
| Expenses relating to leases of low-value assets | 6                               |
| Total amount recognised in profit or loss       | <u>20,259</u>                   |

#### (d) Total cash outflow

The Group had total cash outflows for leases of \$5,644,000 in the current financial year.

### Prior to 1 June 2019

The Group recognised its finance leases as obligations under hire purchase. These have been reclassified to lease liabilities from 1 June 2019 on adoption of SFRS(I) 16 (Note 2.2).

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## 21. Leases (cont'd)

### Prior to 1 June 2019 (cont'd)

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

|   | <b>Minimum<br/>lease<br/>payments</b> | <b>Group<br/>Interest</b> | <b>Present<br/>value of<br/>payments</b> |
|---|---------------------------------------|---------------------------|--|
|   | \$'000                                | \$'000                    | \$'000                                   |
| <b>2019</b>                                       |                                       |                           |  |
| Not later than one year                           | 2,098                                 | (114)                     | 1,984                                    |
| Later than one year but not later than five years | 3,297                                 | (162)                     | 3,135                                    |
| Later than five years                             | 4                                     | –                         | 4  |
|   | 5,399                                 | (276)                     | 5,123                                    |

Lease terms ranged from 2 to 8 years with options to purchase at the end of the lease terms. Lease terms did not contain restrictions concerning dividends, additional debt or further leasing. Interest was charged at rates ranging from 2.40% to 6.00% per annum.

## 22. Deferred tax assets/liabilities

|  | <b>Group</b>  |             |   |             |
|--|---|-------------|---|-------------|
|  | <b>Consolidated<br/>statement of financial<br/>position</b> |             | <b>Consolidated<br/>statement of<br/>comprehensive<br/>income</b> |             |
|  | <b>2020</b>   | <b>2019</b> | <b>2020</b>   | <b>2019</b> |
|  | \$'000  | \$'000      | \$'000  | \$'000      |
| <b>Deferred tax assets</b>                   |   |             |   |             |
| Provisions                                   | 73  | 70          | (3)   | (51)        |
| Differences in depreciation for tax purposes | (106)   | (207)       | (101)   | (296)       |
| Productivity and Innovation Credit           | 101   | 203         | 102   | 398         |
| Tax losses                                   | 658   | –           | (658)   | –           |
| <i>Total deferred tax assets</i>             | 726   | 66          |   |             |
| <b>Deferred tax liabilities</b>              |   |             |   |             |
| Differences in depreciation for tax purposes | (1,208)   | (1,156)     | 52  | (91)        |
| Provisions                                   | 551   | 518         | (33)  | (518)       |
| Productivity and Innovation Credit           | 3   | 219         | 216   | 69          |
| Adjustment due to adoption of SFRS(I) 16     | 12  | –           | (12)  | –           |
| Development properties                       | (3,242)   | (3,746)     | (504)   | (566)       |
| <i>Total deferred tax liabilities</i>        | (3,884)   | (4,165)     |   |             |
| <b>Deferred income tax credit (Note 29)</b>  |   |             | (941)   | (1,055)     |

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## 22. Deferred tax assets/liabilities (cont'd)

### Unrecognised temporary differences relating to investments in subsidiaries, joint ventures and associates

At the end of the reporting period, no deferred tax liability (2019: \$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

### Deferred income tax related to other comprehensive income

There is no (2019: \$Nil) deferred income tax related to other comprehensive income for the financial year ended 31 May 2020.

## 23. Share capital and treasury shares

### (a) *Share capital*

|  | Group and Company     |        |                       |        |
|--|-----------------------|--------|-----------------------|--------|
|  | 2020                  |        | 2019                  |        |
|  | No. of shares<br>'000 | \$'000 | No. of shares<br>'000 | \$'000 |
| <b><i>Issued and fully paid ordinary shares:</i></b> |                       |        |                       |        |
| 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     |          |                       |          |
|--|-----------------------|----------|-----------------------|----------|
|  | 2020                  |          | 2019                  |          |
|  | No. of shares<br>'000 | \$'000   | No. of shares<br>'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.

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## 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  |          |
|------------------------------|----------------|----------------|----------|----------|
|                              | 2020           | 2019           | 2020     | 2019     |
|                              | \$'000         | \$'000         | \$'000   | \$'000   |
| At 1 June                    | (2,354)        | (893)          | –        | –        |
| Foreign currency translation | (89)           | (1,461)        | –        | –        |
| At 31 May                    | <u>(2,443)</u> | <u>(2,354)</u> | <u>–</u> | <u>–</u> |

### (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        |                |
|---|-----------------|----------------|----------------|----------------|
|   | 2020            | 2019           | 2020           | 2019           |
|   | \$'000          | \$'000         | \$'000         | \$'000         |
| At 1 June (FRS framework)   | (8,005)         | 2,769          | (5,909)        | 5,923          |
| Effect of adopting SFRS(I) 9  | –               | (10,210)       | –              | (9,560)        |
| At 1 June (SFRS(I) framework)   | <u>(8,005)</u>  | <u>(7,441)</u> | <u>(5,909)</u> | <u>(3,637)</u> |
| Net loss on equity instruments at FVOCI   | (4,196)         | (862)          | (2,457)        | (2,272)        |
| Net (loss)/gain on debt instruments at FVOCI  | (1,834)         | 298            | –              | –              |
| Transfer of fair value reserves of equity instruments at FVOCI upon disposal (Note 9) | (1,096)         | –              | –              | –              |
| At 31 May   | <u>(15,131)</u> | <u>(8,005)</u> | <u>(8,366)</u> | <u>(5,909)</u> |

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## 24. Other reserves (cont'd)

### (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        |                |
|--|----------------|--------------|----------------|----------------|
|  | 2020           | 2019         | 2020           | 2019           |
|  | \$'000         | \$'000       | \$'000         | \$'000         |
| At 1 June (FRS framework)                                | 11,954         | 15,141       | –              | –              |
| Effect of adopting SFRS(I) 15                            | –              | (2,980)      | –              | –              |
| At 1 June (SFRS(I) framework)                            | 11,954         | 12,161       | –              | –              |
| Acquisition of additional interest in SLB<br>(Note 6(e)) | 407            | (207)        | –              | –              |
| At 31 May  | 12,361         | 11,954       | –              | –              |
| <b>Total other reserves</b>                              | <b>(5,213)</b> | <b>1,595</b> | <b>(8,366)</b> | <b>(5,909)</b> |

## 25. Revenue

|  | Group   |         | Company |        |
|--|---------|---------|---------|--------|
|  | 2020    | 2019    | 2020    | 2019   |
|  | \$'000  | \$'000  | \$'000  | \$'000 |
| Construction contract revenue                  | 403,087 | 238,205 | –       | –      |
| Revenue from sale of goods                     | 56,078  | 51,104  | –       | –      |
| Revenue from rendering of services             | 6,027   | 5,758   | –       | –      |
| Rental and service income from dormitories     | 23,284  | 23,108  | –       | –      |
| Sale of development properties                 | 45,846  | 47,645  | –       | –      |
| Rental income                                  |         |         |         |        |
| - Third parties                                | 15,540  | 15,439  | –       | –      |
| - Joint venture                                | 6       | 5       | –       | –      |
| - Affiliated companies                         | 7       | 7       | –       | –      |
| Interest income from corporate bonds           | 5,265   | 4,997   | –       | –      |
| Dividend income from investment securities     | 583     | 523     | –       | –      |
| Distribution income from investment securities | 320     | –       | –       | –      |
| Dividend income from unquoted subsidiaries     | –       | –       | 9,845   | 21,911 |
|  | 556,043 | 386,791 | 9,845   | 21,911 |

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## 25. Revenue (cont'd)

| Segments                                       | Construction |         | Dormitory |        | Investment holding |        | Property development |        | Total revenue |         |
|--|--------------|---------|-----------|--------|--------------------|--------|----------------------|--------|---------------|---------|
|  | 2020         | 2019    | 2020      | 2019   | 2020               | 2019   | 2020                 | 2019   | 2020          | 2019    |
|  | \$'000       | \$'000  | \$'000    | \$'000 | \$'000             | \$'000 | \$'000               | \$'000 | \$'000        | \$'000  |
| <b>Primary geographical market</b>             |              |         |           |        |                    |        |                      |        |               |         |
| Singapore                                      | 459,372      | 289,594 | 23,284    | 23,108 | 5,820              | 5,473  | 45,846               | 47,645 | 534,322       | 365,820 |
| <b>Major revenue streams</b>                   |              |         |           |        |                    |        |                      |        |               |         |
| Construction contracts revenue                 | 403,087      | 238,205 | -         | -      | -                  | -      | -                    | -      | 403,087       | 238,205 |
| Revenue from sale of goods                     | 56,078       | 51,104  | -         | -      | -                  | -      | -                    | -      | 56,078        | 51,104  |
| Revenue from rendering of services             | 207          | 285     | -         | -      | 5,820              | 5,473  | -                    | -      | 6,027         | 5,758   |
| Rental and service income from dormitories     | -            | -       | 23,284    | 23,108 | -                  | -      | -                    | -      | 23,284        | 23,108  |
| Sale of development properties                 | -            | -       | -         | -      | -                  | -      | 45,846               | 47,645 | 45,846        | 47,645  |
|  | 459,372      | 289,594 | 23,284    | 23,108 | 5,820              | 5,473  | 45,846               | 47,645 | 534,322       | 365,820 |
| <b>Timing of transfer of goods or services</b> |              |         |           |        |                    |        |                      |        |               |         |
| Over time                                      | 403,294      | 238,490 | 23,284    | 23,108 | 5,820              | 5,473  | 45,846               | 47,645 | 478,244       | 314,716 |
| At a point in time                             | 56,078       | 51,104  | -         | -      | -                  | -      | -                    | -      | 56,078        | 51,104  |

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For the financial year ended 31 May 2020

## 26. Profit before taxation

Profit before taxation includes the following:

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| (a) <b>Other operating income:</b>                   |                |                |                |                |
| Dividend income                                      |                |                |                |                |
| - Long-term quoted equity investments                | 767            | 780            | 763            | 767            |
| - Other securities                                   | 1,007          | 444            | -              | -              |
| Interest income                                      |                |                |                |                |
| - Fixed deposits                                     | 711            | 690            | 39             | 98             |
| - Bank balances                                      | 381            | 264            | 16             | 11             |
| - Associates   | 6,270          | 5,045          | -              | -              |
| - Joint ventures                                     | -              | 306            | -              | -              |
| - Subsidiaries                                       | -              | -              | 1,059          | 1,055          |
| - A director of a joint venture                      | -              | 30             | -              | 30             |
| - Bonds  | 77             | 134            | -              | -              |
| - Others   | -              | 101            | -              | -              |
| Gain on disposal of plant and equipment              | 853            | 970            | -              | -              |
| Gain on disposal of a subsidiary<br>(Note 6(f))      | 640            | -              | -              | -              |
| Gain on disposal of a joint venture<br>(Note 7(a))   | -              | -              | 3,718          | -              |
| Rental income from investment properties<br>(Note 5) | 608            | 583            | -              | -              |
| Other operating lease income                         | 377            | 327            | -              | -              |
| Management fee                                       | 464            | 481            | -              | 277            |
| Government grants and incentives<br>(Note A)         | 7,118          | 107            | -              | -              |
| Fair value gain on derivative instrument             | -              | 91             | -              | -              |
| Waiver of amount due to associate                    | 390            | -              | -              | -              |
| Others   | 1,215          | 762            | 34             | -              |
|  | <u>20,878</u>  | <u>11,115</u>  | <u>5,629</u>   | <u>2,238</u>   |

### Note A

Government grants and incentives include grants of \$6,732,000 funded by the Singapore Government under the COVID-19 (Temporary Measures) Act 2020. These grants consist mainly of the Jobs Support Scheme, property tax rebate, foreign worker levy waiver and rebate.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 26. Profit before taxation (cont'd)

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| (b) <b>Other operating expenses:</b>                    |                |                |                |                |
| Amortisation of other assets                            | –              | 76             | –              | –              |
| Bad debts written off                                   | 12             | 72             | 6              | 100            |
| Depreciation of property, plant and equipment           | 4,405          | 3,417          | –              | –              |
| Fair value loss on investment securities                | 599            | 507            | –              | –              |
| Goodwill written off                                    | –              | 9              | –              | –              |
| Grant expenses (Note B)                                 | 632            | –              | –              | –              |
| Impairment loss of investment in subsidiary (Note 6(g)) | –              | –              | 121            | 879            |
| Loss on disposal of investment securities               | 114            | 39             | –              | –              |
| Loss on disposal of a joint venture (Note 7(a))         | 325            | –              | –              | –              |
| Loss on foreign exchange, net                           | 561            | 1,763          | –              | 521            |
| Management fees   | 684            | 884            | –              | –              |
| Property, plant and equipment written off               | 51             | 9              | –              | –              |
| Property tax  | 1,150          | 1,499          | –              | –              |
| Others  | 555            | 568            | –              | –              |
|   | <u>9,088</u>   | <u>8,843</u>   | <u>127</u>     | <u>1,500</u>   |

### Note B

Grant expenses mainly comprise of property tax rebate passed on to tenants.

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| (c) <b>Other expenses:</b>                             |                |                |                |                |
| Non-audit fees   |                |                |                |                |
| - Auditors of the Company                              | 285            | 292            | 12             | 32             |
| - Other auditors                                       | 92             | 144            | 32             | 28             |
| Depreciation of property, plant and equipment – others | 12,764         | 12,219         | –              | –              |
| Directors' fees to directors of:                       |                |                |                |                |
| - the Company  | 197            | 170            | 197            | 170            |
| - a subsidiary (Note C)                                | 260            | 260            | –              | –              |
| Operating lease expenses                               | –              | 7,317          | –              | –              |
| Utility charges  | 2,952          | 2,522          | –              | –              |
| Transportation charges                                 | 2,614          | 1,746          | –              | –              |
| Legal and other professional fees                      | 3,913          | 4,206          | 237            | 233            |
| Staff costs (Note 27)                                  | <u>63,567</u>  | <u>49,307</u>  | <u>–</u>       | <u>–</u>       |

### Note C

The amount consists of \$120,000 (2019: \$120,000) which was paid to a director of a subsidiary who is also a director of the Company.

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## 26. Profit before taxation (cont'd)

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| (d) <b>Impairment loss of financial assets:</b>            |                |                |                |                |
| Allowance for expected credit losses                       |                |                |                |                |
| - Trade  | -              | 1,367          | -              | -              |
| - Non-trade  | 743            | 830            | -              | -              |
| - Non-trade (subsidiary)                                   | -              | -              | 2,139          | 3,131          |
| Write-back of allowance for expected credit losses - Trade | -              | (175)          | -              | -              |
|  | <u>743</u>     | <u>2,022</u>   | <u>2,139</u>   | <u>3,131</u>   |

## 27. Staff costs

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Wages and salaries  | 50,671         | 40,892         | -              | -              |
| Contributions to defined contribution plans                     | 3,501          | 2,738          | -              | -              |
| Others  | 9,395          | 5,677          | -              | -              |
|   | <u>63,567</u>  | <u>49,307</u>  | <u>-</u>       | <u>-</u>       |
| Included in staff costs are directors' remuneration payable to: |                |                |                |                |
| - Directors of the Company                                      | 5,860          | 4,935          | -              | -              |
| - Directors of the subsidiaries                                 | 3,936          | 4,363          | -              | -              |
|   | <u>9,796</u>   | <u>9,298</u>   | <u>-</u>       | <u>-</u>       |

The directors' remuneration payable to directors of the Company excluded other benefits of \$137,000 (2019: \$154,000) and directors' fees of \$197,000 (2019: \$170,000). The directors' remuneration payable to directors of the subsidiaries excluded other benefits of \$410,000 (2019: \$232,000) and directors' fees of \$260,000 (2019: \$260,000), of which \$120,000 (2019: \$120,000) was paid to a director of a subsidiary who is also a director of the Company.

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## 28. Finance costs

|  | Group         |               | Company   |            |
|--|---------------|---------------|-----------|------------|
|  | 2020          | 2019          | 2020      | 2019       |
|  | \$'000        | \$'000        | \$'000    | \$'000     |
| Interest expense on:   |               |               |           |            |
| - Bank loans and bills payable   | 16,707        | 17,418        | -         | -          |
| - Hire purchase  | -             | 169           | -         | -          |
| - Loan from associates   | 644           | 642           | -         | -          |
| - Loan from non-controlling shareholder                                | 617           | 102           | -         | -          |
| - Loan from a subsidiary   | -             | -             | 82        | 128        |
| - Lease liabilities (Note 21(c))                                       | 430           | -             | -         | -          |
|  | <u>18,398</u> | <u>18,331</u> | <u>82</u> | <u>128</u> |
| Less: Interest expense capitalised in development properties (Note 11) | (112)         | (731)         | -         | -          |
|  | <u>18,286</u> | <u>17,600</u> | <u>82</u> | <u>128</u> |

## 29. Taxation

### *Major components of income tax expense*

The major components of income tax expense for the years ended 31 May 2020 and 2019 are:

|  | Group        |              | Company    |            |
|--|--------------|--------------|------------|------------|
|  | 2020         | 2019         | 2020       | 2019       |
|  | \$'000       | \$'000       | \$'000     | \$'000     |
| Current taxation:  |              |              |            |            |
| - Current income taxation  | 9,380        | 8,272        | 158        | 223        |
| - Over provision in respect of previous years                          | (608)        | (921)        | (15)       | (1)        |
| Deferred taxation:   |              |              |            |            |
| - Origination and reversal of temporary differences                    | (888)        | (1,055)      | -          | -          |
| - Over provision in respect of previous years                          | (53)         | -            | -          | -          |
| Withholding tax  | 19           | 17           | -          | -          |
| Income tax expense recognised in the statement of comprehensive income | <u>7,850</u> | <u>6,313</u> | <u>143</u> | <u>222</u> |

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## 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 2020 and 2019 are as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2020<br>\$'000 | 2019<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 |
| Profit before taxation  | 41,496         | 44,487         | 12,237         | 18,558         |
| Tax at the domestic rates applicable to profits in the countries where the Group operates | 7,043          | 7,364          | 2,080          | 3,155          |
| Non-deductible expenses   | 3,915          | 2,515          | 408            | 797            |
| Effect of partial tax exemption and tax relief  | (725)          | (716)          | (17)           | (17)           |
| Deferred tax assets not recognised  | 126            | 267            | –              | –              |
| Over provision in respect of previous years, net  | (608)          | (921)          | (15)           | (1)            |
| Over provision of deferred tax in respect of previous years, net                          | (53)           | –              | –              | –              |
| Benefits from previously unrecognised deferred tax assets                                 | (237)          | (375)          | –              | –              |
| Withholding tax   | 19             | 17             | –              | –              |
| Effects of tax incentive  | (87)           | (108)          | –              | –              |
| Share of results of associates  | 1,854          | 42             | –              | –              |
| Share of results of joint ventures  | (1,097)        | (1,111)        | –              | –              |
| Income not subject to taxation  | (2,517)        | (821)          | (2,313)        | (3,712)        |
| Others  | 217            | 160            | –              | –              |
| Income tax expense recognised in the statement of comprehensive income                    | 7,850          | 6,313          | 143            | 222            |

### 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          |                |
|----------------------------------|----------------|----------------|
|                                  | 2020<br>\$'000 | 2019<br>\$'000 |
| Deductible temporary differences | 1,575          | 1,401          |
| Unutilised tax losses            | 744            | 1,572          |
|                                  | 2,319          | 2,973          |

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For the financial year ended 31 May 2020

## 29. Taxation (cont'd)

### Tax consequences of proposed dividends

There are no income tax consequences (2019: \$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 \$28,654,000 (2019: \$32,863,000) over 499,689,000 (2019: 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 \$2,337,000 (2019: \$2,540,000) of the Group were paid to individuals who are close members of the family of certain directors.
- (ii) A subsidiary, Lian Beng Investment Pte Ltd, leased office space, with rental amounting to \$3,525 (2019: \$3,600) 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) The Group earned construction revenue of \$1,398,000 (2019: \$1,215,000) and sale of materials of \$1,046,000 (2019: \$3,754,000) from joint ventures. In addition, the Group earned project management fee of \$22,000 (2019: \$44,000) and construction related services of \$44,000 (2019: \$Nil) from joint ventures. The Group also earned construction revenue of \$29,156,000 (2019: \$18,191,000) and service fee from supply of labour of \$60,000 (2019: \$60,000) from an associate.
- (iv) The Group earned management fee of \$276,000 (2019: \$277,000) from joint ventures.
- (v) The Group provided construction related and property management services of \$1,000 (2019: \$7,000) to ROL Development Pte Ltd. The major shareholder of this company is a close family member of one of the directors of the Group.
- (vi) The Group provided construction related and development management services of \$Nil (2019: \$10,000) to Evergrande Realty & Development Pte Ltd. Certain directors of the Group have equity interests in this company and are also directors of this company.

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## 31. Significant related party transactions (cont'd)

### (b) Compensation of key management personnel

|   | Group          |                |
|---|----------------|----------------|
|   | 2020<br>\$'000 | 2019<br>\$'000 |
| Short-term employee benefits                | 9,685          | 9,176          |
| Contributions to defined contribution plans | 212            | 211            |
|   | <u>9,897</u>   | <u>9,387</u>   |
| Comprise amounts paid to:                   |                |                |
| - Directors of the Company                  | 6,314          | 5,259          |
| - Other key management personnel            | 3,583          | 4,128          |
|   | <u>9,897</u>   | <u>9,387</u>   |

## 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          |                |
|---|----------------|----------------|
|   | 2020<br>\$'000 | 2019<br>\$'000 |
| <b>Capital commitments in respect of:</b> |                |                |
| - Plant and equipment                     | 10,281         | 7,276          |
| - Freehold and leasehold properties       | 2,345          | 37,990         |
| - Investment securities                   | 2,614          | -              |
| - Motor vehicles                          | 145            | -              |
|   | <u>15,385</u>  | <u>45,266</u>  |

#### 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.

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## 32. Commitments (cont'd)

### (b) Lease commitment – as lessee

The Group had entered into commercial leases on certain land and equipment. These non-cancellable leases, including certain leases with renewal options, had remaining lease terms of between 3 to 77 months as at 31 May 2019. Contingent rent provision was not included in the contracts.

Future minimum rentals payable under non-cancellable operating leases at the end of the reporting period were as follows:

|   | <b>Group<br/>2019</b> |
|---|-----------------------|
|   | \$'000                |
| Not later than one year                           | 4,293                 |
| Later than one year but not later than five years | 5,988                 |
| Later than five years                             | 3,824                 |
|   | <u>14,105</u>         |

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 June 2019. These leases have been recognised as right-of-use assets (included in property, plant and equipment) (Note 4) and lease liabilities (Note 21), except for short-term and low-value leases.

### (c) 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 49 months as at 31 May 2020 (2019: 1 to 59 months).

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2020</b>   | <b>2019</b>   |
|   | \$'000        | \$'000        |
| Not later than one year                           | 22,806        | 25,465        |
| Later than one year but not later than five years | 9,897         | 12,613        |
|   | <u>32,703</u> | <u>38,078</u> |

## 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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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.

### (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<br>in active<br>markets for<br>identical<br>instruments<br>(Level 1)<br>\$'000 | Significant<br>observable<br>inputs other<br>than quoted<br>prices<br>(Level 2)<br>\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>\$'000 | Total<br>\$'000 |
|---|--|---|--|-----------------|
| <b>Group</b>                                    |  |   |  |                 |
| <b>2020</b>                                     |  |   |  |                 |
| <b>Financial assets measured at fair value:</b> |  |   |  |                 |
| <u>Financial assets at FVPL (Note 9)</u>        |  |   |  |                 |
| - Quoted equity investments (SGD)               | 2,242  | –   | –  | 2,242           |
| - Quoted equity investments (HKD)               | 702  | –   | –  | 702             |
| - Quoted equity investments (USD)               | 370  | –   | –  | 370             |
| <u>Financial assets at FVOCI (Note 9)</u>       |  |   |  |                 |
| - Quoted equity investments (SGD)               | 14,430   | 50,045  | –  | 64,475          |
| - 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         |

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## 34. Fair value of assets and liabilities (cont'd)

### (b) *Assets and liabilities measured at fair value* (cont'd)

|  | Quoted prices<br>in active<br>markets for<br>identical<br>instruments<br>(Level 1)<br>\$'000 | Significant<br>observable<br>inputs other<br>than quoted<br>prices<br>(Level 2)<br>\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>\$'000 | Total<br>\$'000 |
|--|--|---|--|-----------------|
| <b>Group</b>   |  |   |  |                 |
| <b>2019</b>  |  |   |  |                 |
| <b><i>Financial assets measured at fair value:</i></b> |  |   |  |                 |
| <u>Financial assets at FVPL (Note 9)</u>               |  |   |  |                 |
| - Quoted equity investments (SGD)                      | 2,035  | –   | –  | 2,035           |
| - Quoted equity investments (HKD)                      | 757  | –   | –  | 757             |
| - Quoted equity investments (USD)                      | 357  | –   | –  | 357             |
| <u>Financial assets at FVOCI (Note 9)</u>              |  |   |  |                 |
| - Quoted equity investments (SGD)                      | 16,535   | 24,925  | –  | 41,460          |
| - Quoted equity investments (USD)                      | –  | 15,539  | –  | 15,539          |
| - Quoted debt investments (SGD)                        | –  | 44,427  | –  | 44,427          |
| - Quoted debt investments (USD)                        | –  | 27,753  | –  | 27,753          |
| - Unquoted equity investments (GBP)                    | –  | –   | 6,860  | 6,860           |
| - Unquoted equity investments (AUD)                    | –  | –   | 4,088  | 4,088           |
|  | 19,684   | 112,644   | 10,948   | 143,276         |
| <b>Company</b>   |  |   |  |                 |
| <b>2020</b>  |  |   |  |                 |
| <b><i>Financial assets measured at fair value:</i></b> |  |   |  |                 |
| <u>Financial assets at FVOCI (Note 9)</u>              |  |   |  |                 |
| - Quoted equity investments (SGD)                      | 13,355   | –   | –  | 13,355          |
| <b>2019</b>  |  |   |  |                 |
| <b><i>Financial assets measured at fair value:</i></b> |  |   |  |                 |
| <u>Financial assets at FVOCI (Note 9)</u>              |  |   |  |                 |
| - Quoted equity investments (SGD)                      | 15,812   | –   | –  | 15,812          |

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## 34. Fair value of assets and liabilities (cont'd)

### (b) *Assets and liabilities measured at fair value* (cont'd)

|  | Quoted prices<br>in active<br>markets for<br>identical<br>instruments<br>(Level 1)<br>\$'000 | Significant<br>observable<br>inputs other<br>than quoted<br>prices<br>(Level 2)<br>\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>\$'000 | Total<br>\$'000 |
|--|--|---|--|-----------------|
| <b>Group</b>   |  |   |  |                 |
| <b>2020</b>  |  |   |  |                 |
| <b><i>Non-financial assets measured at fair value:</i></b> |  |   |  |                 |
| <u>Investment properties (Note 5)</u>                      |  |   |  |                 |
| - Commercial   | –  | –   | 531,469  | 531,469         |
| - Residential  | –  | –   | 28,695   | 28,695          |
|  | –  | –   | 560,164  | 560,164         |
| <b>2019</b>  |  |   |  |                 |
| <b><i>Non-financial assets measured at fair value:</i></b> |  |   |  |                 |
| <u>Investment properties (Note 5)</u>                      |  |   |  |                 |
| - Commercial   | –  | –   | 504,170  | 504,170         |
| - Residential  | –  | –   | 28,877   | 28,877          |
|  | –  | –   | 533,047  | 533,047         |

### (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.

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## 34. Fair value of assets and liabilities (cont'd)

### (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 |
|------------------------------|--------------------------|-------------------------|----------------|--------------|---|
| <b>2020</b>                  |                          |                         |                |              |   |
| <b>Investment properties</b> |                          |                         |                |              |   |
| 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.

| Description                  | Valuation techniques | Unobservable inputs | Range          |
|------------------------------|----------------------|---------------------|----------------|
| <b>Investment securities</b> |                      |                     |                |
| 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.

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## 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)

| Location                     | Valuation method         | Key unobservable inputs | Commercial     | Residential | Inter-relationship between key unobservable inputs and fair value measurement |
|------------------------------|--------------------------|-------------------------|----------------|-------------|---|
| <b>2019</b>                  |                          |                         |                |             |   |
| <b>Investment properties</b> |                          |                         |                |             |   |
| Singapore                    | Direct comparison method | Yield adjustments*      | -36% to +30%   | -2% to +15% | The estimated fair value increases with higher comparable price.              |
|                              | Income method            | Capitalisation rate**   | 3.75% to 6.50% | –           | 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.

| Description                  | Valuation techniques | Unobservable inputs | Range          |
|------------------------------|----------------------|---------------------|----------------|
| <b>Investment securities</b> |                      |                     |                |
| 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.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 34. Fair value of assets and liabilities (cont'd)

### (d) Level 3 fair value measurements (cont'd)

#### (ii) Movements in Level 3 assets and liabilities measured at fair value

The 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):

|                                      | <b>Group<br/>Financial assets at<br/>FVOCI</b> |
|--------------------------------------|--|
|                                      | Unquoted equity<br>securities<br>\$'000        |
|                                      | <hr/>  |
| <b>2020</b>                          |  |
| <b>Opening balance</b>               | 10,948   |
| Total losses for the period          |  |
| Included in OCI                      | (1,881)  |
| Transfer to Level 1                  | (5,092)  |
| Purchases                            | 3,738  |
| <b>Closing balance</b>               | <hr/> <b>7,713</b> <hr/>                       |
| <b>2019</b>                          |  |
| <b>Opening balance</b>               | 150  |
| Total gains or losses for the period |  |
| Included in OCI                      | 1,351  |
| Purchases                            | 9,447  |
| <b>Closing balance</b>               | <hr/> <b>10,948</b> <hr/>                      |

#### (iii) Valuation policies and procedures

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 34. Fair value of assets and liabilities (cont'd)

### (d) **Level 3 fair value measurements** (cont'd)

#### (iii) *Valuation policies and procedures* (cont'd)

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

During the 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 during the financial year. 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.

### (e) **Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

|                                 |      | Group<br>2019                |                         |
|---------------------------------|------|------------------------------|-------------------------|
|                                 | Note | Carrying<br>amount<br>\$'000 | Fair<br>value<br>\$'000 |
| <b>Financial liabilities</b>    |      |                              |                         |
| Obligations under hire purchase | 21   | 5,123                        | 5,114                   |

#### Obligations under hire purchase (Note 21)

In the previous financial year, the fair values as disclosed in the table above were estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 34. Fair value of assets and liabilities (cont'd)

(f) **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 18), 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.

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 present value of the non-current liability is not material.

## 35. Classification of financial assets and liabilities

|   | <b>Group</b>   |                |
|---|----------------|----------------|
|   | <b>2020</b>    | <b>2019</b>    |
|   | \$'000         | \$'000         |
| <b>Financial assets at FVPL</b>           |                |                |
| Investment securities                     | 3,314          | 3,149          |
| <b>Financial assets at FVOCI</b>          |                |                |
| Investment securities                     | 146,668        | 140,127        |
| <b>Financial assets at amortised cost</b> |                |                |
| Trade receivables                         | 26,097         | 39,493         |
| Other receivables and deposits            | 22,328         | 13,913         |
| Amounts due from affiliated companies     | 2              | 12             |
| Amounts due from joint ventures           | 76,833         | 78,514         |
| Amounts due from associates               | 210,693        | 209,240        |
| Cash and cash equivalents                 | 209,416        | 179,924        |
|   | <u>545,369</u> | <u>521,096</u> |

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# Notes to the Financial Statements

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## 35. Classification of financial assets and liabilities (cont'd)

|  | <b>Group</b>   |             |
|--|----------------|-------------|
|  | <b>2020</b>    | <b>2019</b> |
|  | \$'000         | \$'000      |
| <b>Financial liabilities at amortised cost</b> |                |             |
| Trade and other payables                       | 142,497        | 165,050     |
| Accruals                                       | 20,159         | 23,246      |
| Amounts due to joint ventures                  | 700            | 2,152       |
| Amounts due to associates                      | 1,349          | 1,126       |
| Bank loans and bills payable                   | 585,172        | 578,416     |
| Lease liabilities                              | 13,828         | 5,123       |
|  | 763,705        | 775,113     |
|  |                |             |
|  | <b>Company</b> |             |
|  | <b>2020</b>    | <b>2019</b> |
|  | \$'000         | \$'000      |
| <b>Financial assets at FVOCI</b>               |                |             |
| Investment securities                          | 13,355         | 15,812      |
|  |                |             |
| <b>Financial assets at amortised cost</b>      |                |             |
| Other receivables and deposits                 | 123            | 139         |
| Amounts due from subsidiaries                  | 212,489        | 212,859     |
| Amounts due from joint ventures                | 62,947         | 63,086      |
| Cash and cash equivalents                      | 10,806         | 40,510      |
|  | 286,365        | 316,594     |
|  |                |             |
| <b>Financial liabilities at amortised cost</b> |                |             |
| Trade and other payables                       | 29             | 33          |
| Accruals                                       | 173            | 131         |
| Amounts due to subsidiaries                    | 239,506        | 269,827     |
| Amounts due to associates                      | –              | 76          |
|  | 239,708        | 270,067     |

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# Notes to the Financial Statements

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## 36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and Executive Director. The Audit Committee provides independent oversight to the effectiveness of the risk management process. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

### (a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, amounts due from affiliated companies, subsidiaries, joint ventures and associates. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation by the management. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the management.

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.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 36. Financial risk management objectives and policies (cont'd)

### (a) **Credit risk** (cont'd)

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

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.

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# Notes to the Financial Statements

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## 36. Financial risk management objectives and policies (cont'd)

### (a) Credit risk (cont'd)

#### Trade receivables and contract assets (cont'd)

The loss allowance provision as at 31 May 2020 and 2019 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:

Singapore:

|                             | <b>Gross carrying amount</b> | <b>Loss allowance provision</b> |
|-----------------------------|------------------------------|---------------------------------|
|                             | \$'000                       | \$'000                          |
| <b>2020</b>                 |                              |                                 |
| Contract assets             | 84,578                       | –                               |
| Trade receivables:          |                              |                                 |
| Current                     | 11,703                       | –                               |
| 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 | 5,609                        | (2,522)                         |
|                             | <u>29,875</u>                | <u>(2,522)</u>                  |
| <b>2019</b>                 |                              |                                 |
| Contract assets             | 101,714                      | –                               |
| Trade receivables:          |                              |                                 |
| Current                     | 40,872                       | –                               |
| Less than 30 days past due  | 2,056                        | –                               |
| More than 30 days past due  | 842                          | –                               |
| More than 60 days past due  | 342                          | –                               |
| More than 90 days past due  | 329                          | –                               |
| More than 120 days past due | 6,426                        | (2,538)                         |
|                             | <u>50,867</u>                | <u>(2,538)</u>                  |

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## 36. Financial risk management objectives and policies (cont'd)

### (a) **Credit risk** (cont'd)

#### Trade receivables and contract assets (cont'd)

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 13.

During the financial year, the Group wrote-off \$12,000 (2019: \$72,000) 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.

#### 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 \$550,388,000 (2019: \$593,617,000) relating to corporate guarantee provided by the Group to the banks on joint ventures and associates' bank loans.
- A nominal amount of \$443,636,000 (2019: \$437,141,000) relating to corporate guarantee provided by the Group to the banks on subsidiaries' bank loans and bills payable.
- A nominal amount of \$6,352,000 (2019: \$4,700,000) relating to corporate guarantee provided by the Group to the banks on subsidiaries' finance lease obligations (2019: obligations under hire purchase).

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# Notes to the Financial Statements

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## 36. Financial risk management objectives and policies (cont'd)

### (a) Credit risk (cont'd)

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables, amounts due from joint ventures and associates (trade), on an ongoing 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:

|  | <b>Group</b> |            |             |            |
|--|--------------|------------|-------------|------------|
|  | <b>2020</b>  |            | <b>2019</b> |            |
|  | \$'000       | % of total | \$'000      | % of total |
| <u>Trade receivables from third parties:</u> |              |            |             |            |
| <b>By country:</b>                           |              |            |             |            |
| Singapore                                    | 26,626       | 100        | 43,738      | 100        |
| <b>By industry sectors:</b>                  |              |            |             |            |
| Construction                                 | 23,593       | 89         | 38,805      | 89         |
| Property development                         | 52           | *          | 4,315       | 10         |
| Investment holding                           | 2,009        | 7          | 521         | 1          |
| Dormitory                                    | 972          | 4          | 97          | *          |
|  | 26,626       | 100        | 43,738      | 100        |

#### Amounts due from joint ventures and associates (trade):

|                             |     |     |       |     |
|-----------------------------|-----|-----|-------|-----|
| <b>By country:</b>          |     |     |       |     |
| Singapore                   | 727 | 100 | 4,591 | 100 |
| <b>By industry sectors:</b> |     |     |       |     |
| Construction                | 727 | 100 | 4,591 | 100 |

\* Amount less than 1%.

At the end of the reporting period, approximately:

- 46% (2019: 62%) of the Group's trade receivables from third parties were due from 5 major customers.

# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 36. Financial risk management objectives and policies (cont'd)

### (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 41% (2019: 54%) 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 (2019: 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.

|  | <b>One<br/>year<br/>or less</b> | <b>One to<br/>five<br/>years</b> | <b>Over<br/>five<br/>years</b> | <b>Total</b>   |
|--|---------------------------------|----------------------------------|--------------------------------|----------------|
|  | \$'000                          | \$'000                           | \$'000                         | \$'000         |
| <b>Group</b>                             |                                 |                                  |                                |                |
| <b>Financial liabilities:</b>            |                                 |                                  |                                |                |
| <b>2020</b>                              |                                 |                                  |                                |                |
| 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 | <u>417,744</u>                  | <u>195,490</u>                   | <u>209,511</u>                 | <u>822,745</u> |
| <b>2019</b>                              |                                 |                                  |                                |                |
| Trade and other payables                 | 161,983                         | 3,067                            | –                              | 165,050        |
| Accruals                                 | 23,246                          | –                                | –                              | 23,246         |
| Amounts due to associates                | 1,126                           | –                                | –                              | 1,126          |
| Amounts due to joint ventures            | 2,152                           | –                                | –                              | 2,152          |
| Bank loans and bills payable             | 321,069                         | 176,192                          | 145,593                        | 642,854        |
| Obligations under hire purchase          | 2,098                           | 3,297                            | 4                              | 5,399          |
| Total undiscounted financial liabilities | <u>511,674</u>                  | <u>182,556</u>                   | <u>145,597</u>                 | <u>839,827</u> |

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## 36. Financial risk management objectives and policies (cont'd)

### (b) *Liquidity risk* (cont'd)

*Analysis of financial instruments by remaining contractual maturities* (cont'd)

| <b>Company</b>                           | <b>One<br/>year<br/>or less<br/>\$'000</b> | <b>One to<br/>five<br/>years<br/>\$'000</b> | <b>Over<br/>five<br/>years<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|--|---|---|-------------------------|
| <b>Financial liabilities:</b>            |  |   |   |                         |
| <b>2020</b>                              |  |   |   |                         |
| Trade and other payables                 | 29   | –   | –   | 29                      |
| Accruals                                 | 173  | –   | –   | 173                     |
| Amounts due to subsidiaries              | 237,806                                    | 1,755                                       | –   | 239,561                 |
| Total undiscounted financial liabilities | <u>238,008</u>                             | <u>1,755</u>                                | <u>–</u>                                  | <u>239,763</u>          |
| <b>2019</b>                              |  |   |   |                         |
| Trade and other payables                 | 33   | –   | –   | 33                      |
| Accruals                                 | 131  | –   | –   | 131                     |
| Amounts due to associates                | 76   | –   | –   | 76                      |
| Amounts due to subsidiaries              | 268,237                                    | 1,696                                       | –   | 269,933                 |
| Total undiscounted financial liabilities | <u>268,477</u>                             | <u>1,696</u>                                | <u>–</u>                                  | <u>270,173</u>          |

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.

|                      | <b>One<br/>year or<br/>less<br/>\$'000</b> | <b>Group and Company</b>                    |   | <b>Total<br/>\$'000</b> |
|----------------------|--|---|---|-------------------------|
|                      |  | <b>One<br/>to five<br/>years<br/>\$'000</b> | <b>Over<br/>five<br/>years<br/>\$'000</b> |                         |
| <b>2020</b>          |  |   |   |                         |
| Financial guarantees | <u>246,294</u>                             | <u>589,766</u>                              | <u>164,316</u>                            | <u>1,000,376</u>        |
| <b>2019</b>          |  |   |   |                         |
| Financial guarantees | <u>309,898</u>                             | <u>607,181</u>                              | <u>118,379</u>                            | <u>1,035,458</u>        |

### (c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arise primarily from their bank loans.

The Group does not have any outstanding interest rate swap contracts as at 31 May 2020 and 2019.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 36. Financial risk management objectives and policies (cont'd)

### (c) **Interest rate risk** (cont'd)

#### Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD, AUD, HKD and USD interest rates had been 75 (2019: 75) basis points lower/higher with all other variables held constant, the Group's profit net of taxation would have been \$3,545,000 (2019: \$3,184,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The interest capitalised in development properties would have been \$Nil (2019: \$392,000) lower/higher. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### (d) **Foreign currency risk**

The Group has minimal transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and AUD. It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, namely Australia, 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.

#### 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.

|                                  | <b>2020</b> | <b>2019</b> |
|----------------------------------|-------------|-------------|
|                                  | \$'000      | \$'000      |
|                                  | Profit net  | Profit net  |
|                                  | of taxation | of taxation |
| AUD - strengthened 5% (2019: 5%) | 1,263       | 1,009       |
| - weakened 5% (2019: 5%)         | (1,263)     | (1,009)     |
| USD - strengthened 5% (2019: 5%) | (379)       | 521         |
| - weakened 5% (2019: 5%)         | 379         | (521)       |
| MYR - strengthened 5% (2019: 5%) | 46          | 60          |
| - weakened 5% (2019: 5%)         | (46)        | (60)        |
| RMB - strengthened 5% (2019: 5%) | 198         | 199         |
| - weakened 5% (2019: 5%)         | (198)       | (199)       |
| GBP - strengthened 5% (2019: 5%) | 1,568       | 1,171       |
| - weakened 5% (2019: 5%)         | (1,568)     | (1,171)     |
| HKD - strengthened 5% (2019: 5%) | (5)         | (10)        |
| - weakened 5% (2019: 5%)         | 5           | 10          |

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## 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 is 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% (2019: 5%) higher/lower with all other variables held constant, the Group's other reserve in equity would have been \$4,719,000 (2019: \$2,850,000) higher/lower, 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 \$166,000 (2019: \$157,000) 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 2020 and 2019.

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.

The Group is in compliance with externally imposed financial covenants as at 31 May 2020 and 2019.

|  | <b>Group</b>     |                  |
|--|------------------|------------------|
|  | <b>2020</b>      | <b>2019</b>      |
|  | \$'000           | \$'000           |
| Total liabilities  | 841,449          | 818,681          |
| Less: Provision for taxation   | (9,474)          | (8,111)          |
| Less: Deferred tax liabilities (Note 22)   | (3,884)          | (4,165)          |
| Less: Cash and cash equivalents (Note 16)  | (209,416)        | (179,924)        |
| Restricted cash – fixed deposits and bank balances pledged for bank loan (Note 16)   | 14,814           | –                |
| <b>Net debt [a]</b>  | <b>633,489</b>   | <b>626,481</b>   |
| Financial guarantee provided to the banks for bank loans drawn down by joint ventures and associates of the Group (Note 36(a)) | 550,388          | 593,617          |
| <b>Total liabilities exposure [b]</b>  | <b>1,183,877</b> | <b>1,220,098</b> |
| Equity attributable to the owners of the Company   | 705,759          | 694,060          |
| Less: Fair value adjustment reserve (Note 24(b))   | 15,131           | 8,005            |
| <b>Total capital [c]</b>   | <b>720,890</b>   | <b>702,065</b>   |

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For the financial year ended 31 May 2020

## 37. Capital management (cont'd)

|  | Group  |        |
|--|--------|--------|
|  | 2020   | 2019   |
|  | \$'000 | \$'000 |
| <b>Gearing ratio</b>   |        |        |
| Excluding financial guarantee provided to the banks for bank loans drawn down by joint ventures and associates of the Group <b>[a]/[c]</b> | 0.88   | 0.89   |
| Including financial guarantee provided to the banks for bank loans drawn down by joint ventures and associates of the Group <b>[b]/[c]</b> | 1.64   | 1.74   |

## 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 as the main contractor. To a lesser extent, it also undertakes civil engineering projects in both private and public sectors. The construction segment also involves the sale of construction materials such as concrete and asphalt and provision of engineering services and leasing of construction machinery.
- (ii) The dormitory segment is involved in the rental of dormitory units and provision of dormitory service.
- (iii) The investment holding segment holds investments in quoted and unquoted securities and properties for long-term capital appreciation, rental, as well as dividend yields.
- (iv) The property development segment is involved in the development and sale of properties (residential, commercial and industrial), as well as the provision of property management services.

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.

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 38. Segment information (cont'd)

|   | Construction |         | Dormitory |        |
|---|--------------|---------|-----------|--------|
|   | 2020         | 2019    | 2020      | 2019   |
|   | \$'000       | \$'000  | \$'000    | \$'000 |
| <b>Revenue:</b>                                 |              |         |           |        |
| External customers                              | 460,511      | 291,719 | 23,284    | 23,108 |
| Inter-segment                                   | –            | 7,030   | 5         | –      |
| Total revenue                                   | 460,511      | 298,749 | 23,289    | 23,108 |
| <b>Results:</b>                                 |              |         |           |        |
| Interest income                                 | 399          | 370     | 1,750     | 1,915  |
| Dividend income                                 | 398          | 457     | –         | –      |
| Finance cost                                    | 1,075        | 878     | 4,549     | 5,102  |
| Depreciation and amortisation                   | 13,842       | 12,349  | 111       | 186    |
| Share of results of associates                  | –            | –       | 515       | 5,606  |
| Share of results of joint ventures              | (2,629)      | 796     | –         | –      |
| Fair value (loss)/gain on investment properties | (200)        | 150     | (8,200)   | –      |
| <i>Other non-cash expenses:</i>                 |              |         |           |        |
| Amortisation of other assets                    | –            | 76      | –         | –      |
| Amortisation of capitalised contract costs      | –            | –       | –         | –      |
| Impairment loss of financial assets             | 670          | 1,192   | –         | –      |
| Bad debts written off                           | –            | 70      | –         | –      |
| Goodwill written off                            | –            | 9       | –         | –      |
| Segment profit/(loss)                           | 2,448        | 6,883   | 7,794     | 19,939 |

# Notes to the Financial Statements

For the financial year ended 31 May 2020

| Investment holding |        | Property development |         | Adjustments and eliminations |          | Notes | Per consolidated financial statements |         |
|--------------------|--------|----------------------|---------|------------------------------|----------|-------|---------------------------------------|---------|
| 2020               | 2019   | 2020                 | 2019    | 2020                         | 2019     |       | 2020                                  | 2019    |
| \$'000             | \$'000 | \$'000               | \$'000  | \$'000                       | \$'000   |       | \$'000                                | \$'000  |
| 26,082             | 24,319 | 46,166               | 47,645  | -                            | -        |       | 556,043                               | 386,791 |
| 6,427              | 8,409  | -                    | -       | (6,432)                      | (15,439) | A     | -                                     | -       |
| 32,509             | 32,728 | 46,166               | 47,645  | (6,432)                      | (15,439) |       | 556,043                               | 386,791 |
| 8,075              | 8,490  | 3,621                | 1,976   | (1,141)                      | (1,184)  |       | 12,704                                | 11,567  |
| 1,959              | 1,290  | -                    | -       | -                            | -        |       | 2,357                                 | 1,747   |
| 9,946              | 10,006 | 3,859                | 2,798   | (1,143)                      | (1,184)  |       | 18,286                                | 17,600  |
| 2,996              | 2,993  | 322                  | 125     | (102)                        | (17)     |       | 17,169                                | 15,636  |
| (9,181)            | 1,417  | (2,241)              | (7,269) | -                            | -        |       | (10,907)                              | (246)   |
| 9,367              | 5,771  | (283)                | (34)    | -                            | -        |       | 6,455                                 | 6,533   |
| 7,733              | 3,350  | -                    | -       | -                            | -        |       | (667)                                 | 3,500   |
| -                  | -      | -                    | -       | -                            | -        |       | -                                     | 76      |
| -                  | -      | 1,971                | 2,251   | -                            | -        |       | 1,971                                 | 2,251   |
| 73                 | 830    | -                    | -       | -                            | -        |       | 743                                   | 2,022   |
| 12                 | 2      | -                    | -       | -                            | -        |       | 12                                    | 72      |
| -                  | -      | -                    | -       | -                            | -        |       | -                                     | 9       |
| 19,473             | 17,868 | 11,900               | (2,166) | (119)                        | 1,963    | B     | 41,496                                | 44,487  |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 38. Segment information (cont'd)

|   | Construction<br>\$'000 | Dormitory<br>\$'000 | Investment<br>holding<br>\$'000 | Property<br>development<br>\$'000 | Adjustments<br>and<br>eliminations<br>\$'000 | Notes | Per<br>consolidated<br>financial<br>statements<br>\$'000 |
|---|------------------------|---------------------|---------------------------------|-----------------------------------|--|-------|--|
| <b>2020:</b>  |                        |                     |                                 |                                   |  |       |  |
| <b>Assets:</b>  |                        |                     |                                 |                                   |  |       |  |
| 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   |
| <b>Segment assets</b>   | <b>578,662</b>         | <b>331,707</b>      | <b>918,206</b>                  | <b>297,407</b>                    | <b>(459,851)</b>                             | D     | <b>1,666,131</b>   |
| <b>Segment liabilities</b>  | <b>255,248</b>         | <b>162,075</b>      | <b>622,596</b>                  | <b>121,112</b>                    | <b>(319,582)</b>                             | E     | <b>841,449</b>   |
| <b>2019:</b>  |                        |                     |                                 |                                   |  |       |  |
| <b>Assets:</b>  |                        |                     |                                 |                                   |  |       |  |
| Investment in associates  | –                      | 20,224              | 30,262                          | (9,373)                           | (38)   |       | 41,075   |
| Investment in joint ventures  | 12,687                 | –                   | 3,298                           | 3,176                             | (64)   |       | 19,097   |
| Additions to non-current assets   | 13,692                 | 82                  | 111                             | 491                               | –  | C     | 14,376   |
| <b>Segment assets</b>   | <b>542,549</b>         | <b>342,618</b>      | <b>898,520</b>                  | <b>317,807</b>                    | <b>(462,681)</b>                             | D     | <b>1,638,813</b>   |
| <b>Segment liabilities</b>  | <b>228,384</b>         | <b>168,961</b>      | <b>618,253</b>                  | <b>147,534</b>                    | <b>(344,451)</b>                             | E     | <b>818,681</b>   |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 38. Segment information (cont'd)

### Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A. Inter-segment revenues are eliminated on consolidation.
- B. The following items are (deducted from)/added to segment profit/(loss) to arrive at "Profit before taxation" presented in the consolidated statement of comprehensive income:

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2020</b>  | <b>2019</b> |
|  | \$'000       | \$'000      |
| (Loss)/profit from inter-segment sales | (119)        | 1,963       |

- 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:

|                              | <b>Group</b>     |                  |
|------------------------------|------------------|------------------|
|                              | <b>2020</b>      | <b>2019</b>      |
|                              | \$'000           | \$'000           |
| Investment in associates     | 29,625           | 41,075           |
| Investment in joint ventures | 15,339           | 19,097           |
| Deferred tax assets          | 726              | 66               |
| Tax recoverable              | 682              | 486              |
| Inter-segment assets         | (506,223)        | (523,405)        |
|                              | <u>(459,851)</u> | <u>(462,681)</u> |

- E. The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

|                           | <b>Group</b>     |                  |
|---------------------------|------------------|------------------|
|                           | <b>2020</b>      | <b>2019</b>      |
|                           | \$'000           | \$'000           |
| Deferred tax liabilities  | 3,884            | 4,165            |
| Provision for taxation    | 9,474            | 8,111            |
| Inter-segment liabilities | (332,940)        | (356,727)        |
|                           | <u>(319,582)</u> | <u>(344,451)</u> |

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# Notes to the Financial Statements

For the financial year ended 31 May 2020

## 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 |                |
|-----------|----------------|----------------|--------------------|----------------|
|           | 2020           | 2019           | 2020               | 2019           |
|           | \$'000         | \$'000         | \$'000             | \$'000         |
| Singapore | 556,043        | 386,791        | 734,123            | 690,643        |
| China     | –              | –              | 435                | 419            |
|           | <u>556,043</u> | <u>386,791</u> | <u>734,558</u>     | <u>691,062</u> |

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 (2019: two) major customers arising from the construction segment amounted to \$287,356,000 (2019: \$176,928,000).

## 39. Dividends

### Group and Company

| 2020   | 2019   |
|--------|--------|
| \$'000 | \$'000 |

### Declared and paid during the year

*Dividends on ordinary shares:*

|  |               |               |
|--|---------------|---------------|
| - Exempt (one-tier) dividend for 2019: Final dividend of 1.25 cent per share (2018: Final dividend of 1.25 cent per share)     | 6,246         | 6,246         |
| - Exempt (one-tier) dividend for 2020: Interim dividend of 1.00 cent per share (2019: Interim dividend of 1.00 cent per share) | 4,997         | 4,997         |
|  | <u>11,243</u> | <u>11,243</u> |

### 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 2020: Final dividend of Nil cent per share (2019: Final dividend of 1.25 cent per share) | – | 6,246 |
|---|---|-------|

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# Notes to the Financial Statements

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## 40. Events occurring after the reporting period

Subsequent to the financial year end:

- On 15 June 2020, the Group's subsidiary held through SLB, exercised its option to subscribe for a 20% interest in Pinnacle Investment Management Limited ("PIML") for £90,000. PIML is a fund management subsidiary of UK-based Pinnacle Investments (Holdings) Limited and Pinnacle Group Limited, whose principal activities is to aim to build a series of funds focused on the Private Rented Sector across the UK.
- On 16 June 2020, the Group's joint venture held through SLB, 32 Real Estate Pte. Ltd. ("32RE") has increased its issued and paid up share capital to \$3,000,000 comprising 3,000,000 ordinary shares through the issuance of 1,000,000 ordinary shares at \$1.00 per share to a new joint venture partner. Accordingly, the Group's effective interest in the 32RE was reduced from 38% to 25%.
- On 24 June 2020, a wholly-owned subsidiary of 32RE entered into a subscription and shareholders agreement with Weave Co-Living ("Weave") to establish a \$150 million equity joint venture ("JV") to acquire, develop, refurbish and operate co-living and rental accommodation assets in Singapore under Weave or its affiliated brands. Weave will be responsible for day-to-day management of the JV's assets.

## 41. Authorisation of financial statements

The financial statements for the year ended 31 May 2020 were authorised for issue in accordance with a resolution of the directors on 21 August 2020.

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# Statistics of Shareholdings

As at 17 August 2020

## 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 57.39% 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 2020 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                | 7                   | 0.15   | 80            | 0.00   |
| 100 - 1,000           | 246                 | 5.26   | 205,052       | 0.04   |
| 1,001 - 10,000        | 2,511               | 53.64  | 15,833,230    | 3.17   |
| 10,001 - 1,000,000    | 1,884               | 40.25  | 109,248,319   | 21.86  |
| 1,000,001 and above   | 33                  | 0.70   | 374,402,519   | 74.93  |
| Total                 | 4,681               | 100.00 | 499,689,200   | 100.00 |

## TWENTY LARGEST SHAREHOLDERS

| No | Name of Shareholder                   | Number of Shares Held | Percentage |
|----|---------------------------------------|-----------------------|------------|
| 1  | DBS Nominees Pte Ltd                  | 70,304,566            | 14.07      |
| 2  | Ong Sek Chong & Sons Pte Ltd          | 62,394,700            | 12.49      |
| 3  | HSBC (Singapore) Nominees Pte Ltd     | 41,252,500            | 8.26       |
| 4  | Citibank Nominees Singapore Pte Ltd   | 33,345,800            | 6.67       |
| 5  | Ong Pang Aik                          | 28,649,300            | 5.73       |
| 6  | United Overseas Bank Nominees Pte Ltd | 21,798,900            | 4.36       |
| 7  | Ong Lay Huan                          | 16,011,999            | 3.21       |
| 8  | Maybank Kim Eng Securities Pte Ltd    | 15,362,398            | 3.07       |
| 9  | Ong Bee Dee                           | 12,637,000            | 2.53       |
| 10 | Phillip Securities Pte Ltd            | 9,521,500             | 1.91       |
| 11 | UOB Kay Hian Pte Ltd                  | 8,766,800             | 1.75       |
| 12 | Ong Lay Koon                          | 8,539,200             | 1.71       |
| 13 | OCBC Securities Private Limited       | 5,184,129             | 1.04       |
| 14 | Raffles Nominees (Pte) Limited        | 4,709,400             | 0.94       |
| 15 | Yeo Wei Huang                         | 4,475,000             | 0.90       |
| 16 | Teo Kee Bock                          | 3,800,800             | 0.76       |
| 17 | Yong Woon Chong                       | 3,325,500             | 0.67       |
| 18 | Sik Soo Ching Susan                   | 2,488,000             | 0.50       |
| 19 | Sik Pei Shan (Xue Peishan)            | 2,469,000             | 0.49       |
| 20 | OCBC Nominees Singapore Pte Ltd       | 2,320,200             | 0.46       |
|    |                                       | 357,356,692           | 71.52      |

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# Statistics of Shareholdings

As at 17 August 2020

## SUBSTANTIAL SHAREHOLDERS

| Name of Substantial Shareholder             | Direct Interest |                  | Deemed Interest |                  |
|---|-----------------|------------------|-----------------|------------------|
|   | No. of Shares   | % <sup>(1)</sup> | No. of Shares   | % <sup>(1)</sup> |
| Ong Sek Chong & Sons Pte Ltd <sup>(2)</sup> | 62,394,700      | 12.49            | 91,736,300      | 18.36            |
| Ong Pang Aik <sup>(3)</sup>                 | 28,649,300      | 5.73             | 154,131,000     | 30.85            |
| Ong Lay Huan <sup>(4)</sup>                 | 16,011,999      | 3.21             | 154,131,000     | 30.85            |

### Notes:

- <sup>(1)</sup> Based on total issued and paid-up ordinary share capital (excluding 30,070,800 treasury shares) comprising 499,689,200 Shares.
- <sup>(2)</sup> Ong Sek Chong & Sons Pte. Ltd. is deemed to be interested in 89,950,000 ordinary 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.
- <sup>(3)</sup> Ong Pang Aik's deemed interest refer to 154,131,000 shares held by Ong Sek Chong & Sons Pte. Ltd. by virtue of Section 7 of the Companies Act.
- <sup>(4)</sup> Ong Lay Huan's deemed interest refer to 154,131,000 shares held by Ong Sek Chong & Sons Pte. Ltd. by virtue of Section 7 of the Companies Act.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 22<sup>nd</sup> Annual General Meeting (“**AGM**”) of LIAN BENG GROUP LTD (the “**Company**”) will be held by way of electronic means on Monday, 28 September 2020 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 2020 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors retiring under Regulation 107 of the Company’s Constitution:-  
  
Ms Ong Lay Huan [see explanatory note 1] **(Resolution 2)**  
Mr Ko Chuan Aun [see explanatory note 2] **(Resolution 3)**
3. To re-elect the following Director retiring under Regulation 117 of the Company’s Constitution:-  
  
Dr Tan Khee Giap [see explanatory note 3] **(Resolution 4)**
4. To approve the payment of additional Directors’ fees of S\$27,380.95 for the financial year ended 31 May 2020. [see explanatory note 4] **(Resolution 5)**
5. To approve the payment of Directors’ fees of up to S\$220,000 for the financial year ending 31 May 2021 to be paid quarterly in arrears (2020: S\$170,000) [see explanatory note 5]. **(Resolution 6)**
6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

## **AS SPECIAL BUSINESS:-**

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

7. **General Share Issue Mandate** **(Resolution 8)**

“That, authority be and is hereby given to the Directors of the Company to:

- (i) (aa) allot and issue shares, whether by way of rights, bonus or otherwise; and/or
- (bb) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued during the continuance of such authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Board may, in their absolute discretion, deem fit; and

- (ii) issue Shares in pursuance of any Instrument made or granted by the Board while such authority was in force (notwithstanding that such issue of the Shares pursuant to the Instruments may occur after the expiration of the authority contained in this Resolution);

# Notice of Annual General Meeting

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph 2 below) of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph 2 below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 1 above, the percentage of issued shares shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (aa) new Shares arising from the conversion or exercise of any convertible securities 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 6]

## 8. **Renewal of Share Buy Back Mandate**

**(Resolution 9)**

"That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:



# Notice of Annual General Meeting

- (i) market purchases (each a “**Market Purchase**”) on the SGX-ST; and/or
- (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the “**Share Buy Back Mandate**”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
  - (i) the date on which the next AGM of the Company is held or is required by law to be held;
  - (ii) the date on which the share buy back is carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

- (d) for purposes of this Resolution:

“**Prescribed Limit**” means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the company as altered (excluding any treasury shares that may be held by the Company from time to time);

“**Relevant Period**” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

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

- (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:

# Notice of Annual General Meeting

**“Average Closing Price”** means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

**“day of the making of the offer”** means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

**“market day”** means a day on which the SGX-ST is open for trading in securities;

- (e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution; and
- (f) Shareholders by voting to approve the Share Buy Back Mandate are waiving their rights to a general offer at a required price from Ong Directors (as defined in the Addendum) and parties acting in concert with them.” [see explanatory note 7]

- 9. To transact any other business that may be properly transacted at the AGM of the Company.

BY ORDER OF THE BOARD

**Wee Woon Hong**  
**Srikanth Rayaprolu**

Company Secretaries  
Singapore

11 September 2020

# Notice of Annual General Meeting

## EXPLANATORY NOTES:

1. Ms Ong Lay Huan 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 Huan can be found in the Company's Annual Report 2020. Please refer to pages 53 to 63 of the Annual Report 2020 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
2. Mr Ko Chuan Aun will, upon re-election as a Director of the Company, continue to serve as Independent Director of the Company and the Chairman of Remuneration Committee and member of the Audit Committee and Nominating Committee of the Company. Mr Ko Chuan Aun is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Ko Chuan Aun does not have any relationships including immediate family relationships between himself and the Directors, the Company, its related corporations, its substantial shareholders or its officers. Further information on Mr Ko Chuan Aun can be found in the Company's Annual Report 2020. Please refer to pages 53 to 63 of the Annual Report 2020 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
3. Dr Tan Khee 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. Dr Tan Khee Giap is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Dr Tan Khee 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 Dr Tan Khee Giap can be found in the Company's Annual Report 2020. Please refer to pages 53 to 63 of the Annual Report 2020 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
4. The shareholders of the Company had approved the payment of Directors' fees of S\$170,000 for the financial year ended 31 May 2020 at the AGM of the Company held on 27 September 2019. The additional Directors' fees of S\$27,380.95 is payable to Dr Tan Khee Giap who was appointed as Independent Director on 14 November 2019 on a pro rata basis.
5. The proposed Ordinary Resolution 6 proposed in item 5 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 2021. 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.
6. 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.
7. 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.

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# Notice of Annual General Meeting

## Notes on the alternative arrangements for the AGM in view of the COVID-19 restrictions:

- (i) The AGM is to be convened 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. **Printed copies of this notice will not be mailed to members (i.e. shareholders) of the Company.**
- (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/Script-based records), identification number (e.g. NRIC/Passport Number/FIN), shareholding type(s) (e.g. CDP/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 2020** (i.e. not less than 72 hours before the time appointed for holding the above AGM), via <https://online.meetings.vision/lianbeng-registration>.

Upon successful authentication, each such member will receive an email reply by **12.00 p.m. on 27 September 2020**. 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 2020 but have not received an email reply by 12.00 p.m. on 27 September 2020, please contact the Company's Share Registrar, M & C Services Private Limited at (65) 6228-0505 or (65) 6228-0517 between 12.00 p.m. and 6.00 pm on 27 September 2020 or between 9.00 am and 10.30 am on 28 September 2020.

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 Monday, 28 September 2020**.

- (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/Script-based records), identification number (e.g. NRIC/Passport Number/FIN), shareholding type(s) (e.g. CDP/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 2020** (that is not less than 72 hours before the time fixed for holding the AGM) to [agm@lianbenggroup.com.sg](mailto: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 2020**. 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.

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# Notice of Annual General Meeting

- (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](mailto:gpc@mncsingapore.com), by **11.30 a.m. on 26 September 2020** (that is, not less than 48 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.

# Notice of Annual General Meeting

| Summary of Key Dates and Times (Deadlines/Opening Time)  | Actions  |
|--|--|
| <p><b>By Thursday, 17 September 2020, 5.00 p.m.</b></p>  | <p>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.</p>  |
| <p><b>By Friday, 25 September 2020, 11.30 a.m.</b></p>   | <p>For members:</p> <ul style="list-style-type: none"> <li>(a) who have questions relating to the business of the AGM to email their questions to <a href="mailto:agm@lianbenggroup.com.sg">agm@lianbenggroup.com.sg</a>.</li> <li>(b) submit the necessary information required for authentication via <a href="https://online.meetings.vision/lianbeng-registration">https://online.meetings.vision/lianbeng-registration</a> should they wish to access the live webcast and attend the AGM.</li> </ul>         |
| <p><b>By Saturday, 26 September 2020, 11.30 a.m.</b></p> | <p>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 <a href="mailto:gpc@mncsingapore.com">gpc@mncsingapore.com</a>.</p> <p>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 <a href="mailto:gpc@mncsingapore.com">gpc@mncsingapore.com</a>.</p> |
| <p><b>By Sunday, 27 September 2020, 12.00 p.m.</b></p>   | <p>For members who have been successfully authenticated to receive an email reply with instructions to access the live webcast of the AGM ("<b>Confirmation Email</b>"); 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 &amp; C Services Private Limited at (65) 6228-0505 or (65) 6228-0517 between 12.00 p.m. and 6.00 pm on 27 September 2020 or between 9.00 am and 10.30 am on 28 September 2020.</p>     |
| <p><b>Monday, 28 September 2020, 10.30 a.m.</b></p>      | <p>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 Monday, 28 September 2020), using the instructions received in the Confirmation Email.</p>  |

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# Notice of Annual General Meeting

## 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 2020, 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.



## LIAN BENG GROUP LTD

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199802527Z)

### ANNUAL GENERAL MEETING

## PROXY FORM

#### IMPORTANT

- The AGM is to be convened 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.
- The notice of AGM and this proxy form are published on and can be downloaded from the SGX website (<https://www.sgx.com/securities/company-announcements?value=LIAN%20BENG%20GROUP%20LTD&type=company>). Printed copies of the Notice of the AGM and this proxy form will not be mailed to members (i.e. shareholders).
- 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.
- 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.
- 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 2020.
- 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 2020.
- 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/Passportnumber/CompanyRegistrationNo.\* \_\_\_\_\_

\_\_\_\_\_ (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 Monday, 28 September 2020 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 2020                           |                       |                           |                           |
| 2.  | Re-election of Ms Ong Lay Huan as a Director of the Company  |                       |                           |                           |
| 3.  | Re-election of Mr Ko Chuan Aun as a Director of the Company  |                       |                           |                           |
| 4.  | Re-election of Dr Tan Khee Giap as a Director of the Company   |                       |                           |                           |
| 5.  | Approval of payment of additional Directors' fees of S\$27,380.95 for the financial year ended 31 May 2020                           |                       |                           |                           |
| 6.  | Approval of payment of Directors' fees of up to S\$220,000 for the financial year ending 31 May 2021 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 \_\_\_\_\_ 2020.

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

| Total Number of Shares in: | Number of Shares |
|----------------------------|------------------|
| (a) CDP Register           |                  |
| (b) Register of Members    |                  |

## 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 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 SGX website (<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 2020**.
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](mailto:gpc@mncsingapore.com); andin either case, by **11.30 a.m. on 26 September 2020** (that is, not less than 48 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](mailto: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 or 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 2020.



聯明集團有限公司  
LIAN BENG GROUP LTD

## LIAN BENG GROUP LTD

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