



LUM CHANG HOLDINGS LIMITED

ANNUAL REPORT

2021

OUR VISION

TO BE A QUALITY PROPERTY DEVELOPER AND LEADING BUILDER IN SINGAPORE AND THE REGION.

OUR MISSION

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

OUR CORE VALUES

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

INTEGRITY

Uncompromising honesty, fairness and accountability in everything we do

MARK

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

PASSION

Doing whatever it takes to deliver what we promise

RESOURCEFULNESS

Pioneering creative solutions for business and operational transformation

EXCEPTIONAL VALUE

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

SAFETY

Committing to a Zero Accident policy, upholding respect for life

SERVICE EXCELLENCE

Exceeding expectations, building trust to keep our clients returning

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HIGHLIGHTS

2020

AUGUST

- Lum Chang Building Contractors (LCBC) conferred awards at the Building and Construction Authority (BCA) of Singapore Awards 2020:
 - Construction Excellence (Commercial/Mixed Development Buildings Category) for Northpoint City
 - Construction Excellence (Industrial Buildings Category) for Kingston



Industrial Buildings at Kallang Way

NOVEMBER

- Secured a \$127.1 million contract from Mapletree Industrial Trust for the construction of two multi-user general industrial buildings at Kallang Way
- Conferred awards at the Workplace Safety and Health (WSH) Awards 2020:
 - WSH Performance (Silver) Award (LCBC)
 - Safety and Health Award Recognition for Projects (SHARP) for
 - North-South Corridor – Tunnel, Contract N110 (LCBC)
 - Tanah Merah Station, Contract T315 (LCBC)
 - Tekka Place (LCBC)
 - St James Power Station (LC Interior)

2021

JANUARY

- Completed Family Justice Courts Phases 1 and 2

FEBRUARY

- Obtained Temporary Occupation Permit (TOP) for St James Power Station

APRIL

- Secured the interior fit-out works contract for the Eurokars Group's new corporate headquarters at Kung Chong Road



Eurokars Group New Corporate Headquarters



St James Power Station

MAY

- Option for the construction of a third industrial building at Kallang Way project exercised for \$60.0 million

JUNE

- Kampung Admiralty conferred the Design of the Year award at the President's Design Award Singapore 2020

JULY

- LC Interior conferred awards at the WSH Awards 2021:
 - WSH Performance (Silver) Award
 - SHARP for St James Power Station
- Obtained TOP for Building 2 (7 North Coast) at Woodlands North Coast project

AUGUST

- Kampung Admiralty conferred the 2021 Urban Land Institute (ULI) Global Awards for Excellence
- Obtained TOP for Building 1 (1 North Coast) of Woodlands North Coast project

CORPORATE PROFILE



From its modest beginnings as a sole proprietorship in the 1940s, Lum Chang has grown to become a leading construction firm listed on the Singapore Exchange, backed by a portfolio of projects valued at over \$11.5 billion.

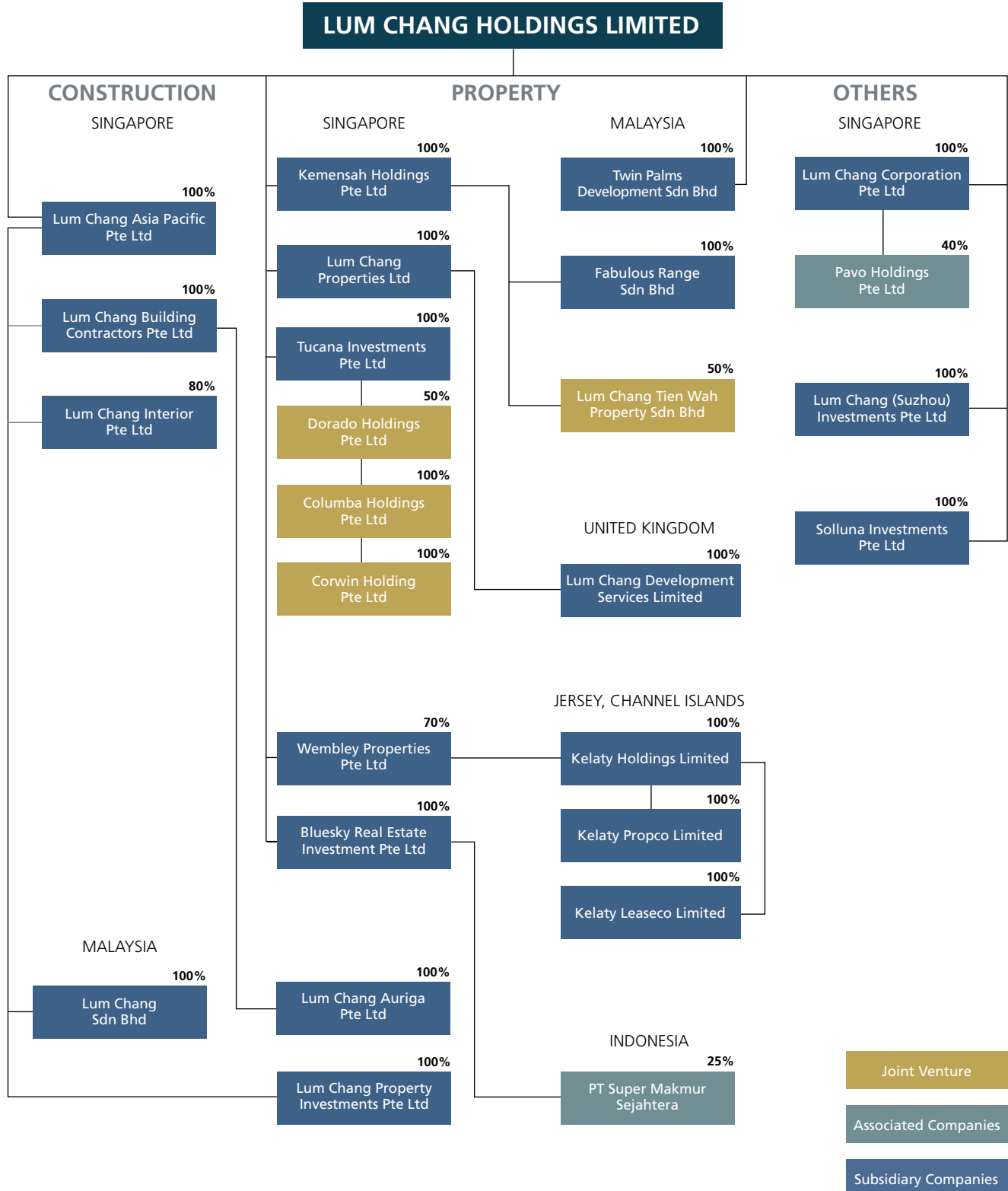
With firm foundations built upon more than eight decades in construction, the Group has evolved and expanded its businesses to include property development, investment and interior finishing works. The success of the Group is recognised through its impressive diversity of award-winning residential and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

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

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

CORPORATE STRUCTURE

As at 15 September 2021



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

BOARD OF DIRECTORS



From left to right: Mr Clement Leow Wee Kia, Mr Andrew Chua Thiam Chwee, Mr Tony Fong, Mr Raymond Lum Kwan Sung (seated, left), Mr Kelvin Lum Wen Sum, Dr Willie Lee Leng Ghee, Mr David Lum Kok Seng (seated, right), Mr Daniel Soh Chung Hian, Mr Peter Sim Swee Yam and Mdm Constance Lee Sok Koon
Not in image: Mr Kenneth Ho Siew Keong

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

He also serves as an independent director of the following listed companies, namely Singapore Land Group Limited and ST Group Food Industries Holdings Limited. He is also a director of the Singapore Heart Foundation.

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

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

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

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

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

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

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

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

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

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

Mr Leow is the CEO and Executive Director of Allied Technologies Limited. Prior to that, he served as the CEO and Executive Director of Crowe Horwath Capital Pte Ltd and has previously held various senior positions in corporate finance and banking in Singapore. He has more than 20 years of corporate finance experience, primarily in initial public offerings, mergers and acquisitions, and corporate advisory transactions.

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

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

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

MDM CONSTANCE LEE SOK KOON is a non-executive independent Director of LCH, appointed in August 2021.

She is also the lead independent Director of Japan Foods Holding Ltd, as well as an independent director at SBS Transit Ltd and NUS America Foundation, Inc. She also serves as an honorary member of the fundraising committee of Singapore Arts School Ltd.

Mdm Lee had previously held the position of Director of Operations in the Development Office of the National University of Singapore. Prior to that, she was Executive Director of Lum Chang Holdings Limited and the former L.C. Development Limited, where she oversaw the finance and corporate affairs of the two listed companies for more than 20 years.

Mdm Lee holds a Bachelor of Accountancy (Hons) from the then University of Singapore, and is a member of both the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors.

MR KENNETH HO SIEW KEONG is a non-executive independent Director of LCH, appointed in September 2021.

Mr Ho is the Managing Director of Bankside Capital Pte Ltd, managing the New Wave Vietnam Real Estate Fund.

He has more than 25 years of experience in business development and operations in overseas markets, particularly China and the emerging markets of Indochina. Starting 1996 to the present, Mr Ho has held various senior positions in DelGro Corporation Ltd, Transil Corporation Pte Ltd, UPP Holdings Ltd and the former LCD Global Investments Ltd. Prior to his current position, he served as General Manager for China and Vietnam in the SGX-listed Chip Eng Seng Group where he was responsible for the completion of a large-scale mixed-use development project in the heart of Ho Chi Minh City.

Mr Ho graduated from York University with a Bachelor of Arts (Honours) in Economics and Political Science.

PRESENT AND PAST DIRECTORSHIPS

As at 15 September 2021

RAYMOND LUM KWAN SUNG

Present Directorships

Lum Chang Holdings Limited *

Lum Chang Asia Pacific Pte Ltd

Lum Chang Auriga Pte Ltd

Lum Chang Building Contractors Pte Ltd

Lum Chang Corporation Pte Ltd

Lum Chang Properties Ltd

Lum Chang Property Investments Pte Ltd

Lum Chang (Suzhou) Investments Pte Ltd

Binjai Holdings Pte Ltd

Singapore-Suzhou Township Development Pte Ltd #

Sky Real Estate Investment Pte Ltd

UK Property Investment Pte Ltd

Lum Chang Sdn Bhd

RMDV Investments Pte Ltd

Arandeur Holdings Pte Ltd

Lum Chang Investments Pte Ltd

SG Link Pte Ltd

Past Directorships over the Preceding Five Years

Lum Chang Orion Pte Ltd

Kwong Wai Shiu Hospital & Nursing Home

DAVID LUM KOK SENG

Present Directorships

Lum Chang Holdings Limited *

Lum Chang Asia Pacific Pte Ltd

Lum Chang Auriga Pte Ltd

Lum Chang Building Contractors Pte Ltd

Lum Chang Corporation Pte Ltd

Lum Chang Properties Ltd

Lum Chang Property Investments Pte Ltd

Lum Chang (Suzhou) Investments Pte Ltd

Binjai Holdings Pte Ltd

Kemensah Holdings Pte Ltd

Singapore-Suzhou Township Development Pte Ltd

Tucana Investments Pte Ltd

Wembley Properties Pte Ltd

Lum Chang Tien Wah Property Sdn Bhd

FCL Compassvale Pte Ltd

Pavo Holdings Pte Ltd

Beverian Holdings Pte Ltd

Bevrian Pte Ltd

RMDV Investments Pte Ltd

Arandeur Holdings Pte Ltd

DML London Pte Ltd

Nanyang Girls' High School Ltd

Past Directorships over the Preceding Five Years

Lum Chang Orion Pte Ltd

Lum Chang Sdn Bhd

Fabulous Range Sdn Bhd

Uptown Viewpoint Sdn Bhd

Urban Assignment Sdn Bhd

Venus Capital Corporation Sdn Bhd

Kwong Wai Shiu Hospital & Nursing Home

Nanyang International Education (Holdings) Limited

The DL Grind Pte Limited

TONY FONG**Present Directorships**

Lum Chang Holdings Limited *
 Lum Chang Asia Pacific Pte Ltd
 Lum Chang Auriga Pte Ltd
 Lum Chang Building Contractors Pte Ltd
 Lum Chang Corporation Pte Ltd
 Lum Chang Interior Pte Ltd
 Lum Chang Properties Ltd
 Lum Chang Property Investments Pte Ltd
 Lum Chang (Suzhou) Investments Pte Ltd
 Binjai Holdings Pte Ltd
 Bluesky Real Estate Investment Pte Ltd
 Kemensah Holdings Pte Ltd
 Solluna Investments Pte Ltd
 Sky Real Estate Investment Pte Ltd
 Tucana Investments Pte Ltd
 UK Property Investment Pte Ltd
 Wembley Properties Pte Ltd
 Lum Chang Sdn Bhd
 Lum Chang Interior (M) Sdn Bhd
 Fabulous Range Sdn Bhd
 Nexus Sdn Bhd
 PJBOX Sdn Bhd
 Twin Palms Development Sdn Bhd
 Venus Capital Corporation Sdn Bhd
 Lum Chang Development Services Limited
 Kelaty Holdings Limited
 Kelaty Propco Limited
 Kelaty Leaseco Limited
 CLI CP (Netherlands) Pte Ltd
 Columba Holdings Pte Ltd
 Corwin Holding Pte Ltd
 Dorado Holdings Pte Ltd
 Dorado Retail Holdco Pte Ltd
 Dorado Retail Pte Ltd
 Xin Tekka Pte Ltd
 Lum Chang Tien Wah Property Sdn Bhd
 Daehan Rehabilitation Services Sdn Bhd
 Daehan Rehabilitation Centre Sdn Bhd
 CLI CP (Netherlands) B.V.
 FCL Admiralty Pte Ltd #
 Pavo Holdings Pte Ltd
 PT Super Makmur Sejahtera

Past Directorships over the Preceding Five Years

Lum Chang Orion Pte Ltd
 Uptown Viewpoint Sdn Bhd
 Urban Assignment Sdn Bhd
 130 WS Holdings Limited
 130 WS Investments Limited
 Pembridge Palace Holdco Limited
 Pembridge Palace Propco Limited

KELVIN LUM WEN SUM**Present Directorships**

Lum Chang Holdings Limited *
 UK Property Investment Pte Ltd
 Ellipsiz Ltd *
 Ellipsiz DSS Pte Ltd
 EIR Investments Pte Ltd
 iNETest Resources Pte Ltd
 Axis-Tec Pte Ltd
 EllipTech Solutions Pte Ltd
 iNETest Malaysia Sdn Bhd
 Ellipsiz iNETest Co Ltd
 Ellipsiz Taiwan Inc
 Beverian Holdings Pte Ltd
 Bevrian Pte Ltd
 RMDV Investments Pte Ltd
 LS Investments Pte Ltd
 Nanyang Kindergarten
 Nanyang Primary School
 Nanyang Girls' High School Ltd
 Nanyang International Education (Holdings) Limited

Past Directorships over the Preceding Five Years

CrystalTech Scientific Inc
 Ellipsiz Taiwan Second Source Inc
 Kalms (Singapore) Pte Ltd
 Kalms Investment Pte Ltd
 SV Probe Pte Ltd
 SV Technology Inc
 Tokyo Cathode Laboratory (S) Pte Ltd
 Veight Investments Pte Ltd

ADRIAN LUM WEN HONG**Present Directorships**

Lum Chang Holdings Limited *
(Alternate Director to Mr David Lum Kok Seng)
 Lum Chang Auriga Pte Ltd
 Lum Chang Interior Pte Ltd
 Lum Chang Property Investments Pte Ltd
 Bluesky Real Estate Investment Pte Ltd
 Kemensah Holdings Pte Ltd
 Solluna Investments Pte Ltd
 Sky Real Estate Investment Pte Ltd
 Tucana Investments Pte Ltd
 Wembley Properties Pte Ltd #
 Lum Chang Sdn Bhd
 Fabulous Range Sdn Bhd
 PJBOX Sdn Bhd
 Venus Capital Corporation Sdn Bhd
 Lum Chang Development Services Limited
 Kelaty Holdings Limited #
 CLI CP (Netherlands) Pte Ltd
 Columba Holdings Pte Ltd
 Corwin Holding Pte Ltd
 Dorado Holdings Pte Ltd
 Dorado Retail Holding Pte Ltd
 Dorado Retail Pte Ltd
 Xin Tekka Pte Ltd

Lum Chang Tien Wah Property Sdn Bhd #
 Lum Chang Interior (M) Sdn Bhd
 CLI CP (Netherlands) B.V.
 Pavo Holdings Pte Ltd
 Beverian Holdings Pte Ltd
 Bevrian Pte Ltd
 Ellipsiz Ltd *
 LS Investments Pte Ltd
 Kwong Wai Shiu Hospital

Past Directorships over the Preceding Five Years

Daehan Rehabilitation Services Sdn Bhd
 Daehan Rehabilitation Centre Sdn Bhd
 Ellipsiz DSS Pte Ltd
 Ellipsiz iNETest Co Ltd
 Ellipsiz Taiwan Inc.
 iNETest Resources Pte Ltd
 iNETest Malaysia Sdn Bhd
 Pembridge Palace Holdco Limited
 Pembridge Palace Propco Limited
 Uptown Viewpoint Sdn Bhd
 Urban Assignment Sdn Bhd

PETER SIM SWEE YAM

Present Directorships

Lum Chang Holdings Limited *
 Gravitas Alliance International Pte Ltd
 Sim Law Practice LLC
 Singapore Heart Foundation
 Singapore Land Group Limited *
 SKB & Associates Pte Ltd
 ST Group Food Industries Holdings Limited *

Past Directorships over the Preceding Five Years

Haw Par Corporation Limited
 Marco Polo Marine Ltd
 Mun Siong Engineering Limited
 Singapore Reinsurance Corporation Limited

DR WILLIE LEE LENG GHEE

Present Directorships

Lum Chang Holdings Limited *

DANIEL SOH CHUNG HIAN

Present Directorships

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

Past Directorships over the Preceding Five Years

Eu Yan Sang International Ltd

ANDREW CHUA THIAM CHWEE

Present Directorships

Lum Chang Holdings Limited *
 Dovechem Packaging Pte Ltd
 GKE Corporation Limited *
 KTL Global Ltd *
 Le-Kai Investment Holding Co Pte Ltd
 SME Care Pte Ltd
 SME Care Holdings Pte Ltd

CLEMENT LEOW WEE KIA

Present Directorships

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

Past Directorships over the Preceding Five Years

Crowe Horwath Capital Pte Ltd

CONSTANCE LEE SOK KOON

Present Directorships

Lum Chang Holdings Limited *
 Japan Foods Holding Ltd *
 NUS America Foundation, Inc
 SBS Transit Ltd *

Past Directorships over the Preceding Five Years

Invictus Group Pte Ltd
 National University of Singapore
 Singapore Arts School Ltd

KENNETH HO SIEW KEONG

Present Directorships

Lum Chang Holdings Limited *
 Yinjian Investment (S) Pte Ltd
 Silverlink Holdings Pte Ltd
 Transil Corporation Pte Ltd
 Beijing Yinjian Industry Co. Ltd

Past Directorships over the Preceding Five Years

CES Vietnam Holdings Pte Ltd
 CES Management (Vietnam) Pte Ltd
 CEL Technology Development (Taicang) Company

* Public-listed company

Alternate Director

SENIOR MANAGEMENT



TAN WEY PIN | Managing Director, Construction

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

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

ADRIAN LUM WEN HONG | Alternate Director to Mr David Lum Kok Seng/ Director, Property Development

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

Prior to joining Lum Chang, Mr Lum held management positions whilst working locally and abroad. Mr Lum is currently a non-independent non-executive Director of Ellipsiz Ltd and a Director of Kwong Wai Shiu Hospital. In August 2021, Mr Lum was appointed as alternate Director of the Company to Mr David Lum Kok Seng.

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



LIM THIAM HOOI | Managing Director, Interior

Mr Lim Thiam Hooi is the Managing Director of Lum Chang Interior (LC Interior). He oversees the day-to-day operations of the business and is responsible for developing and executing business strategies to achieve profitability and drive sustainable growth.

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

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



NG KEAR JIN | General Manager, Commercial, Construction

Mr Ng Kear Jin, General Manager of Commercial, joined LCBC in 2004. As Head of the Commercial Unit, he is responsible for the business development, purchasing and contracts departments. He is also directly involved in, and oversees the tendering of projects for the Company.

With more than 26 years of diversified experience in construction, Mr Ng has extensive experience in managing both building and infrastructure projects.

Mr Ng graduated with a Bachelor of Engineering (Hons) degree (Mechanical) from Nanyang Technological University, Singapore. He is also a registered Design for Safety and Green Mark Accredited Professional.



TAN JUI HOCK | General Manager, Projects, Construction

Mr Tan Jui Hock, General Manager of Projects, is responsible for leading LCBC's Civil and Infrastructure Team. Mr Tan joined the company in 2009 as Deputy Project Manager and has been involved in many key civil projects.

Mr Tan has over 23 years of experience with core competencies in infrastructure projects including design coordination, site operation and project management. He holds a Bachelor of Science (Civil Engineering) from the National Chiao Tung University, Taiwan.

FOO YOKE HENG | Director, Human Resources

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

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



CORPORATE DATA

BOARD OF DIRECTORS

Raymond Lum Kwan Sung
Executive Chairman

David Lum Kok Seng
Managing Director

Tony Fong
Executive Director

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

Adrian Lum Wen Hong
Alternate Director to Mr David Lum Kok Seng

Peter Sim Swee Yam
Lead Independent Director

Dr Willie Lee Leng Ghee
Independent Director

Daniel Soh Chung Hian
Independent Director

Andrew Chua Thiam Chwee
Independent Director

Clement Leow Wee Kia
Independent Director

Constance Lee Sok Koon
Independent Director

Kenneth Ho Siew Keong
Independent Director

REGISTERED OFFICE

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

Tel: (65) 6273 8888
Fax: (65) 6933 6688

Email: lch@lumchang.com.sg
www.lumchang.com.sg

REGISTRARS & TRANSFER OFFICE

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

COMPANY REGISTRATION NO.

198203949N

AUDIT AND RISK COMMITTEE

Daniel Soh Chung Hian
Chairman

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

NOMINATING COMMITTEE

Dr Willie Lee Leng Ghee
Chairman

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

REMUNERATION COMMITTEE

Peter Sim Swee Yam
Chairman

Dr Willie Lee Leng Ghee
Andrew Chua Thiam Chwee

COMPANY SECRETARIES

Tony Fong
Tan Eng Chan Gerald

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
Public Accountants
and Chartered Accountants
Singapore
Audit Partner
Tan Bee Nah
(effective from the financial year ended
30 June 2020)

PRINCIPAL BANKERS

CIMB Bank Berhad
Hong Leong Finance Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

NETWORK OF OPERATIONS

SINGAPORE

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

Tel: (65) 6273 8888

Fax: (65) 6933 6688

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

1 Commonwealth Lane
#06-34, One Commonwealth
Singapore 149544

Tel: (65) 6716 9200

Fax: (65) 6716 9211

- Lum Chang Interior Pte Ltd

WEST MALAYSIA

Lot 10-02 & 10-03
Level 10, Menara HLA
No. 3 Jalan Kia Peng
50450 Kuala Lumpur, Malaysia

Tel: 03 2171 2222

Fax: 03 2171 2333

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

JERSEY, CHANNEL ISLANDS

47 Esplanade, St Helier
Jersey, JE1 0BD
Channel Islands

Tel: 44 (0) 1534 835600

Fax: 44 (0) 1534 835650

- Kelaty Holdings Limited
- Kelaty Propco Limited
- Kelaty Leaseco Limited

UNITED KINGDOM

8 Sackville Street
London, W1S 3DG
United Kingdom

Tel: 44 20 7205 7100

- Lum Chang Development Services Limited

CHAIRMAN'S STATEMENT

REVIEW OF BUSINESS OPERATIONS

Following a challenging year in FY2020, and given the uncertain economic environment arising from the global pandemic, I am pleased to inform shareholders that in the financial year ended 30 June 2021, the Group was resilient and managed to turn around our financial results to achieve profitability.

Singapore's GDP showed positive growth in the first half of 2021, although the growth was due to the low base in the second quarter of 2020 when GDP contracted by 13.3%. For 2021, Singapore's GDP expanded by 1.5% in the first quarter, followed by 14.7% in the second. Likewise, the construction sector grew sharply by 106.2% on a year-on-year basis in the second quarter of 2021, compared to the similar time period last year when construction activities ground to a halt during circuit breaker measures.

While the Ministry of Trade and Industry in a media release on 11 August, upgraded Singapore's official growth forecast for 2021 to between 6% and 7% (up from the range of 4% to 6%), it anticipates that labour shortages arising from prevailing border restrictions on the entry of migrant workers, are likely to weigh on the recovery of the construction sector. Amidst the spread of more contagious strains of the coronavirus, demand for global travel is also expected to remain sluggish.

The year under review was one of reinvention and continual change. The coronavirus pandemic persisted through 2020 and the first half of 2021, and despite the rollout of the national vaccination programme, conditions continued to be challenging. The Group has had to continually adjust work schedules and adopt appropriate measures to minimise disruptions to business activities. Despite the pandemic's ramifications on the construction, property and hospitality industry, the Group posted revenue of \$325.6 million, a slight increase from last year's \$322.7 million. Profit attributable to shareholders registered at a respectable \$3.0 million given the challenging circumstances. The Group incurred a loss of \$2.1 million in the previous year.



DIVIDENDS

In spite of the challenging market in FY2021, we stay committed to sharing our earnings with our shareholders to show our appreciation for their support. The Board is proposing a final dividend of one cents per share for FY2021, subject to shareholders' approval at our upcoming Annual General Meeting (AGM) scheduled on 29 October 2021.

PROPERTY & INVESTMENT

Leasing activities for our joint venture project, Tekka Place, continued after last year's circuit breaker and occupancy of the mall is now close to 80%. Through this challenging period, we supported the tenants at Tekka Place with rental reliefs and also passed on Government pandemic reliefs.

Due to border and travel restrictions, the hospitality sector has borne the brunt of the pandemic, with international travel coming to an almost standstill. Even with the progress of vaccination programmes around the world, recovery for global travel, both business and leisure, will be slow. The operation of Tekka Place's apart'hotel, Citadines Rochor Singapore, will remain challenging. In the meantime, Citadines Rochor continues to take on Government contracts to serve as a quarantine facility.

The residential market in Singapore has remained resilient. Three more semi-detached units and one bungalow from the Group's prestigious freehold residential project, One Tree Hill Collection in Orchard Road, were taken up. To date, more than half of the landed homes in the development have been sold. Partial TOP was obtained in June 2021, with full TOP expected in the last quarter of 2021. Marketing of the remaining units continue.

In Malaysia, due to the various Movement Control Orders implemented by the local government from January to June 2021, no new phases of Twin Palms Sungai Long were launched during the financial year. Despite the restrictions, the Group was still able to sell 16 of the landed home units during the year under review, which brings the total number of units sold to date to 417 units or 94% of the 444 units launched so far.

CONSTRUCTION

After circuit breaker measures were lifted, activities at the Group's Construction sites gradually started resuming operations in the third quarter of 2020. Progress was slow as LCBC worked to comply with strict Safe Management Measures. Manpower constraints and disrupted supply of construction materials also impacted productivity. Pre-pandemic secured projects were affected by lower margins due to higher unexpected operational costs, including those related to compliance with BCA's COVID Safe-Restart Criteria. Despite that, the division still managed to report revenue of \$272.5 million, albeit a 7.6% decrease from last year's \$294.8 million.

During the year under review, the division secured a \$187.2 million contract, bringing its total order book to \$1.81 billion at the end of the financial year. The contract was awarded for the construction of three multi-user general industrial buildings at Kallang Way. LCBC also completed two out of three phases for the Family Justice Courts, and construction activities for its other projects including the Tanah Merah MRT project, North-South Corridor and the Mandai Rejuvenation project are ongoing, as we work around additional measures introduced to curb the spread of Covid-19 in the community. We have adopted new technologies in our workflow processes, including the use of drones, 4D Scheduling, Virtual Reality and Laser Scanning, and are continually exploring ways to improve productivity in our projects through digital transformation.

CHANGE IN BOARD COMPOSITION

Mr Daniel Soh and Mr Andrew Chua had advised the Board of their intention to retire as Independent Directors at the Group's upcoming AGM. On behalf of the Board, I thank them for their valued advice and contributions to the Group, Mr Soh has been an Independent Director and Chairman of the Audit and Risk Committee since 2013 and Mr Chua, an Independent Director since 2015

At the same time, the Board members and I would like to welcome Mdm Constance Lee and Mr Kenneth Ho, who joined the Board as Independent Directors in August and September 2021 respectively. Mdm Lee is a Chartered Accountant by training and previously served the Group as Executive Director from 2001 to 2010. Having spent more than two decades overseas, Mr Ho brings with him a wealth of experience in business development and operations in China and the emerging markets of Indochina. I have no doubt that their valuable expertise and insights will be of great benefit to the Group.

CONCLUSION

Given the current situation, forecasting the future is especially difficult. We expect uncertain global economic conditions to persist, depending on how the pandemic evolves, particularly with the emergence of new variants of the virus. We are bracing for another tough year in FY2022, and expect Group performance to be impacted by rising operational costs, a tough labour market and a shortage of experienced and skilled manpower.

Global economic growth is expected to resume, with anticipated improvement in construction demand for 2021 according to the BCA (between \$23 billion and \$28 billion). Although the Group remains well-positioned to leverage its solid track record to tender for new projects, it will be selective in its process.

That said, we will continue to monitor market conditions closely, and take a conservative approach towards pursuing construction projects and investment opportunities. We will continue to practise prudent balance sheet management, and managing working capital to ensure liquidity, while being mindful of operational expenditure.

Operationally, we are constantly striving to improve our work methods, and the skills and capabilities of our people. We will continue to advance the Group's digital capabilities, developing innovative technological solutions to improve our project productivity and efficiency.

Finally, I wish to put on record, my appreciation for the wise counsel and guidance provided by my fellow Directors that helped steer the Group through this challenging year. I would also like to thank our shareholders, clients, business associates, and employees for their hard work and dedication, whose commitment has been, and will continue to be, instrumental to the Group's success.

May you and your loved ones stay safe and healthy.



Raymond Lum Kwan Sung

Executive Chairman

15 September 2021

PROPERTY & INVESTMENT



CREATING LUXURIOUS LIVING SPACES

The Group has through the years, amassed an impressive and diversified portfolio of quality property developments comprising luxury homes and premium condominiums, prime commercial properties and integrated developments dotted across Singapore, Malaysia and the United Kingdom.

Drawing on our success and experience in developing quality projects to suit different business and individual requirements, its developments embody the best of luxury living with stunning green spaces, or offer efficient space planning to meet differing commercial needs.

The Group continues to market its luxury landed residential estate, One Tree Hill Collection, and sold four units during the year. The project received partial TOP in June 2021, with full TOP expected by the end of 2021. The take-up rate for the retail mall at Tekka Place, the Group's joint venture integrated development project, is now close to 80%.

In the United Kingdom, the construction of Kelaty House, serviced residences was completed.

In Malaysia, 16 units of Twin Palm Sungai Long were sold during the year, although no new phases were launched due to the various movement control orders implemented by the local government.

SINGAPORE



TEKKA PLACE

Jointly developed with LaSalle Investment Management, the integrated development comprises a retail mall and an apart'hotel.

The retail podium offers 80 retail units spread across the basement and first two floors of the main block. Occupancy at the retail mall is now close to 80%.

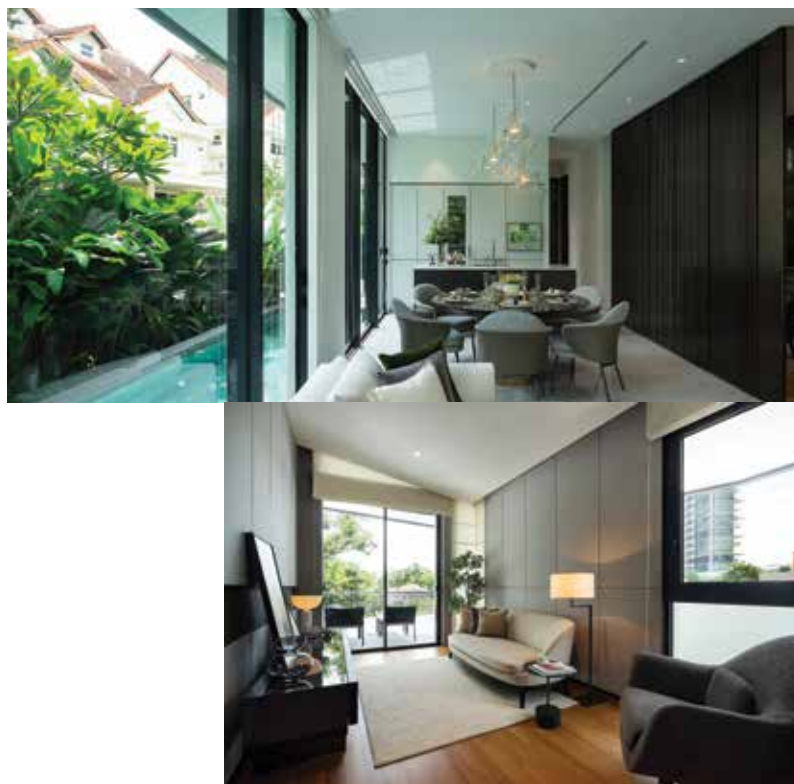
Citadines Rochor, a 320-unit apart'hotel started operations in December 2019. The apart'hotel offers studio and one-bedroom units with a full spectrum of amenities, and occupies the third to tenth floors of the main block.

ONE TREE HILL COLLECTION

One Tree Hill Collection is a prestigious residential development nestled within a private enclave of an affluent residential estate. Located at the junction of One Tree Hill and Jalan Arnap, just minutes from bustling Orchard Road, the development offers a tranquil respite from the busy city life.

Comprising 12 semi-detached and two bungalows, all homes feature posh interiors with quality finishes and fittings. Each unit offers living spaces spread over four levels, including a basement and attic, and comes with at least four en suite bedrooms, including the master suite, as well as a home lift and private lap pool.

To date, six semi-detached and two bungalow units have been sold. The project received partial TOP in June 2021, with full TOP expected by the end of 2021.



UNITED KINGDOM



KELATY HOUSE SERVICED RESIDENCES

The serviced residence at Kelaty House is part of a mixed-use development that also comprises student housing and a commercial space.

Located within the Wembley Regeneration Area, home to the iconic Wembley Stadium, the service residences will offer 300 studio apartments within an eleven-storey building. The property will be managed by The Ascott under the Citadines branding.

Construction of the development was completed in the second quarter of 2021.

MALAYSIA



TWIN PALMS SUNGAI LONG

Twin Palms Sungai Long is a luxurious modern residential estate sprawled over 126 acres of freehold land replete with lush greenery.

Located within a gated and guarded community, this exclusive development is nestled on the hillside of Bandar Sungai Long, Kajang, close to the SILK and the Lekas Highways, and the Grand Saga Cheras-Kajang and East Klang Valley Expressways.

Comprising 573 bungalows, semi-detached and superlink homes, Twin Palms offers a suite of recreational and sports facilities including an infinity pool, wading and children's

pool, gymnasium, sauna, activity hall with badminton, table tennis and basketball courts, a multipurpose hall, children's playroom, convenience kiosk, poolside cafe and BBQ place.

Out of nine phases of the development, five are currently fully sold. Although there were no new launches during the year under review, 16 units of Latania semi-detached homes and Westiara bungalows were sold. To date, the total number of units sold is 417, or 94% of the units launched.

DEVELOPMENT AT PETALING JAYA, KUALA LUMPUR

Development plans of the Petaling Jaya mixed-use project are currently on hold while we continue to monitor market conditions and explore other development options.

CONSTRUCTION



MAINTAINING BUSINESS STABILITY AND BUILDING A RESILIENT TOMORROW

Amidst a continually challenging environment due to the coronavirus pandemic, manpower crunch and disrupted supply chain, the Group's construction division continues to focus on managing disruptions and shortening delays to existing construction projects, while adhering to Safe Management Measures.

LCBC completed the first and second phases of the Family Justice Courts and are currently working on the final phase, which is expected to complete in the first quarter of 2023. Woodlands North Coast was completed during the financial year. Work for Land Transport Authority's (LTA) Tanah Merah MRT project (Contract T315), North-South Corridor (Contract N110) and the Mandai Rejuvenation Project have resumed. We will continue building on the momentum and progress towards pre-Covid levels of productivity and growth.

During the year under review, LCBC secured \$187.2 million worth of contracts from Mapletree Industrial Trust, for the construction of three multi-user general industrial buildings at Kallang Way.

On a positive note, LCBC was recognised at the WSH Awards 2020, with the Silver WSH Performance award, while three of its projects were lauded with the Safety and Health Award Recognition under the Projects category.

Despite being completed more than four years ago, Kampung Admiralty continued to garner accolades. This year, the project won the Design of the Year award at the President's Design Award Singapore 2020 and was also conferred the Global Award for Excellence given out by ULI.

LCBC also took home two Construction Excellence Awards given out by the BCA for its work on Kingston, a high specification building in Kallang, and Northpoint City. Both projects were completed in 2018.

In the current adverse operating conditions, LCBC is closely monitoring its overall cost structure while adopting new technologies in our workflow processes. As a leading building contractor in Singapore, LCBC will continue to tender for new projects selectively, aligning itself to new technologies and investing in our people.

INDUSTRIAL PROJECT AT KALLANG WAY (KINGSVILLE)

LCBC was awarded a contract for the construction of three multi-user general industrial buildings. The total contract, valued at \$187.2 million, is awarded by DBS Trustee Limited as Trustee of Mapletree Industrial Trust.

Constructed in three phases, the project is expected to be completed in the first quarter of 2023.



FAMILY JUSTICE COURTS

Located at Havelock Square, the former State Courts building which received conservation status in 2013, will house the Family Justice Courts when completed.

The project is a \$155.5 million contract comprising refurbishment works to the existing nine-storey octagonal building, including façade conservation works, overall structural strengthening works, construction of new floor slabs and the replacement of lifts.

Constructed in three phases, works for Phases 1 and 2 were completed in January 2021. Construction for the remaining Phase 3 is ongoing and expected to complete in the first quarter of 2023.

The contract includes an optional five-year comprehensive maintenance service package worth \$9.4 million if exercised.

MANDAI REJUVENATION PROJECT

The scope of works for the Mandai rejuvenation project from Mandai Park Development includes the construction of a transport hub, nature-themed indoor attractions and a resort.

The proposed overall development plans for Mandai is expected to be completed in phases. The rejuvenation project will bring together urban planning, ecology and technology expertise to build on the concept of Singapore as a city in a garden while conserving the nature heritage in Mandai.

NORTH-SOUTH CORRIDOR (CONTRACT N110)

The 21.5km North-South Corridor is Singapore's first integrated transport corridor, and will feature continuous bus lanes and at-grade cycling trunk routes to serve public bus commuters, cyclists and pedestrians, in line with the government's car-lite vision.

Currently in progress, the \$799 million contract by LTA, is for the construction of a section of the North-South Corridor tunnel.

Works under the design and construction contract include a 1.95 kilometre section of the tunnel between Ang Mo Kio Avenues 3 and 9, a facility building near Ang Mo Kio Town Garden, at-grade roads and drainage system. The contract also includes work on culverts and relevant connections, commuter facilities and pedestrian overhead bridges.

The project is expected to be completed in 2027.

In November 2020, the project was awarded the WSH Performance (SHARP) Award at the WSH Awards, organised by the Workplace Safety and Health Council (WSHC) and Ministry of Manpower (MOM).

TANAH MERAH STATION (CONTRACT T315)

The addition and alteration works for LTA's existing Tanah Merah MRT Station is progressing into its fifth year of construction and is expected to be completed in 2025.

Under the \$325.0 million contract, a new platform and concourse will be added to the station, including two new entrances linked by an underpass near the Tanah Merah Kechil Avenue intersection, along with related road and drainage works.

The scope of works also includes the extension of tracks and viaducts that will run parallel to the existing East-West Line, with links to the new East Coast Integrated Depot at Changi.

In November 2020, the project was awarded the WSH Performance (SHARP) Award at the WSH Awards, organised by the WSHC and MOM.



WOODLANDS NORTH COAST

Woodlands North Coast obtained TOP for Building 2 in July, and Building 1 in August this year.

The \$200.5 million industrial contract was awarded by JTC Corporation. Woodlands North Coast, located at the junction of Woodlands Avenues 4 and 9, consists of one nine-storey, and one other eight-storey light industrial building.



INTERIOR

INTERIOR SPACE PLANNING AND DESIGN

LC Interior is a specialist interior contracting firm providing high-end interior fit-out solutions, conservation project management, and addition and alteration services.

During the year under review, LC Interior was awarded the sub-contract for interior fit-out works at Eurokars Group's new corporate headquarters at Kung Chong Road.

In July 2021, LC Interior was recognised at the Workplace Safety and Health (WSH) Awards, with the Silver WSH Performance award, while St James Power Station was lauded with the Safety and Health Award Recognition for Projects for the second consecutive year.

EUROKARS GROUP NEW CORPORATE HEADQUARTERS

The interior fit-out works for Eurokars Group's new corporate headquarters includes lift lobby A from basement three to level eight, general office at levels six and seven, and the penthouse at level eight, including optional works to restrooms at levels one and two.

The project is expected to complete in 2022.



ST JAMES POWER STATION

St James Power Station is a national monument gazetted in 2009.

The national monument was retrofitted for conversion into a commercial office. The addition and alteration works for St James Power Station involves conservation works, introduction of new floor slabs, new passenger and service lifts, replacement of surface parking lots with landscaping, new linkways, new basement carpark and roofing works.

The project was completed in the first quarter of 2021.

For two consecutive years, the project was awarded the WSH Performance (SHARP) Award at the WSH Awards, organised by the WSHC and MOM.

BEDOK SOUTH STATION (CONTRACT T311)

LC Interior was awarded a sub-contract for architectural works at Bedok South Station and tunnels for the Thomson East Coast Line (TEL).

The Bedok South Station architectural works sub-contract consists of two underground levels and is designed as a Civil Defence Shelter Station. The station at-grade structure consists of entrances, lift and vent shafts, escape stairs, and commuter facilities such as covered linkways, which connect the station entrance structures to pick-up points, taxi and bus shelters.

The project is expected to complete in 2024.



TANAH MERAH STATION (CONTRACT T315)

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

The project is expected to complete in 2024.



REPORTING PRACTICE

This sustainability report is produced in accordance to the GRI standards “Core” option covering our Group’s performance from 1 July 2020 to 30 June 2021. The report covers the Group’s business segments of Property Development, Construction, Investment Property and Interior Contracting for all geographical locations that we operate in.

The GRI standards were selected as it represents the global best practices for reporting on economic, environmental and social topics. The following principles have been applied to determine relevant topics that define the report content and ensure quality of information: (a) GRI principles for defining report content: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness; (b) GRI principles for defining report quality: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness. The report also incorporates the primary components of report content as set out by the SGX’s “Comply or Explain” requirements on sustainability reporting under Listing Rule 711B. We also considered the recommendations of an external ESG consultant for the selection of material topics. To improve comparability, the material topics have been benchmarked against selected industry peers groups.

Although the sustainability report has not been externally assured, internal controls and reviews are present to ensure the accuracy and completeness of disclosures in the report. The option for external assurance of the sustainability report shall be reviewed annually. Lum Chang’s material topics are identified based on their impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement and Materiality Assessment section.

Applicable Segments					
Material Topics	Property Development	Construction	Investment Property	LC Interior	Group-Level

ECONOMIC					
Indirect Economic Impacts		•		•	
Anti-corruption					•

ENVIRONMENTAL					
Materials		•			
Energy	•	•	•		•
Emission	•	•	•		•
Water and Effluents	•	•	•		•
Waste	•	•	•		•
Environmental Compliance	•	•	•		•
Supplier Environment Assessment	•	•	•		•

SOCIAL					
Employment					•
Occupational Health and Safety		•		•	
Training and Education					•
Diversity and Equal Opportunity					•
Local Community					•
Supplier Social Assessment	•	•	•		•
Customer Health and Safety	•		•	•	
Customer Privacy					•
Socioeconomic Compliance					•

LUM CHANG'S SUSTAINABILITY STORY

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

This report, in conjunction with the Corporate Governance Report (pages 54 to 83), provides details to the Group's material Environmental, Social and Governance (ESG) topics in its sustainability journey.

OUR ESG FOCUS AND STRATEGY

As a responsible property developer, we aim to design sustainable buildings by incorporating sustainable features and materials into the planning and design of buildings. As a forward looking property investment company, we have set short- and medium-term objectives that entail taking steps to improve the energy consumption intensity of significant investment properties. In the long-term, we strive to ensure that all significant investment properties maintain their Green Mark certifications as a testament to their building quality.

The Group, along with all key suppliers and sub-contractors are expected to comply strictly with all environmental protection-related legal requirements imposed by local regulatory authorities. This commitment extends beyond compliance; energy and water conservation practices will be enhanced, along with minimising wastage and reducing construction waste.

In FY2021, the COVID-19 pandemic has continued to impact the built environment (BE) industry as construction projects have been delayed due to instances of infection among construction workers. During these unsettling times, we stay committed to prioritising the safety of our employees and workers. Strict safety protocols have been implemented in compliance with government regulations and all staff and workers have been educated on the safety measures.

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

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

Please refer to the respective focus areas for detailed sustainability targets of our business segments.

ESG PERFORMANCE HIGHLIGHTS



AWARDS AND ACCREDITATIONS

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

- **WSH Performance (Silver), 2021**
- **WSH Performance (SHARP), 2021**
St James Power Station
- **President's Design Award Singapore 2020, Design of the Year Award**
Kampung Admiralty
- **2021 Urban Land Institute (ULI) Global Awards for Excellence**
Kampung Admiralty
- **WSH Performance (Silver), 2020**
- **WSH Performance (SHARP), 2020**
N110
T315
Tekka Place
St James Power Station
- **RoSPA Health & Safety Awards - Gold, 2020**
- **BCA Construction Excellence Award, Industrial Buildings Category, 2020**
Kingston
- **BCA Construction Excellence Award, Commercial/Mixed Development Buildings Category, 2020**
Northpoint City
- **BCA Green & Gracious Builder Star Champion Award, 2020**
- **BCA Green Mark Platinum Award, 2020**
Woodlands North Coast (7 North Coast)
PSA Liveable City
St James Power Station
- **BCA Green Mark Gold Plus Award, 2020**
Tekka Place
- **JTC Construction Safety Performance Award, 2020**
Woodlands North Coast (1 North Coast)

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

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

Contribution to the SDG Goals

The Group's business focus is aligned with the United Nations Sustainable Development Goals (UN SDGs). The attainment of the UN SDGs is a continuing global effort and forms part of the Group's long-term focus on sustainability. The Group's contributions to the relevant goals are highlighted below.

UN SDG	The Group's Contribution	Read more in the following section(s)
 4. Quality Education	Provide training, career appraisal and development opportunities for all our employees	Focus 5: Our People
 6. Clean Water and Sanitation	Maintain water efficiency and monitor water usage in construction projects	Focus 2: Our Environment
 8. Decent Work and Economic Growth	Provide work opportunities and a conducive working environment to the community	Focus 4: Workplace Health and Safety
 9. Industry, Innovation and Infrastructure	Improve the efficiency of materials usage and increase the sourcing of building materials from sustainable sources	Focus 3: Quality and Innovation
 11. Sustainable Cities and Communities	Leverage technological developments to improve the efficiency of building functionality	Focus 3: Quality and Innovation
 12. Responsible Consumption and Production	Ensure that waste and effluents are managed in an environmentally sound manner. Engage in waste reduction, reuse and recycling whenever possible	Focus 2: Our Environment
 13. Climate Action	Monitor emissions and continually seek ways to reduce it	Focus 2: Our Environment
 16. Peace, Justice and Strong Institutions	Comply fully with all socioeconomic and environmental laws and regulations	Focus 1: Governance and Ethics

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

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

In identifying the concerns of the various stakeholder groups, we have considered the following matters:

1. Whether the issues would be main topics and future challenges to the sector.
2. Key organisational values, policies, operational management systems, goals and targets.

Employees and Workers	Engagement Platforms	<ul style="list-style-type: none"> • Regular safety briefings and meetings to discuss safety measures against COVID-19 • Trainings including safety trainings and inspections • Open annual performance appraisal system
	Issues of Concern	<ul style="list-style-type: none"> • Workplace health and safety, in particular transmission of COVID-19 among employees and workers • Remuneration and benefits • Training and development
	Our Response	<ul style="list-style-type: none"> • Implement comprehensive health and safety policies and practices • Monitor the COVID-19 situation and remain agile in complying with safety rules and regulations • Provide training and career development opportunities • Provide meaningful performance appraisals and fair remuneration
	Relevant Sections	<ul style="list-style-type: none"> • Focus 4: Workplace Health and Safety • Focus 5: Our People
Suppliers and Subcontractors	Engagement Platforms	<ul style="list-style-type: none"> • Regular and ongoing assessment of contractors and suppliers
	Issues of Concern	<ul style="list-style-type: none"> • Health and safety • Environmental compliance • Labour laws
	Our Response	<ul style="list-style-type: none"> • Continuous engagement and ongoing assessment of performance of contractors
	Relevant Sections	<ul style="list-style-type: none"> • Focus 1: Governance and Ethics • Focus 4: Workplace Health and Safety
Customers	Engagement Platforms	<ul style="list-style-type: none"> • Ongoing dialogues and engagement
	Issues of Concern	<ul style="list-style-type: none"> • Product and service quality • Data privacy
	Our Response	<ul style="list-style-type: none"> • Implement quality standards and ongoing dialogue with customers • Implement robust data management policies and cyber resilience
	Relevant Sections	<ul style="list-style-type: none"> • Focus 1: Governance and Ethics • Focus 3: Quality and Innovation

Governments and Regulators	Engagement Platforms	<ul style="list-style-type: none"> • Regulatory filings • Annual Reports • Site inspections • SGX announcements • Sustainability Reports • Ongoing dialogues
	Issues of Concern	<ul style="list-style-type: none"> • Compliance with laws and regulations
	Our Response	<ul style="list-style-type: none"> • Implement robust policies and procedures
	Relevant Sections	<ul style="list-style-type: none"> • Focus 1: Governance and Ethics • Focus 2: Our Environment • Focus 4: Workplace Health and Safety • Focus 5: Our People
Community	Engagement Platforms	<ul style="list-style-type: none"> • Community engagement activities
	Issues of Concern	<ul style="list-style-type: none"> • Social development • Noise management • Vector controls
	Our Response	<ul style="list-style-type: none"> • Evaluate and mitigate any negative impacts of business operations on the surrounding community • Identify community needs and evaluate the available support from the Group
	Relevant Sections	<ul style="list-style-type: none"> • Focus 2: Our Environment • Focus 6: Social Responsibility
Shareholders and Investors	Engagement Platforms	<ul style="list-style-type: none"> • Annual General Meeting • Financial results, company announcements and Annual Reports • Investor relations management
	Issues of Concern	<ul style="list-style-type: none"> • Economic performance • Compliance with laws and regulations • Corporate Governance and Ethics
	Our Response	<ul style="list-style-type: none"> • Publish informative and insightful Annual Reports, Sustainability Reports and announcements • Engage shareholders through investor relations events
	Relevant Sections	<ul style="list-style-type: none"> • Focus 1: Governance and Ethics • Focus 2: Our Environment • Focus 3: Quality and Innovation • Focus 4: Workplace Health and Safety • Focus 5: Our People • Focus 6: Social Responsibility

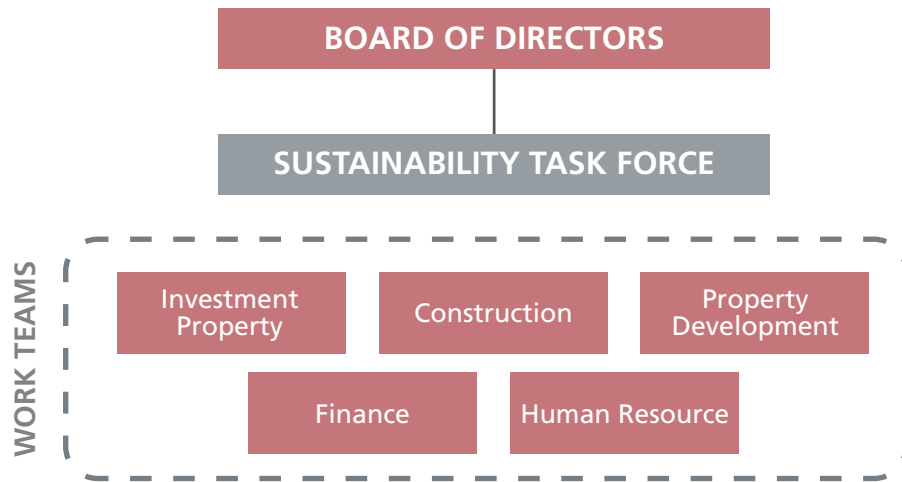
FOCUS 1: GOVERNANCE AND ETHICS

Corporate Governance

We adhere to the “comply or explain” regime of the Singapore Code of Corporate Governance. Refer to the Corporate Governance section of the Annual Report. We comply with the Listing Rules as prescribed by Singapore Exchange-Securities Trading (SGX-ST).

Sustainability Governance and Statement of the Board

The Sustainability Task Force (STF) which comprises key management personnel and representatives from different business units was established to drive Lum Chang’s sustainability efforts.



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

The Board incorporates sustainability issues into the strategic formulation of the Group. The STF determines the material environmental, social and economic factors. The Board approves the material environmental, social and economic factors identified and ensures that the factors identified are well-managed and monitored. The Board of Directors acknowledges its responsibility for ensuring the integrity of the ESG report. To the best of its knowledge, this report addresses all relevant material issues and fairly presents the ESG performance of the organisation and its impacts.

Risk Management

The Group adopts a precautionary approach in strategic decision and day-to-day operations by implementing a comprehensive risk management framework. We have integrated the process for identifying, assessing and managing material ESG related risks into our organisation’s overall risk management framework.

Ethics and Integrity

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

Customer Privacy and Data*GRI 418-1*

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

There were no reported breaches in FY2021. Lum Chang continues to improve our processes in place to ensure greater data privacy to maintain the confidence of our customers.

Anti-corruption*GRI 205-1, 205-2, 205-3*

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

There were zero incidents of corruption and public legal cases brought against the organisation or its employees in FY2021. We remain vigilant in ensuring that our employees conduct themselves with the highest integrity.

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

FOCUS 2: OUR ENVIRONMENT

At Lum Chang, we are conscious of the environmental impacts arising from our business activities and have implemented an overall framework of eco-friendly practices to minimise energy, water and waste consumption. The initiatives implemented by the Group strive to promote resource efficiency and reduce materials usage, leading to lower operating costs.

The Group is well positioned to capture opportunities in sustainable buildings and projects. Our environmental strategy is aligned with the Singapore Green Plan 2030, which will see an increase demand for sustainable construction practices and green projects.

Environmental Measures

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

PROPERTY DEVELOPMENT

Sustainable Design

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

Various sustainable features are incorporated into the planning and designing of our buildings. These features reduce the environmental footprint of the building and improve the wellbeing of building inhabitants.

Key features of our properties include:

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


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

Targets and Performance

The targets below highlight the ongoing focus of our property development segment to incorporate sustainability and build it into a competitive advantage. We have achieved our business objective and stakeholder expectation of being accountable to the environment.

FY2021 Target	Status	Performance Update
Design to achieve Green Mark (or equivalent) award for new significant projects	N.A.	There were no new significant projects in FY2021
Use water efficient fittings approved by local certification authorities	✓ Met	Used approved water efficient fittings for all three significant projects
Adopt green building strategies and technologies at the construction phase of the development of new and ongoing significant projects	✓ Met	Adopted green building strategies and technologies at the construction phase of one existing project under construction

Targets for FY2022

 Perpetual Target	Design to achieve Green Mark (or equivalent) award for new significant projects
Use water efficient fittings approved by local certification authorities	
Adopt green building strategies and technologies at the construction phase of the development of new and ongoing significant projects	

CONSTRUCTION

Energy, Water and Waste Management

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

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

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

There is no reportable data for energy and water consumption as well as waste generation as there were no construction projects completed in FY2021. In FY2020, we had met our environmental targets for the completed construction project PSA Liveable City. We strive for continual excellence and are working towards meeting our targets for ongoing projects in FY2022.

Noise and Vector Management

GRI 413-2

Lum Chang implements its noise management programme and vector control measures to minimise noise levels and prevent pest breeding at construction sites. We continuously engage with members of the public residing in the vicinity, to seek their understanding on the ongoing works. The Group has implemented comprehensive measures to dampen the impact of noise on the surrounding community. Noise management measures include the use of portable and non-portable noise meters for continuous monitoring of noise levels, noise barriers and exploring alternative construction methods to reduce sources of noise. Routine checks are conducted to detect and remove breeding of vectors. Pest control companies are engaged to carry out regular insecticide spraying.

Supplier Environmental Management

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

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

In FY2021, 100% of new suppliers were screened based on environmental criteria such as Green Mark. Suppliers are assessed based on their product range, such as their use of low volatile organic compound paints and Persistent Bio-Toxic free lighting. Only selected supplier products with green certification are considered unless otherwise stated in project tender documents.

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

We vigilantly assess the green features and certification of our supplier products. Third party testing will be conducted by a certified testing company, if the certifications are not issued by a recognised certification body. We will procure from alternative sources if the supplier is found to have negative impacts on the environment in the supply chain. Such suppliers shall be blacklisted from tendering for our future jobs.

In FY2021, there were zero incidents of negative environmental impact in our supply chain.

Environmental Compliance

GRI 307-1

We regularly review our internal processes to ensure that there is mindful planning, communication and effective implementation of mitigating measures against environmental non-compliance, noise and mosquito breeding in our projects to prevent such occurrences. There were no incidents of environmental non-compliance in FY2021.

Targets and Performance

The targets below form part of the Group's aim to ensure strict compliance with regulatory rules and regulations for construction projects and along the supply chain.

FY2021 Target	Status	Performance Update
Zero incident of environmental non-compliance	✓ Met	There were no incidents of environmental non-compliance
Zero incident of non-compliance with environmental and labour laws among suppliers	✓ Met	Achieved zero incidents of non-compliance with environmental and labour laws among suppliers
Targets for FY2022		
Zero incident of environmental non-compliance		
Zero incident of non-compliance with environmental and labour laws among suppliers		
To achieve a Construction Quality Assessment System (CONQUAS) score of 95 points and above for private housing, public housing and non-housing projects.		

INVESTMENT PROPERTY

Energy, Water and Waste Management

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

In Lum Chang Building, our energy conservation initiatives include energy-efficient equipment for thermal control and lighting in the building. Our tenants and staff are regularly engaged on Energy-saving practices through training materials and email correspondences. Water fittings with good water efficiency rating from Public Utilities Board (PUB) Water Efficiency Labelling Scheme are used to reduce water wastage. Rainwater is also harvested to provide irrigation to the landscape areas in the building. Great care is taken to ensure that waste materials are disposed in an environmentally friendly manner at our investment properties.

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

Environmental Efforts

The Group practices prudent property management while incorporating sustainability considerations. Conscious efforts are made to minimise energy and water consumption as well as waste production. Our tenants and staff are educated on eco-friendly practices through frequent engagements and communication to ensure that our investment properties are managed in a sustainable manner and comply strictly with local environmental laws and regulations.

FY2021 Target		Status
To maintain Green Mark or equivalent for the Group's significant investment properties		✓ Met
Targets for FY2022		
 Perpetual Target	To maintain Green Mark or equivalent for the Group's significant investment properties	

LC INTERIOR

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

Sustainable Installations

GRI 302-5, 305-5

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

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

Environmental Targets

The Group recognises that incorporating sustainable materials and practices can enhance project quality and safety.

FY2021 Target	Status	Performance Update
Incorporate environmentally sustainable innovations and use green materials in our projects where possible	✓ Met	Incorporated environmentally sustainable innovations and used green materials in four significant projects
Educate our workers on safety practices to ensure full compliance with laws and regulations	✓ Met	Held regular trainings to promote and remind workers about safety practices to ensure full compliance with laws and regulations

Targets for FY2022

Incorporate environmentally sustainable innovations and use green materials in our projects where possible
Educate our workers on safety practices to ensure full compliance with laws and regulations

FOCUS 3: QUALITY AND INNOVATION

As Singapore makes its transition into a Smart Nation supported by a digital economy, digital government and digital society, digital technologies such as big data analytics, artificial intelligence (AI), Internet of Things (IoT) and robots will play a pivotal role in our nation’s economy. Digitalisation will be pervasive and change traditional processes that were designed around the first industrial revolution.

The Group has been a front-runner in adopting digital tools and cutting-edge software in a bid to transform our operations and capture opportunities in digitalisation and Singapore’s transition into a smart nation. We believe that buildings today will change with technology and our adaptability to change will determine our success and ability to stay ahead.

CONSTRUCTION

GRI 203-2

Beginning from 2019, rebar modelling has been implemented as a standard practice for all Lum Chang projects. It improves the productivity of the whole value chain from rebar modelling to procurement to payment and improves the accuracy of ordering and records regarding the weight of the rebar by using a direct information import process instead of relying on manual data entry. The process extracts the Bar Bending Schedule (BBS) from the models for direct procurement and fabrication and payment, leading to significant overall productivity gains and material cost savings. Quantitatively, the integration of rebar modelling has yielded the following improvements in our operations:

- Achieved 33% overall improvement to productivity in rebar modelling process
- Achieved significant cost savings between 0.7% - 1.2% for steel rebar



Automated Rebar Procurement Process

The Group has been diligent in improving and automating our rebar modelling process by using customised templates and add-in software. With the help of customised modelling software, rebar lengths exported from models are automatically included in the ordering form. Other benefits include achieving bar bending parameters with respect to shape, better visualisation of rebar congestion, connections and constructability so as to reduce wastage from over-conservative ordering and lack of visual coordination. The occurrence of errors are minimised as minimum and maximum configuration checks are performed to mitigate incorrect use of rebar shape and bending length errors before any data export, reducing the man hours needed to identify the problems before shape code parameters are being processed in the Enterprise Resource Planning (ERP) system.

Embracing the digital revolution, Lum Chang has developed its technical capability and integrated a full suite of digital delivery processes in all of our projects. We utilise Virtual Reality (VR) technology in digital designs to provide immersive experiences for our clients. Projects have incorporated 5D BIM to automate the progress payment process and improve payment performance. This was achieved by utilising the 3D model function in the costX BIM software, where the Quantity Surveyor and Client can visually verify and evaluate the works for Progress Payment and retrieve any required data from the 3D Model instantaneously as opposed to verifying hardcopy prints in a traditional progress payment submission. Using Model Maps in the costX software, the 3D quantities from the model will be automatically transferred to the Bill of Quantities for payment.

As a forward-looking contractor, the Group is a first-mover in using Integrated Digital Delivery (IDD) which has become a game changer in the BE industry. Through our use of digital technology to integrate work processes, we successfully connect the BE professionals working on the same project. The adoption of a Digital Delivery Management System (DMS) – Aespada DMS is a cloud-based Delivery Management System that will help manage and monitor all deliveries to our construction sites with a time slot management system and delivery scheduling. This ensures no clashes of delivery to site and spaced out delivery to prevent congestion to our project site, thereby maintaining positive public engagement. Another digital process that we implemented is digital fabrication, which is a design and production process that combines 3D modelling and computing-aided design with manufacturing. Case in point, a highly detailed 3D model is built and sent to the factory for Computer Numerical Control machining or Laser Cutting. This process was adopted in the construction of the entrance canopy at the Northpoint City project and in the structural steel members at the PSA Headquarter project.

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

In order to constantly improve and keep up with the dynamic BE industry, we regularly analyse data collected from project sites to help us make more informed decisions, increase productivity, improve site safety and reduce risk. It is with this in mind that we endeavour to transform our organisation and our projects through digital technologies. The huge volume of data collected from daily activities on project sites are stored in a Common Data Environment and analysed for all projects.

In keeping with our continuous effort to improve productivity, our construction project consultants drive innovation and adopt new technologies in their projects. All current and future projects will continue to adopt prefabrication and modularisation in the mechanical, electrical and plumbing (MEP) system. Horizontal and vertical riser modules will also be used to increase efficiency on site. We are also in the midst of installing modular MEP plant rooms in the Woodlands North Coast project to achieve easy installation of MEP services and equipment on site and significantly improve productivity.

LC INTERIOR

GRI 416-1, 416-2

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

INNOVATION TARGETS AND PERFORMANCE

Innovation and quality are perpetual targets for the Group. This has been shown through our continual drive to explore digital trends and adopt new technologies.

FY2021 Target	Status	Performance Update
To continually explore new technologies for implementation in construction projects	✓ Met	Implemented the Aespada DMS to improve the efficiency of materials delivery to project sites
To continually increase efficiency, improve execution quality and enhance project control by harnessing technology and digitalisation	✓ Met	Enhanced the Rebar Shopdrawing & BBS Process by utilising digital tools and streamlining the process and information flow from rebar drawing to fabrication

Targets for FY2022	
 Perpetual Target	To continually explore new technologies for implementation in construction projects
	To continually increase efficiency, improve execution quality and enhance project control by harnessing technology and digitalisation

FOCUS 4: WORKPLACE HEALTH AND SAFETY

Lum Chang is committed to provide a safe and healthy workplace for all our employees. Great importance is placed on the safety of all employees and workers as they are the key drivers of project quality and are crucial to the Group’s talent and continued success. From our engagement with stakeholders, workplace health and safety ranked highly in their concerns. As such, we have implemented comprehensive safety policies and practices and remain constantly vigilant of any hazards that pose safety risks to our workers and employees. Workplace health and safety rests upon all parties in the Group and we aim to build an incident free workplace driven by a culture of safety in our organisation.

Lum Chang Safety Culture

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

SAFETY AGAINST COVID-19

GRI 403-1, 403-2, 403-4, 403-6, 403-8, 403-10

In FY2021, the COVID-19 outbreak resulted in a global pandemic which had an unprecedented impact worldwide. To contain the outbreak, the Singapore Government implemented measures including a circuit breaker, safe distancing and movement restrictions. During these unsettling times, we stay committed to prioritising the safety of our employees and workers.

A Safe Management Task Force to implement Safe Management Measures (SMM) at the Headquarter office was set up to provide a safe working environment for our staff and workers. All employees are briefed on the SMM and are required to ensure strict enforcement. The SMM include placing SafeEntry visitor management and temperature screening face recognition systems for employees and visitors. We also implemented the use of visual indicators and physical demarcations at work stations, meeting rooms and common areas to ensure safety distancing and minimal physical interactions. We increased the frequency of cleaning and disinfection of our premises, especially areas with high contact points. All personnel in the premises are required to undergo temperature screening twice a day and check for respiratory symptoms. In addition, a clear physical spacing of at least one metre must be kept between all persons at all times. In line with Government measures, the Group also implemented alternative work arrangements and teleconferencing to minimise physical contact.

All site projects have an Emergency Response Team for COVID-19, led by a Safe Management Officer (SMO). With the gradual lifting of restrictions, duties of the Safe Management Task Force include ensuring temperature checks and overseeing duties of the Safe Distancing Officers and the Emergency Response Team. To ensure the safety and welfare of our foreign workers, we keep abreast of the COVID-19 safety laws and regulations and implement any new measures as soon as possible to ensure that the living situation of our foreign workers is in strict compliance with local COVID-19 laws and regulations. All workers must undergo COVID-19 Safety briefings on site, download and activate the TraceTogether application. In addition, only healthy workers are allowed on site. These measures minimise the risk of transmission among the workers and surrounding community. We aim to comply not just with the letter of the rules, but their spirit in keeping our staff and workers safe in our care.

We have evacuation procedures in place to facilitate workers' access to medical and healthcare services. In accordance with our SMM, we provide transport to unwell workers who are staying in our dormitory for medical treatment. For any suspected COVID-19 case, the SMO shall convey unwell employees to the nearest clinic as soon as possible. In addition, incapacitated or unconscious individuals will be vacated immediately and the immediate section of the workplace premises will be cordoned off. The Singapore Civil Defence Force (SCDF) emergency ambulance service will be called to send the individuals to the nearest hospital for immediate treatment.

As at 30 June 2021, we had 453 employees under our care. In FY2021, there were no incidents of COVID-19 transmission among foreign workers and no incidents of COVID-19 transmission among staff. There were zero man days lost as a result of COVID-19.

In addition, there was no reported incident of non-compliance with local COVID-19 laws and regulations regarding the living conditions of our foreign workers.

CONSTRUCTION

GRI 403-1, 403-2, 403-4, 403-5, 403-6, 403-7, 403-9

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

On top of regular health and safety briefings and audits, various safety programmes and activities are organised to raise awareness of health and safety practices. All our staff are trained in accordance to their job requirements and are educated on safety awareness before being placed on a job. Staff are recognised and rewarded for showcasing exemplary safety performance and providing valuable contributions towards cultivating workplace safety.

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

We regret to report that there were three reportable incidents; two of which were work-related fatalities at our worksites, leading to a workplace fatal injury rate¹ of approximately 7.3 per 100,000 workers. LCBC was issued stop work orders due to MOM's investigations. The fatalities occurred despite the swift response of our first-aid team. All affected workers and employees were offered counselling and guidance.

LC INTERIOR

GRI 403-9

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

SIGNIFICANT NON-COMPLIANCE

GRI 419-1

There were no instances of significant fines or non-monetary sanctions due to non-compliance in FY2021.

¹ Workplace Fatal Injury Rate = $\frac{\text{No. of Fatal Workplace Accidents}}{\text{No. of Workers}} \times 100,000$

SAFETY TARGETS AND PERFORMANCE

Workplace health and safety is prioritised by the Group, with an additional focus on minimising the impact of COVID-19 on our employees. We work constantly to reduce incident rates by perform inspections and implementing corrective measures should incidents occur.

FY2021 Target	Status	Performance Update
Zero occupational health and safety incidents	● Not Met	There were two fatal workplace safety incidents.
Zero lost man days	● Not Met	The degree of interruption to operations is indicated by stop work days. There were 45 stop work days due to workplace health and safety incidents.
Zero non-compliance with COVID-19 safety measures	✓ Met	Achieved zero incidents of non-compliance with COVID-19 safety rules and regulations

Targets for FY2022

To achieve an Accident Frequency Rate ¹ of not more than 0.48 and Accident Severity Rate ² of not more than 9.5 . The targets were determined based on benchmarking against the expected safety performance of the industry.
Zero stop work days
Zero non-compliance with COVID-19 safety measures

FOCUS 5: OUR PEOPLE

Our employees are our greatest assets for the success and long-term sustainability of our business, and it is important to improve the capabilities and talent within the Group. An empowering and nurturing workplace environment, mutual respect for all our staff and workers are Lum Chang's commitments to our people. Our employees and workers have placed training and development as well as fair remuneration and benefits as key concerns. Hence, we are committed to investing in our people and retain a diverse and robust talent pool by supporting the long-term growth and development of all our employees.

EMPLOYEE DIVERSITY

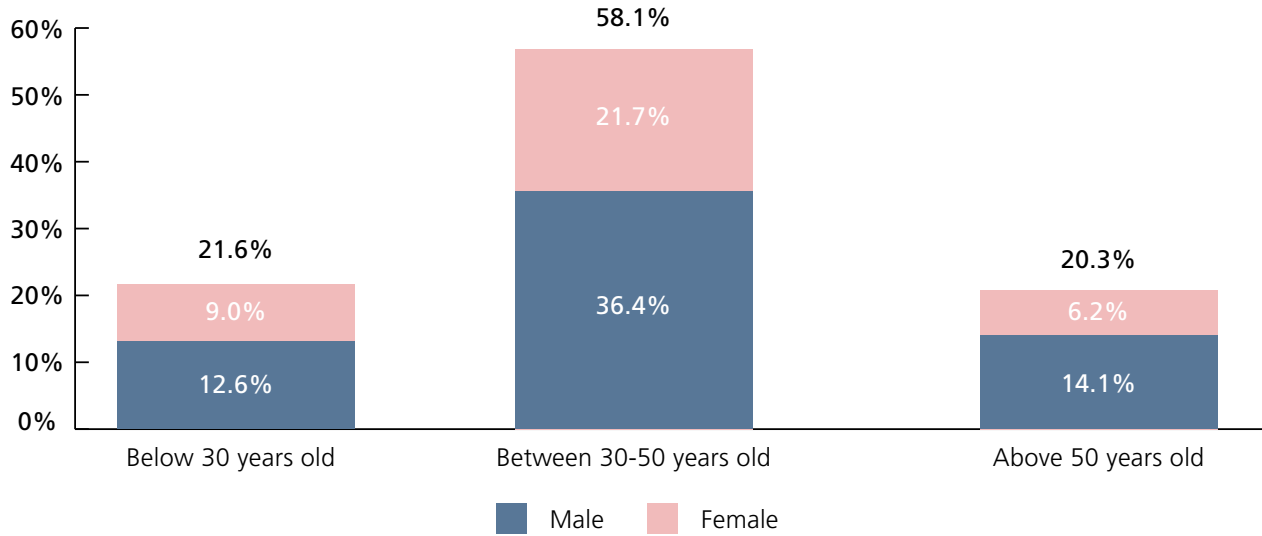
GRI 405-1, GRI 401-1

We are a fair and non-discriminatory employer with a diverse work force. We continuously forge a culture of trust and respect between the various groups of people, irrespective of gender, nationality, race or religion.

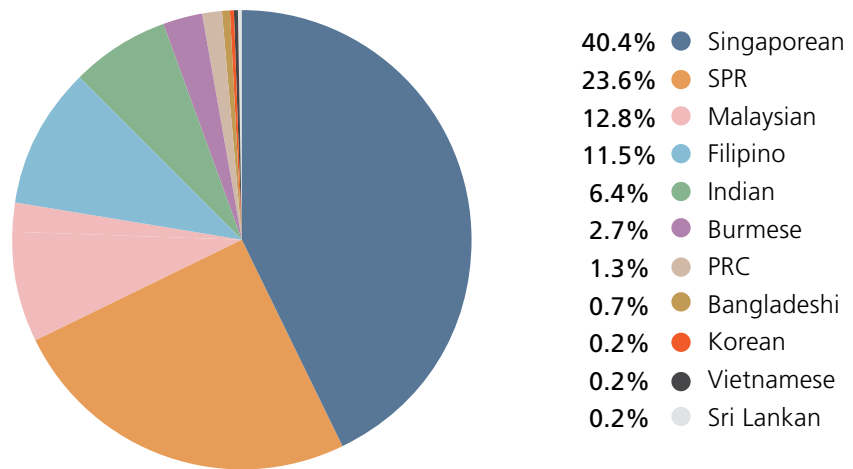
$$^1 \text{ Accident Frequency Rate} = \frac{\text{No. of Workplace Accidents Reported}}{\text{No. of Man-hours Worked}} \times 1,000,000$$

$$^2 \text{ Accident Severity Rate} = \frac{\text{No. of Man Days Lost To Workplace Accidents}}{\text{No. of Man-hours Worked}} \times 1,000,000$$

Our Workforce



Employees by Nationality



EMPLOYEE WELFARE

GRI 401-2, 401-3

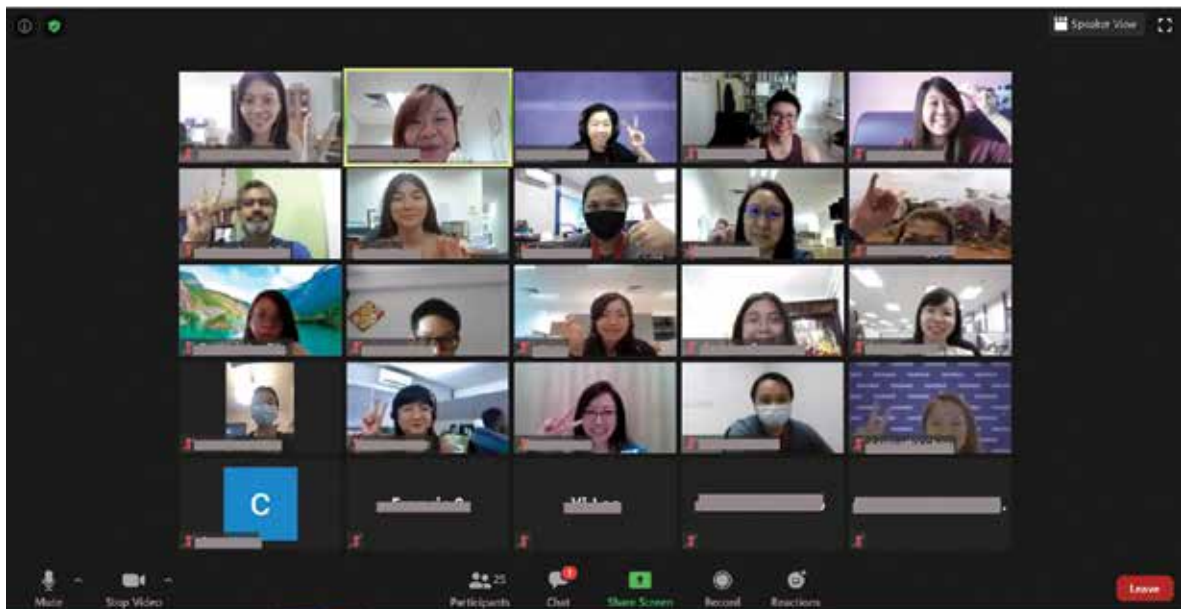
All employees of Lum Chang enjoy a variety of benefits and activities to promote work-life harmony.

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

In FY2021, 53 employees took parental leave. We believe that our staff's well-being is of utmost importance. To facilitate camaraderie amongst our employees and promote work-life integration, the Group organised year-round events revolving around team building, recreation, social and health.

Before the pandemic, fun-filled activities including bowling tournaments, annual dinner and dance, and donation drives were frequently held. We had also organised various activities for both staff and their families such as day-trip excursions, movie screening, handicraft and baking classes.

As Singapore tightened COVID-19 measures in FY2021, social and recreational gatherings within or outside the workplace were not allowed. Although the regulations have proven effective in reducing the spread of COVID-19, the lack of workplace and social interactions could take a mental toll on the staff. During the year, a workshop conducted by a Health Promotion Board certified trainer, was organised for our staff to understand the concept of mental wellbeing, improve the methods of strengthening stress-coping skills and the ability to thrive under pressure.



Mental Wellbeing Workshop

SUPPLIER SOCIAL MANAGEMENT

GRI 414-1, 414-2

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

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

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

In FY2021, there were zero incidents of social non-compliance in our supply chain.

EMPLOYEE DEVELOPMENT

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

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

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

Our employees undergo a substantial amount of training every year as part of their professional and career development. In FY2021, we conducted 116 training courses and achieved a total of 5,713 training hours for our staff. We will continue to implement relevant and adequate staff training programmes to upgrade their skills.

SIGNIFICANT NON-COMPLIANCE

GRI 419-1

There were no instances of significant fines or non-monetary sanctions due to non-compliance in FY2021.

PEOPLE TARGETS

The Group strives to develop the skillsets of our employees and provide the necessary support to enable them to excel in their jobs and complete projects effectively.

Targets for FY2022
To provide 100% of employees with performance reviews
To achieve at least 10 hours of training programs per employee for employees who require training to upgrade their professional competency

FOCUS 6: SOCIAL RESPONSIBILITY

The Group aims to limit negative impacts of construction activities on communities and to look for opportunities to contribute socially with the aim to be recognised as a responsible and sustainable business. We consider the community surrounding our project sites our key stakeholder as we recognise that our operations can have a significant impact on their quality of living. We prioritise implementing robust vector and noise management measures to limit the impacts of using heavy machinery. We actively evaluate the social impact of our suppliers to ensure that our high standards are upheld across our entire supply chain.

COMMUNITY ENGAGEMENT

GRI 413-1

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

During the year, we donated to numerous community organisations including The HUT (by the Marine Parade constituency), the Singapore Contractors Association Ltd (SCAL) COVID-19 Fund, Compassion Fund and West Coast CCC Community Development & Welfare Fund.

We also participated in fund-raising golf tournaments organised by Singapore Island Country Club, Kwong Wai Shiu Hospital and Singapore Road Safety Council.

For our annual year-end staff charity drive, we organised an online fundraiser to collect donations via Giving.SG in support of Lions Befrienders, making a difference to our senior community.

Since 2011, the Company has been taking part in the BCA-Industry Built Environment Undergraduate Scholarship Scheme which aims to attract high calibre students from National University of Singapore (NUS) and Nanyang Technological University (NTU) to take up challenging and fulfilling careers in the built environment. In FY2021, the Group granted \$141,000 to 11 second-year Civil Engineering and Project & Facilities Management students from NUS under the BCA-Lum Chang iBuildSG Undergraduate Scholarship Programme.

SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> Stakeholder Engagement and Materiality Assessment Reporting Practice
2	Policies, Practices and Performance	<ul style="list-style-type: none"> Chairman's Message Lum Chang's Sustainability Story Focus 1: Governance and Ethics, Focus 2: Our Environment, Focus 3: Quality and Innovation, Focus 4: Workplace Health and Safety, Focus 5: Our People, Focus 6: Social Responsibility
3	Board Statement	Governance Structure and Statement of the Board
4	Targets	Lum Chang's Sustainability Story
5	Framework	Reporting Practice

GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Annual Report 2021
102-2	Activities, brands, products, and services	Annual Report 2021
102-3	Location of headquarters	Annual Report 2021
102-4	Location of operations	Annual Report 2021
102-5	Ownership and legal form	Annual Report 2021
102-6	Markets served	Annual Report 2021
102-7	Scale of the organisation	Annual Report 2021
102-8	Information on employees and other workers	Annual Report 2021
102-9	Supply chain	Annual Report 2021
102-10	Significant changes to the organisation and its supply chain	Annual Report 2021
102-11	Precautionary principle or approach	Annual Report 2021
102-12	External initiatives	Annual Report 2021
102-13	Membership of associations	Annual Report 2021
102-14	Statement from senior decision-maker	Chairman's Message

GRI Standards	Disclosure Content	Section Reference
102-15	Key impacts, risks, and opportunities	Chairman's Message, Lum Chang's Sustainability Story
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Sustainability Governance and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement and Materiality Assessment
102-42	Identifying and selecting stakeholders	Stakeholder Engagement and Materiality Assessment
102-43	Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment
102-44	Key topics and concerns raised	Stakeholder Engagement and Materiality Assessment
102-46	Defining report content and topic boundaries	Reporting Practice
102-47	List of material topics	Reporting Practice
102-48	Restatements of information	Reporting Practice
102-49	Changes in reporting	Reporting Practice
102-50	Reporting period	Reporting Practice
102-51	Date of most recent report	15 September 2021
102-52	Reporting cycle	Reporting Practice
102-53	Contact point for questions regarding the report	Annual Report 2021
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Practice
102-55	GRI content index	GRI Content Index
102-56	External assurance	Reporting Practice
203-2	Significant Indirect economic impacts	Focus 3: Quality and Innovation
205-1	Operations assessed for risks related to corruption	Anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
302-1	Energy consumption within the organisation	Focus 2: Our Environment
302-4	Reduction of energy consumption	Focus 2: Our Environment
302-5	Reductions in energy requirements of products and services	Focus 2: Our Environment
303-1	Interactions with water as a shared resource	Focus 2: Our Environment

GRI Standards	Disclosure Content	Section Reference
303-2	Management of water discharge-related impacts	Focus 2: Our Environment
303-3	Water withdrawal	Focus 2: Our Environment, Total water withdrawal information unavailable
305-1	Direct GHG emissions (Scope 1)	Focus 2: Our Environment
305-5	Reductions in GHG Emissions	Focus 2: Our Environment
306-1	Waste generation and significant waste-related impacts	Focus 2: Our Environment
306-2	Management of significant waste-related impacts	Focus 2: Our Environment
306-3	Waste generated	Focus 2: Our Environment, Total weight of waste information unavailable
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environmental Compliance
308-1	Percentage of new suppliers that were screened using environmental criteria	Supplier Environmental Management
308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Supplier Environmental Management
401-1	New employee hires and employee turnover	Employee Diversity
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	Employee Welfare
401-3	Parental leave	Employee Welfare
403-1	Occupational health and safety management system	Safety Against COVID-19
403-2	Hazard identification, risk assessment, and incident investigation	Focus 4: Workplace Health and Safety
403-3	Occupational health services	Safety Against COVID-19
403-4	Worker participation, consultation, and communication on	Safety Against COVID-19
403-5	occupational health and safety	Safety Against COVID-19
403-6	Worker training on occupational health and safety	Safety Against COVID-19
403-7	Promotion of worker health	Focus 4: Workplace Health and Safety
403-8	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety Against COVID-19
403-9	Workers covered by an occupational health and safety management system	Focus 4: Workplace Health and Safety
403-10	Work-related injuries	Safety Against COVID-19

GRI Standards	Disclosure Content	Section Reference
404-1	Work-related ill health	Employee Development
404-2	Average hours of training per year per employee	Employee Development
404-3	Programs for upgrading employee skills and transition assistance programs	Employee Development
405-1	Regular performance and career development review	Employee Diversity
413-1	Diversity of governance bodies and employees	Community Engagement
413-2	Operations with local community engagement, impact assessments, and development programs	Noise and Vector Management
414-1	New suppliers that were screened using social criteria	Supplier Social Management
414-2	Negative social impacts in the supply chain and actions taken	Supplier Social Management
416-1	Assessment of the health and safety impacts of product and service categories	Focus 3: Quality and Innovation
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Focus 3: Quality and Innovation
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy and Data
419-1	Non-compliance with laws and regulations in the social and economic area	Significant Non-compliance

CORPORATE GOVERNANCE

INTRODUCTION

The Company recognises the importance of adhering to sound governance practices and processes to enhance shareholder value and is committed to upholding the standards set out in the Code of Corporate Governance 2018 (the “Code”) issued by the Monetary Authority of Singapore on 6 August 2018. This report describes the Company’s corporate governance framework and practices that the Group has adopted with reference to the Code. The Company has complied in all material aspects with the principles and guidelines set out in the Code and has explained its position if not, in accordance with the “comply or explain” requirement as laid down in Paragraph 2 of the Introduction to the Code. Minimal adjustments to the Group’s corporate governance practices and processes should be expected as its commitment to sound corporate governance has already ensured significant compliance with the Code.

BOARD MATTERS

The Board’s Conduct of Its 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 Group.

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

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

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

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

Details of the attendance of the Board members at Board meetings and meetings of the various Board committees for the period 1 July 2020 to 30 June 2021 (FY2021) are set out in Table 1.

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

- (1) Mdm Constance Lee Sok Koon was appointed as an Independent Director on 27 August 2021. As such, she did not attend any board meetings or meetings of the various board committees during the course of FY2021.
- (2) Mr Kenneth Ho Siew Keong was appointed as an Independent Director on 10 September 2021. As such, he did not attend any board meetings or meetings of the various board committees during the course of FY2021.
- (3) Mr Adrian Lum Wen Hong was appointed as Alternate Director to Mr David Lum Kok Seng on 27 August 2021. As such, he did not attend any board meetings or meetings of the various board committees during the course of FY2021.

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

Management generally takes the lead in updating the Board on new developments in the Group's business environment and on the conduct of day-to-day affairs of the Company. In addition, members of the Board are regularly updated on changing commercial risks and industry developments (as deemed appropriate) and are provided with opportunities (arranged and funded by the Group at the Group's cost and expense) to train and update themselves on corporate governance matters and new developments in the regulatory regimes.

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

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

BOARD MATTERS (CONTINUED)

Board Composition and Guidance (Principle 1) (continued)

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

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

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

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

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

Board Composition and Guidance (Principle 2)

The Board has a formal and transparent process for the appointment and re-appointment of directors, which takes into account the need for progressive renewal of the Board. In doing so, the Board strives to maintain 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 Group.

The composition of the Board is reviewed regularly and the current composition ensures that the mix of experience and expertise is appropriate as members of the Board collectively possess a wealth and diversity of expertise ranging from legal, financial, management, human resources and industry knowledge. The structure of the Board as well as its size, which currently stands at eleven, is suitable given the nature and scope of the Group, ensuring that meetings and decision-making are effective and productive. The size and composition of the Board is reviewed from time to time, taking into account the scope and nature of the Company's operations, to ensure that the size of the Board remains adequate to provide for a diversity of views, facilitate effective decision-making, and that the Board has an appropriate balance of executive, non-executive, independent and non-independent members so as to enable it to make decisions in the best interests of the Group. The Company does not have a formal board diversity policy in place, instead preferring to exercise flexibility in appointing the best and most qualified persons to the Board.

With eleven members, comprising three executive and eight non-executive directors, seven of whom are independent, the Board maintains its independence as more than half its members are independent from any management and business relationship with the Company in accordance with Provisions 2.2 and 2.3 of the Code. Furthermore, the Lead Independent Director has the authority to convene and lead meetings of the independent directors without the presence of the executive directors from time to time as deemed necessary, and acts as the leader of the independent directors at board meetings in raising queries and pursuing matters in accordance with Provision 2.5 of the Code. This ensures that the Board is able to exercise its powers judiciously and objectively.

In considering the independence of the non-executive directors, the Nominating Committee and the Board considers the criteria set out in Provision 2.1 of the Code which defines an independent director as one who 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 with a view to the best interests of the Group. Additionally, the Nominating Committee and the Board, in accordance with Provision 4.4 of the Code, determine if a director is independent, having regard to the circumstances set forth in Provision 2.1 and taking into account disclosures by directors of their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence.

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

However, with effect from 1 January 2022, a director who has been a director for an aggregate period of more than nine years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers, will no longer be considered independent. In order to avoid the situation whereby there are no independent directors on the Board of the Company in breach of Provision 2.2 of the Code, the Company will from the FY2021 AGM implement a two-tier voting system (the "two-tier voting system") under which the appointment of any independent director who has been a director for an aggregate period of more than nine years (whether before or after listing) will be subject to approval in separate resolutions by (a) all shareholders; and (b) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers.

Before subjecting directors to the two-tier voting system, the Nominating Committee and the Board conducts an initial review of all directors who have served on the Board for more than nine years, focusing particularly on the following:

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

BOARD MATTERS (CONTINUED)

Board Composition and Guidance (Principle 2) (continued)

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

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

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

The Company progressively and staggers refreshing of the Board composition as needed. The Board, after due and careful consideration of their respective credentials and experience, appointed Mdm Constance Lee Sok Koon and Mr Kenneth Ho Siew Keong as their newest members on 27 August 2021 and 10 September 2021 respectively, both on an independent, non-executive basis as replacements for Messrs Daniel Soh Chung Hian and Andrew Chua Thiam Chwee, who have informed the Board that they would not be offering themselves for re-election at the FY2021 AGM. Additionally, after due and careful consideration of his credentials and experience by the Board, Mr Adrian Lum Wen Hong was appointed as alternate director to Mr David Lum Kok Seng on 27 August 2021 under Article 91 of the Company's Constitution.

Chairman and Managing Director (Principle 3)

There is no clear division of responsibilities between the leadership of the Board and management; however no one individual has unfettered powers of decision-making, as explained below.

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

The Executive Chairman and the Managing Director, Mr David Lum Kok Seng, are siblings and their executive roles are not clearly separated as both are closely involved in the day-to-day management and operations of the Group. The Board notes the familial relationship between the Executive Chairman and the Managing Director and the unique circumstances that govern such relationships, and is of the opinion that the Company's best interests are served by taking advantage of the sibling dynamic cultivated over a lifetime of mutual support in the consolidation and expansion of the Group from its modest beginnings in the construction industry. As such, the Board can raise no objections to the overlap in their respective executive roles. However, the Nominating Committee's view is that the Board remains independent since more than half the Board and more than half of its committees (excluding the EXCO) remain independent up to the next AGM. In this respect also, and in accordance with Provision 3.3 of the Code, the Lead Independent Director avails himself to the shareholders who may have concerns, and for which contact through normal channels cannot resolve or is otherwise inappropriate or inadequate.

Board Membership (Principle 4)

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

BOARD MEMBERS	EXECUTIVE COMMITTEE	AUDIT AND RISK COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE	DATE OF INITIAL APPOINTMENT TO THE BOARD	DATE OF LAST RE-ELECTION TO THE BOARD
Raymond Lum Kwan Sung	C		M		18.09.1982	29.10.2019
David Lum Kok Seng ⁽¹⁾	M				18.09.1982	29.10.2020
Tony Fong	M				02.07.2012	29.10.2020
Kelvin Lum Wen Sum					10.11.2016	29.10.2019
Peter Sim Swee Yam		M	M	C	30.11.2001	26.10.2018
Dr Willie Lee Leng Ghee		M	C	M	28.02.2006	29.10.2019
Daniel Soh Chung Hian ⁽²⁾		C	M		09.01.2013	26.10.2018
Andrew Chua Thiam Chwee ⁽²⁾		M		M	21.12.2015	26.10.2018
Clement Leow Wee Kia		M			03.05.2018	29.10.2020
Constance Lee Sok Koon					27.08.2021	-
Kenneth Ho Siew Keong					10.09.2021	-

C – Chairman
M – Member

- (1) Mr Adrian Lum Wen Hong was appointed as Alternate Director to Mr David Lum Kok Seng on 27 August 2021.
- (2) Messrs Daniel Soh Chung Hian and Andrew Chua Thiam Chwee will be retiring and will not be seeking re-election as Directors at the forthcoming annual general meeting to be held on 29 October 2021.

BOARD MATTERS (CONTINUED)

Executive Committee

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

Nominating Committee

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

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

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

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

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

Before making its recommendation to the Board for the re-appointment of a retiring director, the Nominating Committee takes into consideration the director's contribution and performance which are determined by factors such as attendance, preparedness, participation and candour (as well as contribution to the effectiveness of the Board). The director is also assessed based on his ability to adequately carry out the duties expected while performing his roles in other companies or in other appointments. Mr Peter Sim Swee Yam and Dr Willie Lee Leng Ghee will be seeking re-election as directors pursuant to Article 107(2) and Article 107(4) of the Company's Constitution respectively subject to confirmation by shareholders under the two-tier voting system, and Mr Kenneth Ho Siew Keong and Mdm Constance Lee Sok Koon will be seeking re-election as directors pursuant to Article 89 of the Company's Constitution (collectively, the "Retiring Directors") at the FY2021 AGM. The Nominating Committee has reviewed and is satisfied with their contribution as directors, and has therefore endorsed their nomination for re-election. Mr Adrian Lum Wen Hong, as the alternate director to Mr David Lum Kok Seng, will continue to hold office at Mr David Lum Kok Seng's pleasure subject to his remaining a full member of the Board. Pursuant to Rule 720(6) of the Listing Manual issued by Singapore Exchange Securities Trading Limited (the "Listing Manual"), the information relating to the Retiring Directors as set out in Appendix 7.4.1 of the Listing Manual may be found in pages 72 to 83 of this annual report.

The independence of each director is assessed and reviewed by the Nominating Committee. As part of the review, each independent director is required to complete a checklist annually to confirm his independence. The checklist is drawn up based on the requirements of Provision 2.1 of the Code. The Nominating Committee takes into account, *inter alia*, whether a director has business relationships with the Company, its related companies, its substantial shareholders or its officers; and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Group. Based on the checklists received and reviewed by the Nominating Committee, the independent directors have no association with management that would compromise their independence.

Further, in determining the independence of its independent directors, the Nominating Committee and the Board also took into account Rules 210(5)(d)(i), (ii) and (iii) of the Listing Manual, on the circumstances in which a director will not be deemed independent and provisions in the Code as to the circumstances in which a director should not be deemed independent. It must be reiterated at this juncture that from the FY2021 AGM, the Company will implement the two-tier voting system in respect of its independent directors who have been a director for an aggregate period of more than nine years.

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

The Board therefore comprises a majority of independent directors, with a total of eleven directors of whom seven are independent.

BOARD MATTERS (CONTINUED)

Board Performance (Principle 5)

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

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

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

Key information on the Board; in particular, all the directorships in listed companies held by the directors, both current and those held over the preceding five years, as well as their principal commitments as defined in Provision 4.5, footnote 15 of the Code, may be found in pages 6 to 11 of this annual report.

Share Purchase Committee

At the AGM on 29 October 2020, the shareholders of the Company had granted a renewal of the mandate to the Company to carry out share buybacks as permitted by the Act (the "Share Purchase Mandate").

The Share Purchase Committee, comprising Messrs Raymond Lum Kwan Sung, David Lum Kok Seng and Tony Fong, was authorised to purchase shares of the Company at such time as it deems suitable subject to the prescribed conditions in the Share Purchase Mandate. The Company did not purchase any shares during FY2021.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 6)

Level and Mix of Remuneration (Principle 7)

Disclosure on Remuneration (Principle 8)

Remuneration Committee

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.

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

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

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

The remuneration of the executive directors and key senior management consists of a basic component, a variable component and other appropriate benefits in kind. The remuneration of the executive directors and key senior management are arrived at having regard to the following:

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

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

The Board is of the view and explains that, given the highly competitive industry conditions coupled with the sensitivity and confidentiality of remuneration matters, the disclosure of the remuneration packages of the independent directors and key management personnel, including those who are immediate family members of the directors and the disclosure of remuneration of key management personnel on a named basis, as required by Provisions 8.1 and 8.2 of the Code, would be prejudicial to the Company's interests.

REMUNERATION MATTERS (CONTINUED)

Remuneration Committee (continued)

A breakdown, showing the level and mix of each individual director's remuneration payable for FY2021, is set out in Table 3.

Table 3	FEES	SALARY	BONUS	OTHER BENEFITS
	(%)	(%)	(%)	(%)
\$1,238,000				
Raymond Lum Kwan Sung	-	77	18	5
\$1,222,250				
David Lum Kok Seng	-	77	19	4
\$594,450				
Tony Fong	-	50	47	3
Below \$100,000				
Kelvin Lum Wen Sum	100	-	-	-
Peter Sim Swee Yam	100	-	-	-
Dr Willie Lee Leng Ghee	100	-	-	-
Daniel Soh Chung Hian	100	-	-	-
Andrew Chua Thiam Chwee	100	-	-	-
Clement Leow Wee Kia	100	-	-	-

The remuneration of the Group's top 5 key executives for FY2021 is set out in Table 4.

Table 4	FEES	SALARY	BONUS	OTHER BENEFITS
	(%)	(%)	(%)	(%)
\$1,250,000 to \$1,500,000	-	34	63	3
1				
\$500,000 to \$750,000	-	61	36	3
1				
\$250,000 to \$499,999	-	69	27	4
3				

The Remuneration Committee and the Board are of the view that

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

The two employees who are immediate family members of the Executive Chairman, the Managing Director or a substantial shareholder and whose remuneration exceeds \$100,000 during the financial year ended 30 June 2021 are:

1. Ms Emlyn Lum Wen Yan, a daughter of Mr Raymond Lum Kwan Sung (the Executive Chairman) and niece of Mr David Lum Kok Seng (the Managing Director), and who is employed by the Company as Vice President, Finance. She received remuneration comprising salary and annual bonus in the \$100,000 to \$150,000 band during the financial year.
2. Mr Adrian Lum Wen Hong, a son of Mr David Lum Kok Seng (the Managing Director) and nephew of Mr Raymond Lum Kwan Sung (the Executive Chairman), and who is employed by the Company as Director, Property Development. He received remuneration comprising salary, annual bonus and other benefits in the \$250,000 to \$300,000 band during the financial year.

For FY2021, the aggregate total remuneration paid to key management personnel, excluding the Board of Directors, was \$3,052,250.

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 in order to safeguard the interests of the Group and its stakeholders.

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

For FY2021, the Executive Directors of the Company (which includes the Executive Director, Finance), provided written representations to the Board on the integrity of the interim and full-year financial statements announcements covering the Company and its subsidiaries. Pursuant to Rule 705(5) of the Listing Manual, the Board provided a negative assurance confirmation on the Group's interim financial statements announcements.

Audit and Risk Committee (Principle 10)

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

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit and Risk Committee (Principle 10) (continued)

The Audit and Risk Committee is chaired by Mr Daniel Soh Chung Hian and its members are all non-executive and independent directors. More than half of the members of the Audit and Risk Committee, including the Chairman of the Audit and Risk Committee, have recent and relevant experience in the financial or accounting fields. The Company believes in taking a holistic approach towards the constitution of its various Board committees and as such does not restrict membership in the Audit and Risk Committee only to directors who have financial and/or accounting experience. The Audit and Risk Committee meets on a regular basis to carry out its role of reviewing the financial reporting process, the systems of internal control, management of financial risks and the audit process.

In view of Mr Daniel Soh Chung Hian's decision not to offer himself for re-election at the FY2021 AGM, the Board will appoint a new Chairman of the Audit and Risk Committee in due course.

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

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

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

The Audit and Risk Committee also makes a point of meeting the external auditors, PricewaterhouseCoopers LLP ("PwC"), and the internal auditors at least once annually without the presence of management, in accordance with Provision 10.5 of the Code.

The Audit and Risk Committee reviewed the independence of PwC (including the non-audit services provided to the Group), and is satisfied that (i) they have maintained their independence and (ii) the nature and extent of their non-audit services did not affect their objectivity. The Audit and Risk Committee has therefore recommended to the Board that PwC be nominated for re-appointment as auditors at the FY2021 AGM.

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

The Audit and Risk Committee held four meetings in FY2021. During these meetings and in the course of FY2021, the Audit and Risk Committee carried out its functions set out above and in doing so reviewed the internal risk management function, whistle-blowing policy, interested person transactions and material contracts, amongst other activities.

For FY2021, the Board has received assurance from the Managing Director and Executive Director, Finance, as well as other such key management personnel as may be responsible by way of a representation letter, in accordance with Provision 9.2 of the Code:

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

Internal Risk Management

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

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

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

The Audit and Risk Committee regards the systems of internal control and risk management as necessary components to safeguard the Shareholders' investments and the Company's assets. The Audit and Risk Committee reviews and assesses Internal Audit based on the Group's adoption of the IIA Standards on a regular basis (but in any event not less than annually) and is satisfied with the adequacy and the overall effectiveness of Internal Audit as at 30 June 2021.

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

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit and Risk Committee (Principle 10) (continued)

Internal Risk Management (continued)

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

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

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

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the management, the Board, with the concurrence of the Audit and Risk Committee, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems were effective and adequate as at 30 June 2021.

Whistle-Blowing Policy

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

The Company accepts anonymous whistle-blowing reports but employees are encouraged to identify themselves in their reports in order to facilitate timely and effective investigations into their complaints. The whistle-blowing team is required to treat all whistle-blowing reports in strict confidence and act to investigate complaints promptly.

The Company has made it clear in the Whistle-Blowing Policy that any employee who makes a whistle-blowing report in good faith will not be dismissed, disciplined or otherwise unfavourably treated.

Interested Person Transactions

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

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during FY2021 (excluding transactions less than \$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		\$'000	\$'000
Consultancy service rendered			
Kelvin Lum Wen Sum	Director of the Company	\$171	NIL
Interest paid and/or payable for the Company's term notes held ⁽¹⁾			
Raymond Lum Kwan Sung	Director of the Company	\$203	NIL
David Lum Kok Seng	Director of the Company	\$174	NIL
Capital injection into an associated company – PT Super ⁽²⁾			
Cyan Bay Pte Ltd	An associate of a controlling shareholder and director of the Company	\$301	NIL
Sale of development property ⁽³⁾			
Marilyn Lum Wen Kay	An associate of a controlling shareholder and directors of the Company	\$8,250	NIL

⁽¹⁾ This relates to interest at the rate of 5.8% per annum payable to the respective directors for the term notes held by them. The term notes were issued pursuant to the Company's Multicurrency Term Note Issuance Programme.

⁽²⁾ PT Super Makmur Sejahtera (PT Super) is a 25% associated company of the Group and 75% owned by Cyan Bay Pte Ltd, a unit of Ellipsiz Ltd, to undertake property investment in Bintan. During the FY2021, the Group injected additional equity of \$301,000 to PT Super for land acquisition and working capital.

⁽³⁾ As announced on 24 May 2021, the Group sold one semi-detached unit in its development project in Singapore, One Tree Hill Collection, to Ms. Marilyn Lum Wen Kay for \$8,250,000. Ms Lum is a daughter of Mr. David Lum Kok Seng and sister of Mr. Kelvin Lum Wen Sum.

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

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit and Risk Committee (Principle 10) (continued)

Material Contracts

Other than disclosed elsewhere in the Annual Report, there were no other material contracts and loans entered into by the Company or any of its subsidiaries involving the interests of any director and/or the controlling shareholders and their associates, either still subsisting at the end of FY2021 or, if not subsisting, which were entered into during FY2021.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings (Principle 11)

Engagement with Shareholders (Principle 12)

The Company treats all its shareholders fairly and equitably in order to enable them to exercise shareholders' rights and accord them the opportunity to communicate their views on matters affecting the Group. The Company endeavours to give shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company updates its shareholders primarily through SGXNET. Interim and full-year results are released within the prescribed periods and material and/or price-sensitive information are released promptly. This ensures that inadvertent disclosures of information made to select groups of shareholders are promptly disseminated to all other shareholders. Annual Reports of the Company and the notices of general meetings are only published on the Company's corporate website but physical copies thereof are provided to shareholders upon request. In addition to the foregoing, the Company's website is an important source of information for shareholders and the investing community. Interim and full-year results announcements, news releases, annual reports and other key facts and figures about the Group are available on the investor relations section of the Company website in accordance with Provisions 12.1, 12.2 and 12.3 of the Code. A dedicated investor relations email address is maintained to enable the investing community to reach out to the Company.

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

To accord shareholders their rights proportionate to their shareholdings in voting, the Company has implemented electronic voting by poll for each resolution tabled at general meetings. Voting by poll promotes greater transparency and effective participation as independent scrutineers are appointed to conduct the voting process by briefing the shareholders on the voting process, and to verify and tabulate votes after each resolution. Upon conclusion of general meetings, the voting results at the general meetings and the name of the independent scrutineer are announced via SGXNET.

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

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders (Principle 13)

The Company identifies stakeholders that are impacted, or have the potential to be impacted by the Group's business and operations as well as those external organisations that have a material impact on the Group's business and operations. Accordingly, the Company engages its stakeholders through a variety of channels to ensure that the business interests of the Group are balanced against that of the stakeholders. More information on the Company's stakeholder engagement, including its engagement platforms and issues of concern may be found in the Company's "Sustainability Story" which may be found in pages 27 to 53 of this annual report.

The Company maintains a corporate website (www.lumchang.com.sg) to engage its stakeholders.

DIVIDEND POLICY

The Company has not formally instituted a dividend policy; however it has a good track record of paying annual dividends to shareholders since its listing on the Singapore Exchange in 1984. When proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, *inter alia*, the Group's financial position, retained earnings, results of operations and cash flows, expected working capital requirements, expected capital expenditure, future expansion and investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

DEALINGS IN SECURITIES

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

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

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

ADDITIONAL INFORMATION ON RETIRING DIRECTORS SEEKING RE-ELECTION

Mr Peter Sim Swee Yam, Dr Willie Lee Leng Ghee, Mdm Constance Lee Sok Koon and Mr Kenneth Ho Siew Keong are the Retiring Directors seeking re-election at the forthcoming AGM.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

<i>Name of Director</i>	Mr Peter Sim Swee Yam	Dr Willie Lee Leng Ghee
<i>Date of Appointment</i>	30 November 2001	28 February 2006
<i>Date of last re-appointment (if applicable)</i>	26 October 2018	29 October 2019
<i>Age</i>	66	74
<i>Country of principal residence</i>	Singapore	Singapore
<i>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process).</i>	<p>The Board of Directors of the Company has considered, <i>inter alia</i>, the recommendations of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr Sim for re-appointment as a non-executive Independent Director, the Chairman of the Remuneration Committee ("RC") and a member of each of the Audit and Risk Committee ("ARC") and the NC of the Company, and is considered independent of Management.</p> <p>The Board has reviewed and concluded that Mr Sim possesses the necessary and appropriate experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.</p>	<p>The Board of Directors of the Company has considered, <i>inter alia</i>, the recommendations of the NC and has reviewed and considered the qualification, work experience and suitability of Dr Lee for re-appointment as a non-executive Independent Director, the Chairman of the NC and a member of each of the ARC and the RC of the Company, and is considered independent of Management.</p> <p>The Board has reviewed and concluded that Dr Lee possesses the necessary and appropriate experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.</p>

<i>Name of Director</i>	Mdm Constance Lee Sok Koon	Mr Kenneth Ho Siew Keong
<i>Date of Appointment</i>	27 August 2021	10 September 2021
<i>Date of last re-appointment (if applicable)</i>	Not Applicable	Not Applicable
<i>Age</i>	68	56
<i>Country of principal residence</i>	Singapore	Singapore
<i>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process).</i>	<p>The Board of Directors of the Company has considered, <i>inter alia</i>, the recommendations of the NC and has reviewed and considered the qualification, work experience and suitability of Mdm Lee for re-appointment as a non-executive Independent Director, and is considered independent of Management.</p> <p>The Board has reviewed and concluded that Mdm Lee possesses the necessary and appropriate experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, <i>inter alia</i>, the recommendations of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Ho for re-appointment as a non-executive Independent Director, and is considered independent of Management.</p> <p>The Board has reviewed and concluded that Mr Ho possesses the necessary and appropriate experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>

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

<i>Name of Director</i>	Mr Peter Sim Swee Yam	Dr Willie Lee Leng Ghee
<i>Whether appointment is executive, and if so, the area of responsibility.</i>	Non-executive.	Non-executive.
<i>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.).</i>	Lead Independent Director, the Chairman of the RC and a member of each of the ARC and the NC.	Independent Director, the Chairman of the NC and a member of each of the ARC and the RC.
<i>Professional qualifications and working experience and occupation(s) during the past 10 years.</i>	Mr Sim graduated from the then–University of Singapore with a Bachelor of Laws (Honours). Mr Sim is a solicitor by profession and a director of the law firm, Sim Law Practice LLC.	Dr Lee holds a MBBS from the then–University of Singapore. Dr Lee has been a medical practitioner for over 40 years.
<i>Shareholding interest in the listed issuer and its subsidiaries.</i>	Please refer to page 87 of the Directors' Statement in the Company's 2021 Annual Report.	Please refer to page 87 of the Directors' Statement in the Company's 2021 Annual Report.
<i>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.</i>	No	No
<i>Conflict of interest (including any competing business).</i>	No	No
<i>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer.</i>	Yes	Yes

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

<i>Name of Director</i>	Mdm Constance Lee Sok Koon	Mr Kenneth Ho Siew Keong
<i>Whether appointment is executive, and if so, the area of responsibility.</i>	Non-executive.	Non-executive.
<i>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.).</i>	Independent Director.	Independent Director.
<i>Professional qualifications and working experience and occupation(s) during the past 10 years.</i>	<p>Mdm Lee graduated from the then–University of Singapore with a Bachelor of Accountancy Second Class Honours.</p> <p>Mdm Lee has, in the course of her 46-year career, accumulated a vast amount of professional and other corporate work experience in the functional areas of corporate finance, legal, tax, information technology and corporate communications.</p>	<p>Mr Ho holds a Degree in Bachelor of Arts in Economics & Political Science, York University, Toronto, Canada in 1990.</p> <p>Mr Ho has, in the course of his 29-year career, accumulated a vast amount of work experience across several public, government-linked and private establishments, in functional areas of business and corporate development, planning and operations, focusing particularly on business and corporate expansion into the Chinese and Vietnamese markets. Mr Ho has held several senior and responsible roles in business and corporate development since 2000.</p>
<i>Shareholding interest in the listed issuer and its subsidiaries.</i>	Please refer to page 87 of the Directors' Statement in the Company's 2021 Annual Report.	Please refer to page 87 of the Directors' Statement in the Company's 2021 Annual Report.
<i>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries.</i>	No	No
<i>Conflict of interest (including any competing business).</i>	No	No
<i>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer.</i>	Yes	Yes

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

<i>Name of Director</i>	Mr Peter Sim Swee Yam	Dr Willie Lee Leng Ghee
<p><i>Other Principal Commitments* Including Directorships # for the last 5 years.</i></p> <p><i>* "Principal Commitments" has the same meaning as defined in the Code.</i></p> <p><i># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).</i></p>	Please refer to pages 9 to 11 of the Present and Past Directorships section in the Company's 2021 Annual Report.	Please refer to pages 9 to 11 of the Present and Past Directorships section in the Company's 2021 Annual Report.
<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><i>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</i></p>	No	No
<p><i>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</i></p>	No	No
<p><i>(c) Whether there is any unsatisfied judgment against him?</i></p>	No	No

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

<i>Name of Director</i>	Mdm Constance Lee Sok Koon	Mr Kenneth Ho Siew Keong
<p><i>Other Principal Commitments* Including Directorships # for the last 5 years.</i></p> <p><i>* "Principal Commitments" has the same meaning as defined in the Code.</i></p> <p><i># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).</i></p>	Please refer to pages 9 to 11 of the Present and Past Directorships section in the Company's 2021 Annual Report.	Please refer to pages 9 to 11 of the Present and Past Directorships section in the Company's 2021 Annual Report.
<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><i>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</i></p>	No	No
<p><i>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</i></p>	No	No
<p><i>(c) Whether there is any unsatisfied judgment against him?</i></p>	No	No

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

<i>Name of Director</i>	Mr Peter Sim Swee Yam	Dr Willie Lee Leng Ghee
<i>(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?</i>	No	No
<i>(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?</i>	No	No
<i>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</i>	No	No
<i>(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</i>	No	No

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

<i>Name of Director</i>	Mdm Constance Lee Sok Koon	Mr Kenneth Ho Siew Keong
<i>(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?</i>	No	No
<i>(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?</i>	No	No
<i>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</i>	No	No
<i>(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</i>	No	No

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

<i>Name of Director</i>	Mr Peter Sim Swee Yam	Dr Willie Lee Leng Ghee
<i>(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?</i>	No	No
<i>(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</i>	No	No
<p><i>(j) whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</i></p> <p><i>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</i></p> <p><i>(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</i></p> <p><i>(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</i></p> <p><i>(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,</i></p> <p><i>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</i></p>	No	No

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

<i>Name of Director</i>	Mdm Constance Lee Sok Koon	Mr Kenneth Ho Siew Keong
<i>(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?</i>	No	No
<i>(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</i>	No	No
<p><i>(j) whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</i></p> <p><i>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</i></p> <p><i>(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</i></p> <p><i>(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</i></p> <p><i>(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,</i></p> <p><i>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</i></p>	No	No

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

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

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

<i>Name of Director</i>	Mdm Constance Lee Sok Koon	Mr Kenneth Ho Siew Keong
<i>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</i>	No	No
Disclosure applicable to the appointment of Director only		
<p><i>Any prior experience as a director of an issuer listed on the Exchange?</i></p> <p><i>If yes, please provide details of prior experience.</i></p> <p><i>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</i></p> <p><i>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</i></p>	<p>Yes. Mdm Lee is currently (i) the Lead Independent Director of Japan Foods Holding Ltd, a Catalyst company listed on the Singapore Exchange and (ii) an Independent Director of SBS Transit Ltd, a public listed company on the Singapore Exchange. She was previously an Executive Director of Lum Chang Holdings Limited from 2001 to 2010. She was also an Executive Director of L.C. Development Ltd (now known as AF Global Limited) from 2006 to 2010.</p>	<p>No. Mr Ho will undertake appropriate training.</p>

GROUP FINANCIAL HIGHLIGHTS

	2021	2020	Increase/ (Decrease)
	\$'000	\$'000	%
For the Year:			
Revenue	325,621	322,691	1
Profit/(loss)			
Before income tax	11,053	(2,930)	477
After income tax	8,057	(6,107)	232
Attributable to equity holders of the Company	2,973	(2,111)	241
Profit/(loss) attributable to equity holders of the Company as a percentage of:			
Total revenue	0.91%	(0.65%)	
Average shareholders' equity	1.20%	(0.82%)	
At 30 June:			
Shareholders' equity	238,686	256,813	(7)
Total equity	258,046	270,422	(5)
Total assets	615,074	577,037	7
Per share:			
Earnings/(loss) attributable to equity holders of the Company (Note 1)	0.79¢	(0.56¢)	241
Net asset value (Note 2)	\$0.63	\$0.68	(7)
Dividends paid & proposed (Note 3):			
Special dividend	4.25¢	-	
Interim dividend	0.75¢	0.30¢	
Final dividend	1.00¢	1.00¢	

Notes:

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

FIVE-YEAR FINANCIAL SUMMARY

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Consolidated Income Statement					
Revenue	325,621	322,691	240,251	262,327	369,022
Profit/(loss) before income tax	11,053	(2,930)	28,677	32,408	23,785
Profit/(loss) after income tax	8,057	(6,107)	27,526	26,918	19,367
Profit/(loss) attributable to equity holders of the Company	2,973	(2,111)	23,287	24,639	18,697
Profit/(loss) attributable to non-controlling interests	5,084	(3,996)	4,239	2,279	670
Consolidated Balance Sheet					
Property, plant and equipment & investment properties	156,280	85,341	169,968	206,047	198,167
Investments in associated companies & joint ventures	30,554	38,265	33,764	10,387	13,531
Other assets	428,240	453,431	475,935	382,945	365,270
Total assets	615,074	577,037	679,667	599,379	576,968
Total borrowings	227,246	168,555	212,731	199,239	128,674
Other liabilities	129,782	138,060	190,312	143,492	210,909
Total liabilities	357,028	306,615	403,043	342,731	339,583
Net assets	258,046	270,422	276,624	256,648	237,385
Share capital	86,572	86,572	86,572	86,574	86,579
Treasury shares	(2,845)	(2,845)	(1,620)	(1,025)	(1,273)
Capital and other reserves	41,528	40,027	26,922	23,281	(3,080)
Retained profits	113,431	133,059	145,277	129,015	138,712
Shareholders' equity	238,686	256,813	257,151	237,845	220,938
Non-controlling interests	19,360	13,609	19,473	18,803	16,447
Total equity	258,046	270,422	276,624	256,648	237,385
Ratios					
Profit/(loss) attributable to equity holders of the Company as a percentage of:					
Total revenue	0.91%	(0.65%)	9.69%	9.39%	5.07%
Average shareholders' equity	1.20%	(0.82%)	9.41%	10.74%	8.63%
Per share:					
Earnings/(loss) attributable to the equity holders of the Company (Note 1)	0.79¢	(0.56¢)	6.11¢	6.45¢	4.91¢
Net asset value (Note 2)	\$0.63	\$0.68	\$0.68	\$0.62	\$0.58
Dividends paid & proposed (Note 3):					
Special dividend	4.25¢	-	-	-	-
Interim dividend	0.75¢	0.30¢	0.30¢	0.30¢	0.30¢
Final dividend	1.00¢	1.00¢	1.50¢	1.50¢	1.20¢

Notes:

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

DIRECTORS' STATEMENT

for the Financial Year Ended 30 June 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2021 and the balance sheet of the Company as at 30 June 2021.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 97 to 206 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Mr Raymond Lum Kwan Sung

Mr David Lum Kok Seng

Mr Tony Fong

Mr Kelvin Lum Wen Sum

Mr Adrian Lum Wen Hong (Alternate Director to Mr David Lum Kok Seng, appointed on 27 August 2021)

Mr Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Mr Daniel Soh Chung Hian

Mr Andrew Chua Thiam Chwee

Mr Clement Leow Wee Kia

Mdm Constance Lee Sok Koon (Appointed on 27 August 2021)

Mr Kenneth Ho Siew Keong (Appointed on 10 September 2021)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" on page 88 in this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director or nominee			Holdings in which a director is deemed to have an interest		
	At	At	At	At	At	At
	21.7.2021	30.6.2021	1.7.2020	21.7.2021	30.6.2021	1.7.2020

The Company:

Lum Chang Holdings Limited

(Ordinary shares)

Raymond Lum Kwan Sung	15,528,397	15,528,397	15,528,397	185,776,232	185,776,232	59,954,942
David Lum Kok Seng	10,938,436	10,938,436	10,938,436	209,770,612	209,770,612	70,368,300
Tony Fong	300,000	300,000	300,000	17,000	17,000	17,000
Peter Sim Swee Yam	-	-	10,000	10,000	10,000	-

Lum Chang Holdings Limited

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

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

Subsidiary of Lum Chang Holdings Limited:

UK Property Investment Pte Ltd

(Ordinary shares)

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

- (b) Mr David Lum Kok Seng and Mr Raymond Lum Kwan Sung, who by virtue of their interests of not less than 20% of the issued capital of the Company, are deemed to have interests in the whole of the share capital of the Company's wholly owned subsidiaries and in the shares in the following subsidiaries that are not wholly owned by the Group:

	At 30 June 2021	At 1 July 2020
UK Property Investment Pte Ltd and its subsidiaries		
- Number of ordinary shares	70	70
Wembley Properties Pte Ltd and its subsidiaries		
- Number of ordinary shares	18,900,007	18,900,007
Lum Chang Interior Pte Ltd and its subsidiary		
- Number of ordinary shares	1,200,000	1,200,000

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

AUDIT AND RISK COMMITTEE

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

Daniel Soh Chung Hian, Chairman

Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Andrew Chua Thiam Chwee

Clement Leow Wee Kia

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2021 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

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

INDEPENDENT AUDITOR

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

On behalf of the directors

Raymond Lum Kwan Sung
Director

David Lum Kok Seng
Director

15 September 2021

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

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Lum Chang Holdings Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 30 June 2021;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheet of the Group as at 30 June 2021;
- the balance sheet of the Company as at 30 June 2021;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2021. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Accounting for construction contracts</p> <p><i>Refer to Note 2.2(a) (Significant accounting policies relating to revenue recognition), Note 3(a) (Critical accounting estimates, assumptions and judgements), Note 4(a) (Disaggregation of revenue) and Note 4(b) (Contract assets and liabilities) to the financial statements.</i></p> <p>For the financial year ended 30 June 2021, revenue from construction contracts ("construction revenue") amounted to \$271.9 million.</p> <p>The Group recognised construction revenue over time by reference to the Group's progress towards completing the contract.</p> <p>Significant judgement is required to estimate the construction revenue, variation of claims and total construction costs and provision for liquidated damages that will affect the profit margins recognised from the construction contracts.</p>	<p>Our audit procedures included the following:</p> <p>(1) We obtained an understanding of the projects under construction through discussions with management and examination of project documentation (including contracts and correspondences with customers).</p> <p>(2) In relation to construction revenue, we:</p> <ol style="list-style-type: none"> a. traced, on a sample basis, total contract sums to contracts and variation orders entered into by the Group with its customers; b. traced value of work recognised as construction revenue to the surveyor/architect certifications and assessed the competence of the surveyor/architect; c. assessed the adequacy of provision for liquidated damages to be net off against construction revenue recognised; and d. assessed the reasonableness of the revenue recognised via discussions with the project teams and obtaining corroborating evidence such as correspondences with the customers.

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for construction contracts (continued)	<p>(3) In relation to construction cost, we:</p> <ul style="list-style-type: none"> a. traced, on a sample basis, the actual costs incurred to supplier invoices, sub-contractor progress billings and contracts, other supporting documents; and b. tested management's estimates of cost to complete via the following: <ul style="list-style-type: none"> i. traced, on a sample basis, to quotations and contracts entered with suppliers and sub-contractors. ii. reviewed the appropriateness of the estimated costs to completion for materials, labour and other construction work with reference to the progress of each project. iii. discussed with the relevant project teams regarding the progress of each project to assess the appropriateness of the estimated costs to completion for each project. <p>We found no exceptions from performing the above procedures.</p> <p>We have also assessed the appropriateness of the disclosures in the financial statements in relation to the sensitivity of changes in contract revenue and estimated costs to completion of uncompleted contracts to the Group's construction revenue, gross profit, and profit before income tax and found them to be appropriate.</p>

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of investment properties</p> <p><i>Refer to Note 3(b) (Critical accounting estimates, assumptions and judgements) and Note 21 (Investment Properties)</i></p> <p>The Group's investment properties carried at fair value amounted to \$119.8 million at 30 June 2021.</p> <p>Independent valuation by external valuers is used to support the annual determination of the fair value of the investment properties.</p> <p>The valuation of the investment properties is highly judgmental due to the use of estimates in the key inputs in the valuation techniques. The key inputs include adopted value per square meter, capitalisation rate and discount rate, and are dependent on the nature of each investment property and the prevailing market conditions.</p> <p>Furthermore, the valuation report obtained from the external valuer for an investment property has highlighted the heightened uncertainty of the Coronavirus Disease 2019 ("COVID-19") outbreak.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • assessed the competency, capabilities and objectivity of the external valuers; • obtained an understanding of the techniques used by the external valuers in determining the valuations of each of the investment properties; • discussed the critical assumptions made by the external valuers for the key inputs used in the valuation techniques; • checked, on a sample basis, the accuracy of underlying lease and financial information provided to the external valuers; • assessed the reasonableness of the key inputs used by benchmarking against those of comparable properties and prior year's inputs; and • discussed the implications of the COVID-19 outbreak on the critical assumptions used by the external valuers. <p>We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the investment properties and the key inputs used were within the range of market data.</p> <p>We have also assessed the adequacy of the disclosures relating to the significant judgment involved in the valuation of the investment properties and found them to be appropriate.</p>

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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 have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Tan Bee Nah.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 15 September 2021

CONSOLIDATED INCOME STATEMENT

for the Financial Year Ended 30 June 2021

	Note	Group	
		2021 \$'000	2020 \$'000
Revenue	4(a)	325,621	322,691
Cost of sales		(292,691)	(287,177)
Gross profit		32,930	35,514
Other income	5(a)	7,896	6,570
Other gains/(losses) - net	5(b)	8,303	(18,224)
Expenses			
- Distribution and marketing		(1,129)	(395)
- Administrative and general		(25,746)	(25,088)
- Finance	8	(4,772)	(7,485)
Share of profits of associated companies		655	2,942
Share of (losses)/profits of joint ventures		(7,084)	3,236
Profit/(loss) before income tax		11,053	(2,930)
Income tax expense	9(a)	(2,996)	(3,177)
Net profit/(loss)		8,057	(6,107)
Net profit/(loss) attributable to:			
Equity holders of the Company		2,973	(2,111)
Non-controlling interests		5,084	(3,996)
		8,057	(6,107)
Earnings/(loss) per ordinary share attributable to the equity holders of the Company (cents per share)	10		
- Basic		0.79	(0.56)
- Diluted		0.79	(0.56)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Financial Year Ended 30 June 2021

	Note	Group	
		2021 \$'000	2020 \$'000
Net profit/(loss)		8,057	(6,107)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains/(losses)	28(e)	2,586	(357)
- Reclassification	28(e)	86	1,446
Share of other comprehensive income of associated companies	19	22	47
		2,694	1,136
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains	28(e)	1,255	116
Financial assets, at fair value through other comprehensive income ("FVOCI")			
- Fair value (losses)/gains	28(d)	(1,193)	8,710
		62	8,826
Other comprehensive income for the year, net of tax		2,756	9,962
Total comprehensive income for the year		10,813	3,855
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		4,474	7,735
Non-controlling interests		6,339	(3,880)
		10,813	3,855

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

BALANCE SHEET - GROUP

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	100,078	151,026
Trade and other receivables	12(a)	49,487	23,312
Contract assets	4(b)	56,777	16,721
Tax recoverable	9(b)	244	292
Properties held for sale	13	1,352	4,417
Development properties	14	94,648	117,949
Other current assets	16(a)	6,046	8,120
		308,632	321,837
Non-current assets			
Trade and other receivables	12(b)	86,594	87,084
Club memberships	17	309	352
Other financial assets	15	23,953	33,209
Investments in joint ventures	18	24,932	33,400
Investments in associated companies	19	5,622	4,865
Investment properties	21	119,833	58,316
Property, plant and equipment	22	36,447	27,025
Deferred income tax assets	9(c)	4,598	6,092
Other non-current assets	16(b)	4,154	4,857
		306,442	255,200
Total assets		615,074	577,037
LIABILITIES			
Current liabilities			
Trade and other payables	25(a)	97,628	71,458
Contract liabilities	4(b)	1,125	28,409
Provision for other liabilities	25(b)	12,274	15,159
Current income tax liabilities	9(b)	1,051	5,758
Borrowings	26	52,606	4,368
		164,684	125,152
Non-current liabilities			
Trade and other payables	25(a)	17,565	17,180
Borrowings	26	174,640	164,187
Deferred income tax liabilities	9(c)	139	96
		192,344	181,463
Total liabilities		357,028	306,615
NET ASSETS		258,046	270,422
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	86,572	86,572
Treasury shares	27	(2,845)	(2,845)
Capital and other reserves	28(a)	41,528	40,027
Retained profits	30(a)	113,431	133,059
		238,686	256,813
Non-controlling interests	29	19,360	13,609
Total equity		258,046	270,422

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

BALANCE SHEET - COMPANY

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	15,418	25,905
Trade and other receivables	12(a)	54,425	52,629
Other current assets	16(a)	124	126
		69,967	78,660
Non-current assets			
Trade and other receivables	12(b)	130,012	129,955
Club memberships	17	325	350
Investments in subsidiaries	20	72,311	72,167
Property, plant and equipment	22	1,518	2,068
		204,166	204,540
Total assets		274,133	283,200
LIABILITIES			
Current liabilities			
Trade and other payables	25(a)	139,726	134,781
Current income tax liabilities	9(b)	198	266
Borrowings	26	40,319	486
		180,243	135,533
Non-current liability			
Borrowings	26	41	40,288
		41	40,288
Total liabilities		180,284	175,821
NET ASSETS		93,849	107,379
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	86,572	86,572
Treasury shares	27	(2,845)	(2,845)
Capital and other reserves	28(a)	3,182	3,182
Retained profits	30(b)	6,940	20,470
Total equity		93,849	107,379

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2021

		← Attributable to equity holders of the Company →						
		Share capital	Treasury shares	Capital and other reserves	Retained profits	Total	Non-controlling interests	Total equity
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021								
	Balance as at 1 July 2020	86,572	(2,845)	40,027	133,059	256,813	13,609	270,422
	Net profit	-	-	-	2,973	2,973	5,084	8,057
	Other comprehensive income	-	-	1,501	-	1,501	1,255	2,756
	Total comprehensive income	-	-	1,501	2,973	4,474	6,339	10,813
	Interim dividend for FY2021	31	-	-	(2,825)	(2,825)	-	(2,825)
	Special dividend for FY2021	31	-	-	(16,009)	(16,009)	-	(16,009)
	Final dividend for FY2020	31	-	-	(3,767)	(3,767)	-	(3,767)
	Interim dividend paid/ payable to non-controlling shareholders of subsidiaries	29	-	-	-	-	(588)	(588)
	Total transactions with owners, recognised directly in equity	-	-	-	(22,601)	(22,601)	(588)	(23,189)
	Balance as at 30 June 2021	86,572	(2,845)	41,528	113,431	238,686	19,360	258,046

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the Financial Year Ended 30 June 2021

← Attributable to equity holders of the Company →

Note	Share capital	Treasury shares	Capital and other reserves	Retained profits	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020							
Balance as at 1 July 2019	86,572	(1,620)	26,922	145,277	257,151	19,473	276,624
Net loss	-	-	-	(2,111)	(2,111)	(3,996)	(6,107)
Other comprehensive income	-	-	9,846	-	9,846	116	9,962
Total comprehensive income/(loss)	-	-	9,846	(2,111)	7,735	(3,880)	3,855
Purchase of treasury shares	27	(1,225)	-	-	(1,225)	-	(1,225)
Interim dividend for FY2020	31	-	-	(1,141)	(1,141)	-	(1,141)
Final dividend for FY2019	31	-	-	(5,707)	(5,707)	-	(5,707)
Transfer of reserves		-	3,259	(3,259)	-	-	-
Interim dividend paid/ payable to non-controlling shareholders of subsidiaries	29	-	-	-	-	(1,984)	(1,984)
Total transactions with owners, recognised directly in equity	-	(1,225)	3,259	(10,107)	(8,073)	(1,984)	(10,057)
Balance as at 30 June 2020	86,572	(2,845)	40,027	133,059	256,813	13,609	270,422

CONSOLIDATED STATEMENT OF CASH FLOWS

for the Financial Year Ended 30 June 2021

	2021	2020
Note	\$'000	\$'000
Cash flows from operating activities		
Net profit/(loss)	8,057	(6,107)
Adjustments for:		
Income tax expense	9(a) 2,996	3,177
Share of losses/(profits) of associated companies and joint ventures	6,429	(6,178)
Allowance for impairment of receivables	791	2
Amortisation of club memberships	6 33	32
Depreciation of property, plant and equipment	6 5,455	3,959
Dividend income from financial assets, at FVOCI	4(a) (832)	(158)
Fair value (gains)/losses on investment properties	5(b) (16,393)	17,327
Fair value loss on financial asset, at FVPL	5(b) 7,748	2,073
Gain on disposal of a subsidiary	5(b) -	(1,054)
Gain on disposal of club memberships	5(b) -	(1)
Gain on disposal of property, plant and equipment – net	5(b) (522)	(20)
Gain on reversal of accrued cost for investment property	5(b) -	(277)
Impairment loss on club memberships	6 -	19
Interest income	5(a) (287)	(1,322)
Finance expense	8 4,772	7,485
Property, plant and equipment written off	6 44	45
Operating cash flow before working capital changes	18,291	19,002
Change in working capital, net of effects from disposal of a subsidiary:		
- Trade and other receivables	(27,665)	29,108
- Contract assets	(40,056)	29,555
- Contract liabilities	(27,284)	(11,572)
- Other current assets	1,331	(9,266)
- Development properties/properties held for sale	26,087	(3,113)
- Trade and other payables	22,408	(32,483)
Cash (used in)/generated from operations	(26,888)	21,231
Income tax paid	9(b) (6,130)	(1,640)
Net cash (used in)/provided by operating activities	(33,018)	19,591

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the Financial Year Ended 30 June 2021

	2021	2020
Note	\$'000	\$'000
Cash flows from investing activities		
Investment in a joint venture	-	(326)
Investment in an associated company	(301)	(1,268)
Investment in financial asset, at FVPL	15(b) -	(5,402)
Dividends received from a joint venture	1,958	-
Dividends received from financial assets, at FVOCI	832	158
Expenditure on investment property	(44,065)	(14,183)
Interest income received	268	1,244
Proceeds from disposal of a subsidiary, net of cash disposed	-	96,776
Proceeds from disposal of club memberships	10	-
Proceeds from disposal of property, plant and equipment	1,275	320
Purchase of club memberships	-	(50)
Purchase of property, plant and equipment	(8,702)	(1,381)
Advances to joint ventures	(49)	(7,500)
Repayment from a joint venture	-	6,730
Net cash (used in)/provided by investing activities	(48,774)	75,118
Cash flows from financing activities		
Cash and cash equivalents pledged	(5)	(13)
Dividends paid	(22,601)	(6,848)
Dividends paid to non-controlling shareholders of subsidiaries	(201)	(1,984)
Bank facility fees	(38)	(73)
Interest paid	(5,709)	(7,461)
Purchase of treasury shares	27 -	(1,225)
Proceeds from bank loans	67,294	13,057
Repayment of bank loans	(8,826)	(61,285)
Repayment of lease liabilities and hire purchase loan	(1,381)	(769)
Repayment to a non-controlling shareholder of a subsidiary	-	(11,371)
Advance from a non-controlling shareholder of a subsidiary	1,122	-
Net cash provided by/(used in) financing activities	29,655	(77,972)
Net change in cash and cash equivalents	(52,137)	16,737
Cash and cash equivalents at beginning of financial year	150,433	133,746
Effect of changes in currency translation rates on cash and cash equivalents	1,184	(50)
Cash and cash equivalents at end of financial year	11 99,480	150,433

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the Financial Year Ended 30 June 2021

Reconciliation of liabilities arising from financing activities

	1 July 2020 \$'000	Proceeds from loans \$'000	Principal and interest payments \$'000	Non-cash changes				30 June 2021 \$'000
				Addition during the year \$'000	Modification of lease liability \$'000	Interest expense \$'000	Foreign exchange movement \$'000	
Borrowings								
Bank loans	124,368	67,294	(8,826)	-	-	18	(117)	182,737
Lease liabilities and hire purchase loan	4,276	-	(1,493)	1,860	(216)	112	(13)	4,526
Medium term notes, net of transaction costs	39,911	-	-	-	-	72	-	39,983
Trade and other payables								
Loan interest payable	678	-	(5,597)	-	-	5,611	-	692
Advances from non-controlling shareholders of subsidiaries	-	1,122	-	-	-	-	-	1,122

	1 July 2019 \$'000	Proceeds from bank loans \$'000	Principal and interest payments \$'000	Non-cash changes					30 June 2020 \$'000
				Adoption of SFRS(I)16 \$'000	Addition during the year \$'000	Interest expense \$'000	Others \$'000	Foreign exchange movement \$'000	
Borrowings									
Bank loans	172,564	13,057	(61,285)	-	-	-	58	(26)	124,368
Lease liabilities and hire purchase loan	325	-	(840)	1,632	3,090	71	(2)	-	4,276
Medium term notes, net of transaction costs	39,842	-	-	-	-	-	69	-	39,911
Trade and other payables									
Loan interest payable	785	-	(7,390)	-	-	7,414	-	(131)	678
Advances from non-controlling shareholders of subsidiaries	11,104	-	(11,371)	-	-	-	-	267	-

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

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

1. GENERAL INFORMATION

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2020

On 1 July 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group and the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Basis of preparation – New or amended Standards and Interpretations effective for annual period 2020

The following are the new or amended Standards effective for annual periods beginning on or after 1 July 2020:

1 July 2020	Amendments to:
	- SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement and SFRS(I) 7 Financial Instruments: Disclosures (Interest Rate Benchmark Reform)

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2 Revenue recognition

(a) Construction contracts

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

For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the contract. The measure of progress is determined by the value of work performed relative to the total contract value as determined by surveys of work performed. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(a) Construction contracts (continued)

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

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

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (e.g. SFRS(I) 2 Inventories), these have been accounted in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

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

(b) Development properties

Revenue and profits from development properties is recognised as disclosed in Note 2.6 "Development properties".

(c) Properties held for sale

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

(d) Rendering of services

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(e) Rental income

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

(f) Dividend income

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

(g) Interest income

Interest income is recognised using the effective interest method.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.7 for the accounting policy on goodwill on acquisition of subsidiaries.

(iii) Disposals of subsidiaries or businesses

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

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

Please refer to Note 2.10 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures

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

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

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

(i) Acquisitions

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

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

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' and joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies or joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make or has made payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associate or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(iii) Disposals

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

Please refer to Note 2.10 for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.11).

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.8).

(b) Depreciation

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

	<u>Useful lives</u>
Leasehold land	2 to 6 years
Leasehold buildings	2 to 40 years
Plant and machinery	5 to 10 years
Furniture, office equipment and fittings	2 to 5 years
Motor vehicles	5 years

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 **Property, plant and equipment** (continued)

(c) Subsequent expenditure

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

(d) Disposal

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

2.5 **Properties held for sale**

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

2.6 **Development properties**

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Development properties (continued)

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

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

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

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

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

2.7 Intangible assets

Goodwill

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

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

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

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Borrowing costs

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

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

2.9 Investment properties

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

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

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

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

2.10 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses (Note 2.11) in the Company's balance sheet.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets

(a) *Goodwill*

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

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

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

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

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

(b) *Club memberships*

Property, plant and equipment

Investments in subsidiaries, associated companies and joint ventures

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial guarantees

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

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

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

Intra-group transactions are eliminated on consolidation.

2.13 Club memberships

Club memberships are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.11). Amortisation is calculated on a straight-line basis to write off the cost of club memberships over their expected useful lives of between 10 to 86 years.

2.14 Financial assets

(a) *Classification and measurement*

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

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

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

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

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

At initial recognition

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement

(i) Debt instruments

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

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset.

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging instrument is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income are recognised in profit or loss in the period in which it arises and presented in "other gains/(losses)".

(ii) Equity investments

The Group subsequently measures all its equity investments at fair values. The Group's equity securities are not held for trading. The Group has elected to recognise changes in its fair value of equity securities in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/(losses)" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

For other receivables, dividend receivables, interest receivables, advances to joint venture, associated company, subsidiaries and related party and cash and cash equivalents and deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

(c) *Recognition and derecognition*

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

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

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

The Group has elected to recognise changes in its fair value of equity investments in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Accordingly, on disposal of its equity instruments, any differences between the carrying amount and sales proceeds amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.15 Fair value estimation of financial assets and liabilities

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

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

2.16 Borrowings

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Trade and other payables

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

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

2.18 Leases

- (i) When the Group and the Company are the lessees:

At the inception of the contract, the Group and the Company assessed if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use*

The Group and the Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

Right-of-use asset which meets the definition of an investment property is presented within "Investment properties" and accounted for in accordance with Note 2.9.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (continued)

(i) When the Group and the Company are the lessees: (continued)

- *Lease liabilities*

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group and the Company shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

For a contract that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group and the Company's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- *Short-term and low value leases*

The Group and the Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (continued)

- (i) When the Group and the Company are the lessees: (continued)

- *Variable lease payments*

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group and the Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

- (ii) When the Group is the lessor:

Lessor – Operating leases

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

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

Contingent rents are recognised as income in profit or loss when earned.

Lessor - subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2.19 Income taxes

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 **Income taxes** (continued)

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

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

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

Deferred income tax is measured:

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

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

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

2.20 **Provisions**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee compensation

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

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

(c) *Share-based compensation*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Segment reporting

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

2.24 Cash and cash equivalents

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

2.25 Share capital and treasury shares

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

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

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

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

2.26 Dividends to Company's shareholders

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

2.27 Government grants

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

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) *Construction contracts*

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

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

If the contract sum relating to uncompleted contracts at balance sheet date (with profit recognition) had increased by 1%, the Group's revenue, gross profit and profit before tax would have been higher by approximately \$5,821,000.

If the estimated costs to completion relating to uncompleted contracts at balance sheet date (with profit recognition) had increased by 1%, the Group's gross profit and profit before tax would have been lower by approximately \$959,000.

The COVID-19 situation continues to evolve post 30 June 2021, including manpower shortages and related increases in manpower costs as a result of border control quotas. This may cause further resumption, prolongation and acceleration costs to be incurred. Such cost estimation would be revised in the accounting periods where the changes in circumstances arise.

(b) *Valuation of investment properties*

Investment properties (Note 21) are stated at fair value based on independent valuation by external valuers. The fair values are based on highest and best use basis. The external valuers have considered valuation techniques including the direct market comparison method, discounted cash flow method and residual valuation method where appropriate (Note 21). The fair value of investment properties as at 30 June 2021 amounts to approximately \$119,833,000 (2020: \$58,316,000).

Please refer to Note 21(d) for further disclosure on the significant inputs used in the fair valuation of these properties.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

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

The valuation report obtained from the external valuer of the Group's investment property in the United Kingdom has highlighted the following:

- (i) The outbreak of COVID-19, which was declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, continues to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuation is not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. The valuer has included this explanatory note to ensure transparency of the valuation report and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, the valuer highlight the importance of the valuation date.
- (ii) At this stage, the extent of the negative effect that COVID-19 will have on the hotel market in London is currently unknown and will largely depend on both the scale and longevity of the outbreak. A prolonged outbreak could have a significant (and yet unknown or quantifiable) impact on other sectors of the property market. The valuation is based on the information available to the valuer at the date of valuation. Given the heightened uncertainty, looking forward, a degree of caution should be exercised in the use of the valuation, as values and incomes may change more rapidly and significantly than during standard market conditions. The valuer would therefore recommend that the Group keep the valuation of this property under frequent review.

(c) *Fair value of financial assets, at FVOCI*

As at 30 June 2021, the Group has financial assets, at FVOCI amounting to \$23,953,000 (2020: \$25,146,000). These financial assets, at FVOCI relate to investments in unlisted equity instruments, with details set out in Note 15(a). The fair values of these investments have been measured based on the valuation techniques described in Note 34(e). If the adjustment for lack of control and marketability of the unlisted shares measured using the adjusted net assets value method were to increase or decrease by 5%, the net assets of the Group will decrease or increase by \$1,587,000.

(d) *Fair value of financial asset, at FVPL*

As at 30 June 2021, the Group has a financial asset, at FVPL amounting to \$Nil (2020: \$8,063,000). The financial asset, at FVPL relates to the investment in an unlisted debt instrument, with details set out in Note 15(b). During the financial year ended 30 June 2021, the Group recorded a fair value loss on financial asset, at FVPL amounting to \$7,748,000 due to the weak performance and uncertainties associated with the financial asset.

4. REVENUE

(a) Disaggregation of revenue

	Group		
	At a point in time \$'000	Over time \$'000	Total \$'000
2021			
Revenue from construction contracts			
- Non-related parties	-	270,095	270,095
- Joint venture	-	1,810	1,810
Revenue from sale of properties			
- Related party*	-	7,470	7,470
- Non-related parties	3,800	39,581	43,381
Management and technical assistance fees from			
- Related party*	-	29	29
- Non-related parties	-	288	288
- Joint ventures	-	198	198
Total revenue from contracts with customer	3,800	319,471	323,271
Rental income			1,518
Dividend income from financial assets, at FVOCI			832
Total revenue			325,621
	At a point in time \$'000	Over time \$'000	Total \$'000
2020			
Revenue from construction contracts			
- Non-related parties	-	287,112	287,112
- Joint venture	-	6,827	6,827
Revenue from sale of properties			
- Non-related parties	120	23,420	23,540
Management and technical assistance fees from			
- Related party*	-	48	48
- Non-related parties	-	478	478
- Joint ventures	-	198	198
Total revenue from contracts with customer	120	318,083	318,203
Rental income			4,330
Dividend income from financial assets, at FVOCI			158
Total revenue			322,691

* Related party refers to an associate of a director and a company with a common director.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

4. REVENUE (CONTINUED)

(b) Contract assets and liabilities

	30 June 2021 \$'000	Group 30 June 2020 \$'000	1 July 2019 \$'000
Contract assets			
- Construction contracts for civil and building works	31,044	6,334	42,006
- Construction contracts for development properties	25,733	10,387	4,270
	56,777	16,721	46,276
Contract liabilities			
- Construction contracts for civil and building works	1,125	28,409	39,948
- Construction contracts for development properties	-	-	33
	1,125	28,409	39,981

Contract assets relate to fixed price construction contracts from civil and building works and development properties. The contract assets balances in relation to construction contracts for civil and building works and for development properties increased as the Group provided more services ahead of the agreed payment schedules.

Contract liabilities for construction contracts for civil and building works have decreased due to less contracts in which the Group billed and received consideration ahead of the provision of services.

(i) Revenue recognised in relation to contract liabilities

	2021 \$'000	Group 2020 \$'000
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period		
- Construction contracts for civil and building works	28,409	15,535
- Construction contracts for development properties	-	33
	28,409	15,568
Revenue recognised in current period from performance obligations satisfied in previous periods		
- Construction contracts for civil and building works	11,554	4,674

4. REVENUE (CONTINUED)

- (b) Contract assets and liabilities (continued)
- (ii) Unsatisfied performance obligations

	Group	
	2021	2020
	\$'000	\$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 30 June		
- Construction contracts for civil and building works	1,802,624	1,855,760
- Construction contracts for development properties	5,552	17,910
	1,808,176	1,873,670

Management expects that the transaction price allocated to unsatisfied performance obligations as at 30 June 2021 and 2020 may be recognised as revenue in the next reporting periods based on the existing contractual completion dates as the Group continues to perform to complete the construction:

	Group	
	2021	2020
	\$'000	\$'000
Within one to three years	321,497	245,670
Within one to seven years	1,486,679	1,628,000
	1,808,176	1,873,670

The amount disclosed above does not include variable consideration which is subject to significant risk of reversal. As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of period one year or less, or are billed based on time incurred, is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

4. REVENUE (CONTINUED)

(c) Trade receivables and retention sum receivables from contracts with customers

	Group			Company		
	30 June 2021 \$'000	30 June 2020 \$'000	1 July 2019 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	1 July 2019 \$'000
Current assets						
Trade receivables	30,207	8,451	26,106	50	50	60
Retention sum receivables	29,980	22,662	36,154	-	-	-
Less: Trade receivables from rental income from operating lease	(71)	(1,112)	(547)	-	(50)	(60)
Trade receivables from contracts with customers	60,116	30,001	61,713	50	-	-
Less: Loss allowances	(152)	(152)	(150)	-	-	-
	59,964	29,849	61,563	50	-	-

5(a). OTHER INCOME

	Group	
	2021 \$'000	2020 \$'000
Interest income		
- Bank deposits	265	1,238
- Others	22	84
	287	1,322
Government grants – Construction Engineering Capability Development Programme	369	1,048
Government grants – Jobs Support Scheme	4,867	2,140
Government grants – Foreign Worker Levy Rebates	663	809
Government grants – COVID-Safe Firm-Based Support	734	-
Government grants – others	246	256
Maintenance fees from development properties	603	594
Others - net	127	401
	7,896	6,570

5(a). OTHER INCOME (CONTINUED)

The Construction Engineering Capability Development Programme (“CED Programme”) is an incentive from the Building and Construction Authority (“BCA”) for main contractors taking on complex construction projects. The scheme provides financial incentives for manpower development, engineering capability development and construction financing.

Grant income of \$4,867,000 (2020: \$2,140,000) was recognised during the financial year under the Jobs Support Scheme (the “JSS”). The JSS is a temporary scheme introduced in Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

Foreign Worker Levy Rebates is a temporary scheme introduced in Singapore Budget 2020 to help enterprises retain foreign workers who are unable to work due to the circuit breaker measures. Under the Foreign Worker Levy Rebate scheme, employers received cash grant of \$750 per headcount of foreign worker for the months of May 2020 to June 2020 and \$375 per headcount of foreign worker for months of July 2020 to September 2020. Firms in the Construction, Marine Shipyard and Process sectors will continue to receive a \$90 FWL rebate monthly for October 2020 until December 2021.

The COVID-Safe firm-based support helps with the additional costs incurred by firms to comply with COVID-safe requirements such as provision of Personal Protective Equipment and masks for workers, and individually packed meals. To help with workforce-based measures required of firms, the Government will help offset part of these costs by providing \$400 per construction worker employed (i.e. Work Permit Holders and S-Pass holders) per firm. All firms employing construction workers will receive this one-off support.

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

	Group	
	2021	2020
	\$'000	\$'000
Allowance for impairment of receivables	(791)	-
Currency translation losses – net	(73)	(176)
Fair value gains/(losses) on investment properties – net (Note 21)	16,393	(17,327)
Fair value loss on financial asset, at FVPL [Note 15(b)]	(7,748)	(2,073)
Gain on disposal of a subsidiary (Note 11)	-	1,054
Gain on disposal of property, plant and equipment – net	522	20
Gain on disposal of club memberships	-	1
Gain on reversal of accrued cost for investment property	-	277
	8,303	(18,224)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

6. EXPENSES BY NATURE

	Group	
	2021 \$'000	2020 \$'000
Subcontractor and other construction costs	257,704	258,736
Depreciation of property, plant and equipment (Note 22)	5,455	3,959
Employee compensation (Note 7)	48,069	42,495
Directors' fees	377	377
Auditors fees:		
Fees on audit services paid/payable to:		
- Auditor of the Company	398	377
- Other auditors	60	118
Fees on non-audit services paid/payable to:		
- Auditor of the Company	38	34
- Other auditors	9	9
Legal and professional fees	977	1,011
Rental expenses	96	418
Amortisation of club memberships	33	32
Impairment loss on club memberships	-	19
Property, plant and equipment written off	44	45
Allowance for impairment of receivables	-	2
Other	6,306	5,028
Total cost of sales, distribution and marketing, and administrative and general expenses	319,566	312,660

7. EMPLOYEE COMPENSATION

	Group	
	2021 \$'000	2020 \$'000
Wages and salaries	44,186	39,183
Employer's contribution to defined contribution plans including Central Provident Fund	3,170	2,835
Other benefits	713	477
Staff costs recognised in profit or loss (Note 6)	48,069	42,495

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

8. FINANCE EXPENSES

	Group	
	2021 \$'000	2020 \$'000
Interest expense:		
- Bank borrowings	2,843	4,914
- Lease liabilities	92	55
- Hire purchase loan	20	16
- Other	90	126
- Medium term notes	2,301	2,301
	5,346	7,412
Bank facility fees	505	73
Less: interest expense capitalised in investment property	(1,079)	-
Finance expenses recognised in profit or loss	4,772	7,485

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

9. INCOME TAXES

(a) Income tax expense

	Group	
	2021	2020
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	1,461	2,608
- Foreign	139	-
	<u>1,600</u>	2,608
Deferred income tax	1,526	600
	<u>3,126</u>	3,208
(Over)/under provision in prior financial years		
- Current income tax	(125)	2,772
- Deferred income tax	(5)	(2,803)
	<u>(130)</u>	(31)
	<u>2,996</u>	3,177

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

	Group	
	2021	2020
	\$'000	\$'000
Profit/(loss) before income tax	11,053	(2,930)
Share of losses/(profits) of associated companies and joint ventures	6,429	(6,178)
	<u>17,482</u>	(9,108)
Tax calculated at tax rate of 17% (2020: 17%)	2,972	(1,548)
Effects of:		
- Statutory stepped income exemption	(38)	(56)
- Different tax rates in other countries	348	(275)
- Tax incentives	(114)	(94)
- Income not subject to tax	(4,190)	(536)
- Expenses not deductible for tax purposes	4,111	5,962
- Recognition of previously unrecognised deferred tax assets	(268)	(370)
- Deferred tax assets not recognised	151	125
- Others	154	-
- Over provision of tax	(130)	(31)
	<u>2,996</u>	3,177

9. INCOME TAXES (CONTINUED)

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Beginning of financial year	5,466	1,723	266	154
Currency translation differences	(4)	3	-	-
Income tax paid	(6,130)	(1,640)	(126)	(68)
Tax expense	1,600	2,608	198	232
(Over)/under provision in prior financial years	(125)	2,772	(140)	(52)
End of financial year	807	5,466	198	266
Representing:				
Current income tax liabilities	1,051	5,758	198	266
Tax recoverable	(244)	(292)	-	-
	807	5,466	198	266

(c) Deferred income taxes

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Beginning of financial year	(5,996)	(3,801)	-	-
Currency translation differences	16	8	-	-
Charged to profit or loss	1,526	600	-	-
Over provision in prior financial years	(5)	(2,803)	-	-
End of financial year	(4,459)	(5,996)	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

9. INCOME TAXES (CONTINUED)

(c) Deferred income taxes (continued)

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Deferred tax assets	(4,598)	(6,092)	-	-
Deferred tax liabilities	139	96	-	-
Net deferred tax assets	(4,459)	(5,996)	-	-

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation	Others	Lease assets	Total
	\$'000	\$'000	\$'000	\$'000
Group				
30 June 2021				
Beginning of financial year	9	87	791	887
Charged/(credited) to profit or loss	850	(87)	(42)	721
End of financial year	859	-	749	1,608
30 June 2020				
Beginning of financial year	388	-	304	692
Currency translation differences	1	(1)	-	-
(Credited)/charged to profit or loss	(380)	88	487	195
End of financial year	9	87	791	887

9. INCOME TAXES (CONTINUED)

(c) Deferred income taxes (continued)

Deferred income tax assets

	Expenditure on sale of development properties	Tax losses	Provisions	Others	Lease liabilities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
30 June 2021						
Beginning of financial year	(1,725)	(1,791)	(2,554)	(22)	(791)	(6,883)
Currency translation differences	11	3	2	-	-	16
Charged/(credited) to profit or loss	513	(150)	337	22	78	800
End of financial year	(1,201)	(1,938)	(2,215)	-	(713)	(6,067)
30 June 2020						
Beginning of financial year	(1,802)	(2,156)	(88)	(143)	(304)	(4,493)
Currency translation differences	5	3	-	-	-	8
Charged/(credited) to profit or loss	72	362	(2,466)	121	(487)	(2,398)
End of financial year	(1,725)	(1,791)	(2,554)	(22)	(791)	(6,883)

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

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

	Group	
	2021	2020
	\$'000	\$'000
Unutilised tax losses	33,174	33,597
Unabsorbed capital allowances	130	131
	33,304	33,728

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

10. EARNINGS PER SHARE

	Group	
	2021	2020
Net profit/(loss) attributable to equity holders of the Company (\$'000)	2,973	(2,111)
Weighted average number of ordinary shares in issue for basic earnings per share ('000) for diluted earnings per share ('000)	376,688	379,592
Earnings/(loss) per share (in cents per share)		
- Basic	0.79	(0.56)
- Diluted	0.79	(0.56)

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

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. There are no potential dilutive ordinary shares as at 30 June 2021 and 30 June 2020.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	97,659	105,180	15,416	25,903
Short-term bank deposits	2,419	45,846	2	2
	100,078	151,026	15,418	25,905

Included in cash and cash equivalents of the Group is an amount of approximately \$166,000 (2020: \$6,462,000) held under the Malaysia's Housing Developers (Control and Licensing) Act 1966 and an amount of approximately \$12,315,000 (2020: \$5,153,000) held under the Singapore's Housing Developers (Project Account) Rules (1997 Ed.), withdrawals from which are restricted to payments for expenditure incurred on the project.

11. CASH AND CASH EQUIVALENTS (CONTINUED)

As at 30 June 2021, short-term bank deposits of \$598,000 (2020: \$593,000) were pledged as security for bank facilities.

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

	Group	
	2021	2020
	\$'000	\$'000
Cash and bank balances (as above)	100,078	151,026
Less: Cash and cash equivalents pledged	(598)	(593)
Cash and cash equivalents per consolidated statement of cash flows	99,480	150,433

Disposal of subsidiaries in the previous financial year

On 10 March 2020, the Group disposed of its 100%-owned subsidiary, 130 Wood Street Unit Trust to a third party. The effects of the disposal on the cash flows of the Group were:

	Group
	2020
	\$'000
Carrying amounts of assets and liabilities as at the date of disposal:	
Cash and cash equivalents	843
Investment property	95,760
Trade and other receivables	1,872
Total assets	98,475
Trade and other payables	1,744
Income received in advance	166
Total liabilities	1,910
Net assets disposed of	96,565
Cash inflows arising from disposal:	
Net assets disposed of (as above)	96,565
Gain on disposal [Note 5(b)]	1,054
Cash proceeds on disposal (Note 21)	97,619
Less: Cash and cash equivalents in subsidiary disposed of	(843)
Net cash inflow on disposal as reflected in the consolidated statement of cash flow	96,776

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

12. TRADE AND OTHER RECEIVABLES

(a) Current

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables				
- Non-related parties	30,025	8,392	-	-
- Related party*	4	13	4	13
- Joint venture and associated companies	178	46	46	37
	30,207	8,451	50	50
Less: Allowance for impairment of receivables				
- Non-related parties	(152)	(152)	-	-
Trade receivables - net	30,055	8,299	50	50
<u>Construction contracts</u>				
Retention sum receivables				
- Non-related parties	14,595	6,639	-	-
- Joint venture	2,144	2,358	-	-
Advances to subsidiaries (i)	-	-	91,821	79,674
Less: Allowance for impairment	-	-	(38,410)	(27,267)
	-	-	53,411	52,407
Interest receivable	2	65	-	-
Dividend receivable	-	1,958	929	-
Lease receivables (Note 24)	484	-	-	-
Other receivables	2,159	3,295	35	172
Advances to a joint venture (ii)	834	698	-	-
Less: Allowance for impairment	(786)	-	-	-
	48	698	-	-
	49,487	23,312	54,425	52,629

* Related party refers to a company with a common director.

- (i) The advances to subsidiaries are unsecured, repayable on demand and interest-free.
- (ii) The advances to joint ventures are unsecured. An advance amounting to \$671,000 (2020: \$698,000) bears interest at 8% per annum and is repayable on demand. The remaining advance of \$163,000 (2020: Nil) is interest-free and repayable on demand.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Non-current

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Construction contracts</u>				
Retention sum receivables				
- Non-related parties	13,241	13,665	-	-
Advance to a joint venture (i)	73,000	73,000	-	-
Other receivables	41	313	-	-
Lease receivables (Note 24)	206	-	-	-
Advances to subsidiaries (ii)	-	-	130,012	129,955
Advances to an associated company (iii)	106	106	-	-
	86,594	87,084	130,012	129,955

(i) The advance to a joint venture of \$73,000,000 (2020: \$73,000,000) is unsecured, interest-free and have no fixed terms of repayment and forms part of the Group's investment in the joint venture. Settlement of the advance is neither planned nor likely to occur in the foreseeable future.

(ii) The advances to subsidiaries amounting to \$130,012,000 (2020: \$129,955,000) are unsecured, interest-free and have no fixed terms of repayment and form part of the Company's investments in subsidiaries. Settlement of these advances is neither planned nor likely to occur in the foreseeable future.

Included in the advances to subsidiaries is an amount of \$5,755,000 (2020: \$5,755,000) that has been subordinated to a bank loan of a subsidiary.

(iii) The advances to an associated company amounting to \$106,000 (2020: \$106,000) are unsecured, interest-free and have no fixed terms of repayment. Settlement of these advances is neither planned nor likely to occur in the foreseeable future.

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

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for the Financial Year Ended 30 June 2021

13. PROPERTIES HELD FOR SALE

	Group	
	2021 \$'000	2020 \$'000
Properties held for sale – at cost	1,352	4,417

Details of the properties completed and held for sale are as follow:

Location	Description of development	Tenure/Group's interest in property	Site area sq.m.	Estimated gross floor area sq.m.
2 parcels of land at Lot No. 990 and 1308 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia	Residential development	Freehold/100%	1,128	1,146

14. DEVELOPMENT PROPERTIES

	Group	
	2021 \$'000	2020 \$'000
Properties under construction	94,648	117,949

(a) Details of the development properties as of 30 June 2021 are as follows:

Location	Description of development	Tenure/Group's interest in property	Site area sq.m.	Estimated gross floor area sq.m.	Stage of completion/Expected year of completion
2 parcels of land at Lot No. 990 and 1308 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia	Residential development	Freehold/100%	622,703	227,120	68% [^] / 2026
GM7799 Lot 62391 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia	Residential development [#]	Freehold/100%	11,767	- [#]	- [#]
One Tree Hill, Singapore	Residential development	Freehold/100%	3,831	6,938	94% [^] / 2021

[#] Management has not yet commenced the development of the development property as at year end.

[^] The development properties are charged as securities for bank loans as disclosed in Note 26 to the financial statements.

15. OTHER FINANCIAL ASSETS

	Group	
	2021 \$'000	2020 \$'000
Financial assets, at FVOCI	23,953	25,146
Financial asset, at FVPL	-	8,063
	23,953	33,209

(a) **Financial assets, at FVOCI**

	Group	
	2021 \$'000	2020 \$'000
Beginning of financial year	25,146	16,436
Fair value (losses)/gains [Note 28(d)]	(1,193)	8,710
End of financial year	23,953	25,146
Unlisted equity investments		
<i>At fair value</i>		
- Singapore*	21,816	22,484
- British Virgin Islands	2,137	2,662
	23,953	25,146

* Mainly relates to investment in a Singapore incorporated entity which holds an investment in a China entity listed on the Shanghai Stock Exchange.

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for the Financial Year Ended 30 June 2021

15. OTHER FINANCIAL ASSETS (CONTINUED)

(b) Financial asset, at FVPL

	Group	
	2021 \$'000	2020 \$'000
Beginning of financial year	8,063	4,734
Addition	-	5,402
Fair value loss [Note 5(b)]	(7,748)	(2,073)
Currency translation differences	(315)	-
End of financial year	-	8,063
Non-current		
Unlisted debt instrument		
- Convertible loan	-	8,063

The instrument is all mandatorily measured at fair value through profit or loss.

The financial asset, at FVPL is not expected to be recovered within twelve months from the balance sheet date as at 30 June 2021.

16. OTHER ASSETS

(a) Current

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Deposits	5,211	6,341	124	126
Deposits in Escrow account (i)	482	1,413	-	-
Prepayments	353	366	-	-
	6,046	8,120	124	126

(i) The deposits in Escrow account was set aside for the payment of redevelopment costs for the Group's investment property located in the United Kingdom.

(b) Non-current

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Deposits	3,507	3,746	-	-
Prepayments	647	1,111	-	-
	4,154	4,857	-	-

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for the Financial Year Ended 30 June 2021

17. CLUB MEMBERSHIPS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cost				
Beginning of financial year	1,239	1,191	970	972
Additions	-	50	-	-
Disposals	(37)	(2)	-	(2)
End of financial year	1,202	1,239	970	970
Accumulated amortisation				
Beginning of financial year	775	745	611	589
Amortisation charge	33	32	25	24
Disposals	(9)	(2)	-	(2)
End of financial year	799	775	636	611
Accumulated impairment				
Beginning of financial year	112	93	9	13
Reversal of impairment charge	-	19	-	(4)
Disposals	(18)	-	-	-
End of financial year	94	112	9	9
Net book value	309	352	325	350

18. INVESTMENTS IN JOINT VENTURES

Set out below are the joint ventures of the Group as at 30 June 2021, which, in the opinion of the directors, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2021 %	2020 %
Held by subsidiaries				
Dorado Holdings Pte Ltd and its subsidiaries ("Dorado Group")	Property investment	Singapore	50	50
Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	50	50
CLI CP (Netherlands) Pte Ltd and its subsidiary ("CLI Group")	Property investment	Singapore	50	50

Dorado Group's principal activity is property investment. Dorado Group's redevelopment project, which comprise a hotel and a retail mall, has received its TOP and commenced business operations during the previous financial year ended 30 June 2020.

Lum Chang Tien Wah Property Sdn Bhd's principal activity is property investment.

CLI Group's principal activity is property investment. CLI Group previously invested in a minority stake in an office building in Germany and had disposed off its interest in the office building during the previous financial year ended 30 June 2020.

The Group has \$20,405,700 (2020: \$20,531,700) of commitments to provide funding if called, relating to its joint venture. There are no contingent liabilities relating to the Group's interest in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures

Set out below is the summarised financial information for Dorado Group, Lum Chang Tien Wah Property Sdn Bhd and CLI Group.

Summarised balance sheet

	Dorado Group \$'000	Lum Chang Tien Wah Property Sdn Bhd \$'000	CLI Group \$'000
As at 30 June 2021			
Current assets	12,614	504	1,075
Includes:			
- Cash and cash equivalents	7,403	13	1,075
Current liabilities	(260,617)	(295)	(339)
Includes:			
- Financial liabilities (excluding trade and other payables and provisions)	(253,234)	(293)	(332)
Non-current assets	427,898	24,804	-
Non-current liabilities	(156,263)	(6)	-
Includes:			
- Financial liabilities (excluding trade and other payables and provisions)	-	(6)	-
Net assets	23,632	25,007	736

18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised balance sheet (continued)

	Dorado Group \$'000	Lum Chang Tien Wah Property Sdn Bhd \$'000	CLI Group \$'000
As at 30 June 2020			
Current assets	14,701	198	5,047
Includes:			
- Cash and cash equivalents	10,738	14	5,047
Current liabilities	(11,630)	(175)	(4,256)
Includes:			
- Financial liabilities (excluding trade and other payables and provisions)	(4,657)	(145)	(4,240)
Non-current assets	441,765	22,526	-
Non-current liabilities	(401,867)	(20)	-
Includes:			
- Financial liabilities (excluding trade and other payables and provisions)	(877)	(20)	-
Net assets	42,969	22,529	791

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income

	Dorado Group \$'000	Lum Chang Tien Wah Property Sdn Bhd \$'000	CLI Group \$'000
For the year ended 30 June 2021			
Revenue	11,853	-	-
Other (losses)/gains	(6,987)	2,447	21
Other income	1,205	321	-
Interest income	8	-	-
Expenses	(21,739)	(135)	(92)
Includes:			
- Depreciation	(6,067)	(14)	-
- Interest expense	(4,988)	(1)	-
(Loss)/profit from continuing operations	(15,660)	2,633	(71)
Income tax (expense)/credit	(1,051)	1	-
Post-tax (loss)/profit from continuing operations/total comprehensive (loss)/income	(16,711)	2,634	(71)
Dividends received from joint ventures	-	-	-

18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income (continued)

	Dorado Group \$'000	Lum Chang Tien Wah Property Sdn Bhd \$'000	CLI Group \$'000
For the year ended 30 June 2020			
Revenue	5,169	-	-
Other gains/(losses)	17,398	(177)	4,627
Other income	424	244	29
Interest income	11	18	52
Expenses	(12,244)	(187)	(159)
Includes:			
- Depreciation	(3,278)	(20)	-
- Interest expense	(3,735)	(3)	(8)
Profit/(loss) from continuing operations	10,758	(102)	4,549
Income tax expense	(8,700)	(10)	-
Post-tax profit/(loss) from continuing operations/total comprehensive income/(loss)	2,058	(112)	4,549
Dividends received from joint ventures	-	-	1,914

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures and other adjustment arising from application of equity accounting.

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for the Financial Year Ended 30 June 2021

18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

	2021 \$'000	2020 \$'000
Net loss	10	12
Total comprehensive loss	10	12

Reconciliation of summarised financial information

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

	Dorado Group \$'000	Lum Chang Tien Wah Property Sdn Bhd \$'000	CLI Group \$'000	Total \$'000
As at 30 June 2021				
Net Assets	23,632	25,007	736	49,375
Interest in joint ventures (50%)	11,816	12,503	368	24,687
Carrying value of individually immaterial joint ventures				245
Carrying value of Group's interest in joint ventures				24,932
As at 30 June 2020				
Net Assets	42,969	22,529	791	66,289
Interest in joint ventures (50%)	21,485	11,265	395	33,145
Carrying value of individually immaterial joint ventures				255
Carrying value of Group's interest in joint ventures				33,400

19. INVESTMENTS IN ASSOCIATED COMPANIES

Set out below is an associated company of the Group as at 30 June 2021, which, in the opinion of the directors, is material to the Group. The associated company as listed below has share capital consisting solely of ordinary shares, which is held directly by the Group.

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2021 %	2020 %
Held by subsidiaries				
Unquoted equity shares				
PT Super Makmur Sejahtera*	Property development	Indonesia	25 [#]	25 [#]

* Audited by other firm of auditors

[#] The other 75% shareholding interests is held by a related party [Note 35(c)].

PT Super Makmur Sejahtera owns a piece of vacant land of approximately 740,000 (2020: 580,000) square meters located in Bintan, Indonesia.

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

Summarised financial information for associated companies

Set out below are the summarised financial information for PT Super Makmur Sejahtera.

Summarised balance sheet

	PT Super Makmur Sejahtera	
	As at 30 June	
	2021 \$'000	2020 \$'000
Current assets	74	116
Current liabilities	(7)	(9)
Non-current assets	20,094	16,928
Net assets	20,161	17,035

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for the Financial Year Ended 30 June 2021

19. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised statement of comprehensive income

	PT Super Makmur Sejahtera	
	For the year ended	
	ended 30 June	
	2021	2020
	\$'000	\$'000
Interest income	2	1
Other gain	2,841	11,783
Expenses	(35)	(14)
Profit from continuing operations	2,808	11,770
Income tax expense	-	-
Post-tax profit from continuing operations/total comprehensive income	2,808	11,770
Dividends received from associated company	-	-

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

The following table summarises, in aggregate, the Group's share of loss and other comprehensive (loss)/income of the Group's individually immaterial associated companies accounted for using the equity method:

	2021	2020
	\$'000	\$'000
Loss from continuing operations	(47)	(5)
Other comprehensive income	22	47
Total comprehensive (loss)/income	(25)	42

19. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

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

	PT Super Makmur Sejahtera	
	As at 30 June	
	2021	2020
	\$'000	\$'000
Net Assets	20,161	17,035
Group's equity interest	25%	25%
Group's share of net assets	5,040	4,259
Add:		
Carrying value of individually immaterial associated companies, in aggregate	582	606
Carrying value of Group's interest in associated companies	5,622	4,865

20. INVESTMENTS IN SUBSIDIARIES

	2021	2020
	\$'000	\$'000
Equity investment at cost	98,518	98,518
Less: Allowance for impairment losses	(26,207)	(26,351)
	72,311	72,167

The movement in allowance for impairment losses is as follows:

	2021	2020
	\$'000	\$'000
Beginning of financial year	26,351	26,277
(Write-back of)/allowance for impairment losses	(144)	74
End of financial year	26,207	26,351

Details of subsidiaries are provided in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with non-controlling interests

The non-controlling interest of the Group amounted to \$19,360,000 (2020: \$13,609,000) as at 30 June 2021 and is disclosed in Note 29.

Set out below are the summarised financial information for each subsidiary that has non-controlling interests, which, in the opinion of the directors, is material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

	Wembley Properties Pte Ltd and its subsidiaries \$'000	Lum Chang Interior Pte Ltd and its subsidiary \$'000
As at 30 June 2021		
Current		
Assets	17,180	6,674
Liabilities	(8,791)	(2,542)
Total current net assets	8,389	4,132
Non-current		
Assets	98,138	902
Liabilities	(47,005)	(162)
Total non-current net assets	51,133	740
Net assets	59,522	4,872
Non-controlling interests' share of net assets in subsidiaries (30%; 20%)	17,857	974
As at 30 June 2020		
Current		
Assets	12,682	9,023
Liabilities	(3,736)	(6,216)
Total current net assets	8,946	2,807
Non-current		
Assets	31,034	3,065
Liabilities	-	(54)
Total non-current net assets	31,034	3,011
Net assets	39,980	5,818
Non-controlling interests' share of net assets in subsidiaries (30%; 20%)	11,994	1,164

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised income statement

	Wembley Properties Pte Ltd and its subsidiaries \$'000	Lum Chang Interior Pte Ltd and its subsidiary \$'000
For the year ended 30 June 2021		
Revenue	-	15,342
Profit before income tax	15,643	109
Income tax expense	-	(39)
Profit after income tax	15,643	70
Other comprehensive income	4,035	-
Total comprehensive income	19,678	70
Total comprehensive income allocated to non-controlling interests	5,903	14
Dividends paid to non-controlling interests	-	201
For the year ended 30 June 2020		
Revenue	-	27,340
(Loss)/profit before income tax	(17,521)	4,088
Income tax expense	-	(623)
(Loss)/profit after income tax	(17,521)	3,465
Other comprehensive income	406	-
Total comprehensive (loss)/income	(17,115)	3,465
Total comprehensive (loss)/income allocated to non-controlling interests	(5,134)	693

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised cash flows

	Wembley Properties Pte Ltd and its subsidiaries \$'000	Lum Chang Interior Pte Ltd and its subsidiary \$'000
For the year ended 30 June 2021		
<u>Cash flows from operating activities</u>		
Cash generated from/(used in) operations	1,344	(2,916)
Income tax paid	-	(805)
Net cash generated from/(used in) operating activities	1,344	(3,721)
Net cash used in investing activities	(46,061)	(391)
Net cash provided by/(used in) financing activities	50,744	(101)
Net increase/(decrease) in cash and cash equivalents	6,027	(4,213)
Cash and cash equivalents at beginning of year	10,046	6,926
Cash and cash equivalents at end of year	16,073	2,713
For the year ended 30 June 2020		
<u>Cash flows from operating activities</u>		
Cash generated from operations	739	4,049
Income tax refunded/(paid)	5	(209)
Net cash generated from operating activities	744	3,840
Net cash used in investing activities	(14,182)	(209)
Net cash used in financing activities	-	(5)
Net (decrease)/increase in cash and cash equivalents	(13,438)	3,626
Cash and cash equivalents at beginning of year	23,484	3,300
Cash and cash equivalents at end of year	10,046	6,926

21. INVESTMENT PROPERTIES

	Group	
	2021 \$'000	2020 \$'000
Beginning of financial year	58,316	144,296
Capitalisation of expenditure for development of investment property	46,075	22,358
Reclassification to property, plant and equipment	(5,512)	-
Disposal of investment property	-	(95,760)
Fair value gains/(losses) recognised in profit or loss [Note 5(b)]	16,393	(17,327)
Currency translation differences	4,561	4,749
End of financial year	119,833	58,316

The expenditure capitalised for development of investment property amounting to \$46,075,000 during the financial year ended 30 June 2021.

During the financial year ended 30 June 2020, the Group fully disposed one of its investment properties in the United Kingdom via disposal of its investment in the subsidiary for a cash consideration of \$97,619,000 (net of expenses incurred). The carrying value of the investment property disposed is \$95,760,000. The Group's gain on disposal of the investment in subsidiary after accounting for related transaction costs amounting to \$1,054,000 [Note 5(b)].

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

(i) Located in Singapore:

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

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

(ii) Located in the United Kingdom:

	Description/Existing use	Tenure of land
Kelaty House, Wembley	Serviced residence	Freehold

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for the Financial Year Ended 30 June 2021

21. INVESTMENT PROPERTIES (CONTINUED)

(b) At 30 June 2021, investment properties with total carrying value of \$116,333,000 (2020: an investment property with carrying value of \$23,792,000) are charged by way of mortgage in favour of banks for bank loans as disclosed in Note 26 to the financial statements. In addition, the sales, rental proceeds and insurance policies relating to an investment property are assigned to a bank for a bank loan (Note 26).

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

	Group	
	2021 \$'000	2020 \$'000
Rental income	995	3,789
Fair value gains/(losses) recognised in profit or loss	16,393	(17,327)
Direct operating expenses arising from:		
- Investment properties that generated rental income	(922)	(873)
- Investment properties that did not generate rental income	(64)	(57)

(d) Fair value hierarchy

Description	Fair value measurements using significant unobservable inputs (Level 3) \$'000
Recurring fair value measurements	
30 June 2021	
Singapore:	
- Commercial properties	21,695
United Kingdom:	
- Commercial properties	98,138
Recurring fair value measurements	
30 June 2020	
Singapore:	
- Commercial properties	27,152
United Kingdom:	
- Commercial properties	31,164

21. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy (continued)

Valuation processes of the Group

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

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

Valuation techniques used to derive Level 3 fair values

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

- (i) the Direct Market Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant inputs to the valuation approach would be the adopted value per square meter.
- (ii) the Discounted Cash Flow Method where the net operating income over a period is discounted to arrive at a present value of expected future cash flows. The most significant inputs to the valuation approach would be the discount rate and the capitalisation rate.
- (iii) the Residual Valuation Method where the property is valued in its existing partially completed state of construction taking into account the cost of work done by deducting estimated cost to complete and other relevant costs from gross development value of the proposed development, assuming satisfactory completion.

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for the Financial Year Ended 30 June 2021

21. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy at 30 June 2021:

Fair value at 30 June 2021 ('000)	Valuation technique(s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Commercial properties in Singapore				
\$21,695 (2020: \$27,152)	Direct Market Comparison Method	Adopted value per square meter of net lettable area	\$6,620 to \$28,000 per sq. m. (2020: \$6,700 to \$26,880 per sq. m.)	The higher the adopted value, the higher the fair value
Commercial properties under development in United Kingdom				
\$98,138	Discounted Cash Flow Method	Discount rate	7.75%	The lower the discount rate, the higher the fair value.
		Capitalisation rate	5.75%	The lower the capitalisation rate, the higher the fair value.
(2020: \$31,164)	(2020: Residual Valuation Method)	(2020: Total gross development value)	(2020: \$84,358,000)	(2020: The higher the total gross development value, the higher the fair value.)

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

22. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land \$'000	Leasehold buildings \$'000	Plant and machinery \$'000	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Group							
30 June 2021							
Cost							
Beginning of financial year	4,136	23,229	18,896	8,716	6,088	-	61,065
Currency translation differences	(12)	(1)	-	(1)	(2)	(2)	(18)
Additions	1,461	2,142	2,982	1,687	2,036	254	10,562
Modification of lease liability (a)	(216)	-	-	-	-	-	(216)
Derecognition of right-of-use assets	(871)	-	-	-	-	-	(871)
Disposals	-	-	(1,569)	(894)	(1,318)	-	(3,781)
Reclassification from investment properties (e)	-	5,383	-	-	-	129	5,512
Others	698	-	-	-	-	-	698
End of financial year	5,196	30,753	20,309	9,508	6,804	381	72,951
Accumulated depreciation							
Beginning of financial year	727	7,453	15,453	7,873	2,534	-	34,040
Currency translation differences	(3)	(1)	-	(2)	(1)	-	(7)
Depreciation charge (Note 6)	1,503	1,487	978	651	836	-	5,455
Disposals	-	-	(1,540)	(845)	(599)	-	(2,984)
End of financial year	2,227	8,939	14,891	7,677	2,770	-	36,504
Net book value							
End of financial year	2,969	21,814	5,418	1,831	4,034	381	36,447

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for the Financial Year Ended 30 June 2021

22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land \$'000	Leasehold buildings \$'000	Plant and machinery \$'000	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Group							
30 June 2020							
Cost							
Beginning of financial year	1,300	23,336	19,452	8,188	6,501	-	58,777
Currency translation differences	-	(1)	-	(1)	(1)	-	(3)
Additions	2,836	117	112	559	623	-	4,247
Disposals	-	-	(668)	(30)	(1,035)	-	(1,733)
Others	-	(223)	-	-	-	-	(223)
End of financial year	4,136	23,229	18,896	8,716	6,088	-	61,065
Accumulated depreciation							
Beginning of financial year	-	6,438	15,236	7,373	2,426	-	31,473
Currency translation differences	(1)	(1)	-	(1)	(1)	-	(4)
Depreciation charge (Note 6)	728	1,016	879	531	805	-	3,959
Disposals	-	-	(662)	(30)	(696)	-	(1,388)
End of financial year	727	7,453	15,453	7,873	2,534	-	34,040
Net book value							
End of financial year	3,409	15,776	3,443	843	3,554	-	27,025

22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold building \$'000	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Total \$'000
Company				
30 June 2021				
Cost				
Beginning of financial year	1,219	498	1,833	3,550
Additions	-	24	466	490
Disposals	-	(33)	(546)	(579)
End of financial year	1,219	489	1,753	3,461
Accumulated depreciation				
Beginning of financial year	470	415	597	1,482
Depreciation charge	453	36	237	726
Disposals	-	(29)	(236)	(265)
End of financial year	923	422	598	1,943
Net book value				
End of financial year	296	67	1,155	1,518
30 June 2020				
Cost				
Beginning of financial year	1,295	416	2,017	3,728
Additions	-	86	498	584
Disposals	(76)	(4)	(682)	(762)
End of financial year	1,219	498	1,833	3,550
Accumulated depreciation				
Beginning of financial year	-	398	764	1,162
Depreciation charge	481	21	266	768
Disposals	(11)	(4)	(433)	(448)
End of financial year	470	415	597	1,482
Net book value				
End of financial year	749	83	1,236	2,068

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) 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 23.

During the current financial year, the Group renegotiated and modified an existing lease contract for leasehold land by extending the rent-free period by another 6 months due to the COVID situation in Malaysia. As the extension is not part of the terms and conditions of the original lease contract, it is accounted for as a lease modification with a reduction to the right-of-use assets, classified under "Property, plant and equipment". The corresponding remeasurement to lease liability is recorded under "Borrowings" (Note 26).

- (b) An amount of \$3,271,000 (2020: \$2,188,000) included in the Group's depreciation charge for leasehold land, leasehold buildings, plant and machinery, furniture, office equipment and fittings, and motor vehicles has been included in cost of sales during the financial year.
- (c) One of the leasehold buildings of the Group with carrying amount of approximately \$17,406,000 (2020: \$12,522,000) as at 30 June 2021 is charged by way of a mortgage in favour of a bank for a bank loan as disclosed in Note 26 to the financial statements.
- (d) Included within the Group's additions to property, plant and equipment, is an amount of \$1,635,000 (2020: \$3,090,000) which relates to addition of right-of-use assets, and a reversal of costs accrual amounting to \$Nil (2020: \$224,000) during the financial year ended 30 June 2021.
- (e) The amount relates to owner-occupied portion of the leasehold building transferred from investment property to property, plant and equipment resulting from the change in use during the current financial year.

23. LEASES – THE GROUP AND THE COMPANY AS A LESSEE

Nature of the Group and the Company's leasing activities

Property

The Group leases office spaces for the purpose of back office operations and state land from the government for the purposes of its construction projects.

Leasehold land

The Group secured the right-of-use of leasehold land for the purpose of construction and operation of a commercial hub.

23. LEASES – THE GROUP AND THE COMPANY AS A LESSEE (CONTINUED)

(a) Carrying amounts

Right-of-use assets classified within property, plant and equipment

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Leasehold building	17,684	12,852	296	749
Leasehold land	2,969	3,409	-	-
	20,653	16,261	296	749

Right-of-use assets classified within investment properties

The right-of-use asset relating to leasehold land presented under investment properties (Note 21) is stated at fair value and has a carrying amount of \$21,695,000 (2020: \$27,152,000) as at 30 June 2021.

(b) Depreciation charge during the year

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Leasehold building	725	468	453	470
Leasehold land	1,503	728	-	-
	2,228	1,196	453	470

(c) Interest expense

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Interest expense on lease liabilities (Note 8)	92	55	18	29

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

23. LEASES – THE GROUP AND THE COMPANY AS A LESSEE (CONTINUED)

- (d) Lease expense not capitalised in lease liabilities

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Short-term lease expense	89	380	50	43
Low value lease expenses	7	6	5	4
	96	386	55	47

- (e) Total cash outflow for all leases in 2021 was \$1,434,000 (2020: \$1,226,000) for the Group and \$473,000 (FY2020: \$516,000) for the Company.
- (f) Addition of right-of-use assets during the financial year 2021 was \$1,635,000 (2020: \$3,090,000) for the Group and \$Nil (2020: \$Nil) for the Company.
- (g) Derecognition of right-of-use assets during the financial year 2021 was \$871,000 (2020: \$Nil).
- (h) Future cash outflow which are not capitalised in lease liabilities

Extension options

The leases for office spaces and leasehold land contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations.

24. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out retail and office spaces to non-related parties for monthly lease payments. The leases have varying terms and renewal rights. These leases are classified as an operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 21.

Nature of the Group's leasing activities – Group as an intermediate lessor

Subleases – classified as finance leases

The Group's sub-lease of its right-of-use of land is classified as finance lease because the sub-lease is for the entire remaining lease term of the head lease.

Right-of-use assets relating to the head leases with sub-leases classified as finance lease is derecognised. The net investment in the sub-lease is recognised under "Trade and other receivables" (Note 12).

Finance income on the net investment in sub-lease during the financial year is \$5,000 (2020: \$Nil).

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	Group	
	2021	2020
	\$'000	\$'000
Less than one year	519	-
One to two years	183	-
Total undiscounted lease payments	702	-
Less: Unearned finance income	(12)	-
Net investment in finance lease	690	-
Current [Note 12(a)]	484	-
Non-current [Note 12(b)]	206	-
	690	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

25(a). TRADE AND OTHER PAYABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current				
Trade payables				
- Non-related parties	65,877	46,262	6	139
- Related parties*	10	40	5	37
- Joint venture	4	44	4	-
<u>Construction contracts</u>				
- Retention sum payables	12,788	11,910	-	-
<u>Development projects</u>				
- Retention sum payables	3,590	2,552	-	-
Loans and advances from:				
- Subsidiaries (i)	-	-	138,149	132,922
- Non-controlling shareholders of subsidiaries (ii)	1,122	-	-	-
Dividend payable to non-controlling shareholders of a subsidiary	398	-	-	-
Accruals for development costs	4,770	3,014	-	-
Accruals for operating expenses	6,173	3,530	557	416
Other payables	1,130	1,172	395	422
Deposits received	1,073	950	-	-
Deferred grant income	-	1,268	-	232
Rent received in advance	1	35	-	-
Loan interest payable	692	678	610	610
Unclaimed dividends	-	3	-	3
	97,628	71,458	139,726	134,781
Non-current				
Deposits received	152	446	-	-
<u>Construction contracts</u>				
- Retention sum payables	16,379	15,381	-	-
<u>Development projects</u>				
- Retention sum payables	1,034	1,353	-	-
	17,565	17,180	-	-

* Related parties refer to companies with a common director.

25(a). TRADE AND OTHER PAYABLES (CONTINUED)

- (i) Loans and advances from subsidiaries are unsecured, interest-free and repayable on demand.
- (ii) The advances from the non-controlling shareholders of subsidiaries were unsecured, interest-free and repayable on demand.
- (iii) The fair values of the financial liabilities included in non-current trade and other payables approximate their carrying amounts as at the balance sheet date.

25(b). PROVISION FOR OTHER LIABILITIES

Provision for other liabilities relates to provision for warranty costs and foreseeable losses.

The movement in provision for other liabilities is as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Beginning of financial year	15,159	16,502	-	-
Provision made	953	1,709	-	-
Provision utilised	(526)	(781)	-	-
Provision written back	(3,312)	(2,271)	-	-
End of financial year	12,274	15,159	-	-

26. BORROWINGS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current				
Bank loans	10,458	3,165	-	-
Lease liabilities	2,017	1,104	303	456
Hire purchase loan	148	99	33	30
5.8% medium term notes due 2021, net of transaction costs	39,983	-	39,983	-
	52,606	4,368	40,319	486

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

26. BORROWINGS (CONTINUED)

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current				
Bank loans	172,279	121,203	-	-
Lease liabilities	2,086	2,838	-	302
Hire purchase loan	275	235	41	75
5.8% medium term notes due 2021, net of transaction costs	-	39,911	-	39,911
	174,640	164,187	41	40,288
Total borrowings	227,246	168,555	40,360	40,774

Refer to Note 34(a)(iii) for the exposure of borrowings to interest rate risk.

(a) Security granted

Total borrowings as at 30 June 2021 included the following:

Certain revolving and term loans amounting to \$172,737,000 (2020: \$124,368,000) are secured by two of the Group's development properties (Note 14), two investment properties (Note 21), a leasehold building (Note 22), the assignment of sales and rental proceeds and insurance policies relating to an investment property (Note 21) and property, plant and equipment [Note 22(c)], and corporate guarantees from the Company.

(b) Medium term notes

On 31 March 2014, the Company established a \$300,000,000 Multicurrency Medium Term Note Programme (the "Programme"). Under the Programme, the Company may, subject to compliance with all relevant laws and regulations and directives, from time to time issue notes in series or tranches. The notes may be in Singapore dollars or in other currencies, in various amounts and tenors, and may bear interest at a fixed, floating, variable or hybrid rate, or may not bear interest, as agreed between the Company and the relevant dealer.

On 27 September 2018, the Company issued Medium Term Notes amounting to \$40,000,000, with transaction costs amounting to \$207,000. The notes will mature on 27 September 2021 and bears a fixed interest of 5.80% per annum which is payable semi-annually.

(c) Fair value of non-current borrowings

As at 30 June 2021, the carrying amount of Medium Term Notes, which bear a fixed interest of 5.80% per annum approximates their fair value as the notes will mature on 27 September 2021.

As at 30 June 2020, the fair value of Medium Term Notes was \$42,084,000 and was discounted at market borrowing rates of an equivalent instrument at the date of statement of financial position which the directors expected to be available to Group at 1.50% per annum.

27. SHARE CAPITAL AND TREASURY SHARES

	← No. of ordinary shares →		← Amount →	
	Issued share capital '000	Treasury shares '000	Issued share capital \$'000	Treasury shares \$'000
Group and Company				
30 June 2021				
Beginning and end of financial year	385,030	(8,342)	86,572	(2,845)
30 June 2020				
Beginning of financial year	385,030	(4,543)	86,572	(1,620)
Purchase of treasury shares	-	(3,799)	-	(1,225)
End of financial year	385,030	(8,342)	86,572	(2,845)

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

The Company did not issue any ordinary shares during the financial years ended 30 June 2021 and 30 June 2020.

(a) Treasury shares

The Company did not purchase any of its ordinary shares during the financial year ended 30 June 2021. In the previous financial year ended 30 June 2020, the Company acquired 3,799,000 shares in the Company in the open market. The total amount paid to acquire the shares was \$1,225,000 and this was presented as a component within shareholders' equity.

(b) Share options

There was no outstanding share options as at 30 June 2021 and 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

28. CAPITAL AND OTHER RESERVES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(a) Composition				
Capital reserves	19,131	19,131	2,800	2,800
Share option reserve	382	382	382	382
Fair value reserve	16,665	17,836	-	-
Foreign currency translation reserve	1,749	(923)	-	-
Capital redemption reserve	3,601	3,601	-	-
	41,528	40,027	3,182	3,182

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(b) Movement in capital reserves				
Beginning and end of financial year	19,131	19,131	2,800	2,800

The capital reserves arise mainly from acquisition of subsidiaries under common control and capitalisation of retained profits of subsidiaries.

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(c) Movement in share option reserve				
Beginning and end of financial year	382	382	382	382

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(d) Movement in fair value reserve				
Beginning of financial year	17,836	9,079	-	-
Financial assets, at FVOCI				
- Fair value (losses)/gains [Note 15(a)]	(1,193)	8,710	-	-
Other	22	47	-	-
End of financial year	16,665	17,836	-	-

28. CAPITAL AND OTHER RESERVES (CONTINUED)

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(e) Movement in foreign currency translation reserve				
Beginning of financial year	(923)	(2,012)	-	-
Net currency translation differences of financial statements of foreign subsidiaries, joint ventures and associated companies	3,841	(241)	-	-
Add: Non-controlling interests	(1,255)	(116)	-	-
	2,586	(357)	-	-
Reclassification on repayment of loan receivables	86	1,620	-	-
Reclassification on disposal of a subsidiary	-	(174)	-	-
End of financial year	1,749	(923)	-	-
(f) Movement in capital redemption reserve				
Beginning of financial year	3,601	342	-	-
Transfer of reserves	-	3,259	-	-
End of financial year	3,601	3,601	-	-

During the previous financial year ended 30 June 2020, a wholly-owned Malaysia subsidiary of the Group redeemed its Class "B" redeemable non-cumulative preference shares out of profits. When the shares were redeemed, an amount which is not available for distribution as dividends to the shareholder was transferred from retained profits to capital redemption reserve as required by the Malaysia Companies Act.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

29. NON-CONTROLLING INTERESTS

	Group	
	2021 \$'000	2020 \$'000
Beginning of financial year	13,609	19,473
Profit/(loss) for the financial year	5,084	(3,996)
Other comprehensive income	1,255	116
Dividends paid to non-controlling interests	(588)	(1,984)
End of financial year	<u>19,360</u>	<u>13,609</u>

The summarised financial information about the assets, liabilities, profit or loss and cashflows for the Group's subsidiaries with material non-controlling interests are as disclosed in Note 20.

30. RETAINED PROFITS

(a) Group

Retained profits of the Group are distributable except for the retained profits of associated companies and joint ventures amounting to \$16,555,000 (2020: \$24,428,000). Retained profits of the Company are distributable.

(b) Company

Movements in retained profits of the Company are as follows:

	Company	
	2021 \$'000	2020 \$'000
Beginning of financial year	20,470	28,828
Profit/(loss) for the financial year	9,071	(1,510)
Dividends paid (Note 31)	(22,601)	(6,848)
End of financial year	<u>6,940</u>	<u>20,470</u>

31. DIVIDENDS

	Group and Company	
	2021	2020
	\$'000	\$'000
Interim dividend of 0.75 cents (2020: 0.3 cents) per ordinary share	2,825	1,141
Special dividend of 4.25 cents (2020: Nil) per ordinary share	16,009	-
Final dividend of 1.0 cents (2020: 1.5 cents) per ordinary share	3,767	5,707
Total dividends paid	22,601	6,848

The directors have proposed a final dividend for 2021 of 1.0 cents per share, amounting to approximately \$3,767,000. These financial statements do not reflect these proposed dividends, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2022.

32. CONTINGENCIES

Guarantees

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Financial guarantees given to banks and finance companies in connection with facilities given to subsidiaries	-	-	102,611	183,294
Financial guarantees given to banks and finance companies in connection with facilities given to joint ventures	139,461	125,955	139,461	125,955

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

33. COMMITMENTS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Commitments not provided for in the financial statements excluding those held by joint ventures (Note 18) are as follows:				
Development expenditure contracted for development properties	2,345	5,154	-	-
Investment commitments	10,402	10,811	-	-
Purchase of property, plant and equipment	419	101	-	-
	13,166	16,066	-	-

34. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

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

(a) **Market risk**

(i) *Price risk*

Price risk is the risk arising from uncertainties on future prices of investments classified as financial assets, at FVPL or FVOCI. The fair value information on the Group's investments in unquoted debt and equity instruments (classified as financial assets, at FVPL or FVOCI) is presented in Note 34(e).

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk

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

	← Group →			← Company →	
	RM \$'000	GBP \$'000	USD \$'000	RM \$'000	GBP \$'000
At 30 June 2021					
Financial assets					
Cash and cash equivalents	5,483	20,658	-	18	2,845
Financial assets, at FVOCI	-	-	2,137	-	-
Trade and other receivables	9,357	-	-	-	2,617
Intercompany receivables	227	18,235	-	-	-
Other financial assets	369	482	-	-	-
	15,436	39,375	2,137	18	5,462
Financial liabilities					
Borrowings	(17,235)	(47,005)	-	-	-
Trade and other payables	(5,870)	(6,626)	-	-	-
Intercompany payables	(227)	(18,235)	-	-	-
	(23,332)	(71,866)	-	-	-
Net financial (liabilities)/assets	(7,896)	(32,491)	2,137	18	5,462
Less: Net financial liabilities denominated in the respective entities' functional currencies	7,918	35,337	-	-	-
Currency exposure	22	2,846	2,137	18	5,462

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

	← Group →			← Company →	
	RM \$'000	GBP \$'000	USD \$'000	RM \$'000	GBP \$'000
At 30 June 2020					
Financial assets					
Cash and cash equivalents	12,454	22,566	-	35	10,925
Financial asset, at FVPL	-	-	8,063	-	-
Financial assets, at FVOCI	-	-	2,663	-	-
Trade and other receivables	4,998	1,086	761	-	-
Intercompany receivables	236	12,259	-	-	-
Other financial assets	373	1,413	-	-	-
	18,061	37,324	11,487	35	10,925
Financial liabilities					
Borrowings	(21,078)	-	-	-	-
Trade and other payables	(6,453)	(5,672)	-	-	-
Intercompany payables	(236)	(12,259)	-	-	-
	(27,767)	(17,931)	-	-	-
Net financial (liabilities)/assets	(9,706)	19,393	11,487	35	10,925
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	9,746	(8,468)	-	-	-
Currency exposure	40	10,925	11,487	35	10,925

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

Sensitivity analysis for currency risk

If the RM and USD changes against the SGD by 4% (2020: 5%) and the GBP changes against the SGD by 5% (2020: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	← Increase/ (Decrease) →		← Increase/ (Decrease) →	
	Profit after tax 30 June 2021 \$'000	Other comprehensive income 30 June 2021 \$'000	Loss after tax 30 June 2020 \$'000	Other comprehensive income 30 June 2020 \$'000
Group				
RM against SGD				
- strengthened	1	-	(2)	-
- weakened	(1)	-	2	-
GBP against SGD				
- strengthened	118	-	(453)	-
- weakened	(118)	-	453	-
USD against SGD				
- strengthened	71	89	(366)	110
- weakened	(71)	(89)	366	(110)
Company				
RM against SGD				
- strengthened	1	-	(2)	-
- weakened	(1)	-	2	-
GBP against SGD				
- strengthened	227	-	(453)	-
- weakened	(227)	-	453	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

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

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

The Group and the Company's borrowings mainly comprises of bank loans and Medium Term Notes. The bank loans are entered into variable interest rates while the Medium Term Notes are entered into fixed interest rates.

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD, RM and GBP. If the SGD interest rate increases/decreases by 0.5% (2020: 0.5%) and the GBP interest rates increases/decreases by 0.5% (2020: 0.5%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company will be lower/higher by \$573,000 and \$5,500 (2020: loss after tax will be higher/lower by \$618,000 and \$5,400) respectively as a result of higher/lower interest expense on these borrowings.

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

	← Variable rates →				← Fixed rates →				Total
	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
At 30 June									
2021	120,684	15,048	47,005	-	40,258	1,890	2,361	-	227,246
At 30 June									
2020	121,434	2,934	-	-	107	2,009	42,071	-	168,555
Company									
At 30 June									
2021	-	-	-	-	40,069	250	41	-	40,360
At 30 June									
2020	-	-	757	-	15	15	39,987	-	40,774

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

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

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Management based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored by the Management.

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

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

The trade receivables of the Group comprise seven debtors (2020: four debtors) that individually represented 6% to 11% (2020: 6% to 20%) of trade receivables.

The contracts assets of the Group comprise five debtors (2020: four debtors) that individually represented 9% to 24% (2020: 6% to 26%) of contract assets.

The retention sum receivables of the Group comprise three debtors (2020: three debtors) that individually represented 16% to 41% (2020: 11% to 57%) of retention sum receivables.

The movements in credit loss allowance are as follows:

	Trade receivables ^(a) \$'000	Contract assets ^(a) \$'000	Total \$'000
Group			
Balance at 1 July 2020 and 30 June 2021	152	-	152
Group			
Balance at 1 July 2019	150	-	150
Loss allowance recognised in profit or loss during the year on:			
- Assets acquired/originated	2	-	2
Balance at 30 June 2020	152	-	152

^(a) Loss allowance measured at lifetime ECL

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) **Credit risk** (continued)

(i) *Trade receivables, contract assets and retention sum receivables*

The Group has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables, contract assets and retention sum receivables are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables and retention sum receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss, the Group considers historical loss rates for each category of receivables and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Management has considered, among other factors (including forward-looking information), the Group's historical loss pattern over the last three financial years. Based on the above, management concluded that the expected credit loss rate for trade receivables, retention sum receivables and unbilled revenue is close to zero. The loss allowance provision for trade receivables, retention sum receivables and unbilled revenue was assessed as not material.

Trade receivables, contract assets and retention sum receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables and contract assets due. Where recoveries are made, these are recognised in profit or loss.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Trade receivables, contract assets and retention sum receivables (continued)

The Group's credit risk exposure in relation to trade receivables, retention sum receivables and contract assets under SFRS(I) 9 as at 30 June 2021 and 30 June 2020 are set out in the provision matrix as follows:

	Current \$'000	Past due			Total \$'000
		← Less than 3 months \$'000	3 to 6 months \$'000	→ More than 6 months \$'000	
Group					
As at 30 June 2021					
Construction contracts for civil and building works					
Trade receivables	8,953	2	6	737	9,698
Less: Specific allowance	-	-	-	(139)	(139)
	8,953	2	6	598	9,559
Contract assets	31,044	-	-	-	31,044
Retention sum receivables	29,980	-	-	-	29,980
	69,977	2	6	598	70,583
Property and development					
Trade receivables	14,626	4,113	1,322	448	20,509
Less: Specific allowance	-	-	-	(13)	(13)
	14,626	4,113	1,322	435	20,496
Contract assets	25,733	-	-	-	25,733
	40,359	4,113	1,322	435	46,229

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for the Financial Year Ended 30 June 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Trade receivables, contract assets and retention sum receivables (continued)

	←————— Past due —————→			Total \$'000	
	Current \$'000	Less than 3 months \$'000	3 to 6 months \$'000		More than 6 months \$'000
Group					
As at 30 June 2020					
Construction contracts for civil and building works					
Trade receivables	3,418	1,214	54	723	5,409
Less: Specific allowance	-	-	-	(139)	(139)
	3,418	1,214	54	584	5,270
Contract assets	6,334	-	-	-	6,334
Retention sum receivables	22,662	-	-	-	22,662
	32,414	1,214	54	584	34,266
Property and development					
Trade receivables	1,150	19	1,873	-	3,042
Less: Specific allowance	(13)	-	-	-	(13)
	1,137	19	1,873	-	3,029
Contract assets	10,387	-	-	-	10,387
	11,524	19	1,873	-	13,416

The trade receivables, contract assets and retention sum receivables are subject to immaterial expected credit loss.

(ii) Cash and cash equivalents

The Group and the Company held cash and cash equivalents of \$100,078,000 and \$15,418,000 respectively (2020: \$151,026,000 and \$25,905,000) with banks which are rated AAA and AA+ based on Standard & poor and consider to have low credit risk. The cash balances are measured based on 12-month expected credit losses and subject to immaterial credit loss.

(iii) Advances to joint ventures

The Group has assessed that its joint ventures have strong financial capacity to meet the contractual obligation of \$73,048,000 (2020: \$73,698,000) and considered to have low credit risk. The loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) Advances to subsidiaries

The Company has advances to subsidiaries amounting to \$211,833,000 (2020: \$209,629,000) as at 30 June 2021. The advances to subsidiaries amounting to \$173,423,000 (2020: \$182,362,000) are considered to have low credit risk, are measure on a 12-month expected credit losses and subject to immaterial credit losses as these subsidiaries have strong financial capacity to meet the contractual obligations. For the remaining advances to subsidiaries amounting to \$38,410,000 (2020: \$27,267,000), management has fully impaired the amount as these subsidiaries do not have the financial capacity to repay the amounts.

(v) Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiaries and joint venture. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(vi) Dividend receivables and other receivables

Dividend receivables and other receivables are measured based on 12-month expected credit losses and subject to immaterial credit loss.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities to meet obligations when due and the ability to close out market positions at short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Group				
At 30 June 2021				
Trade and other payables	97,576	17,565	-	115,141
Lease liabilities	2,174	2,237	-	4,411
Borrowings (excluding lease liabilities)	54,748	174,843	-	229,591
Financial guarantee contracts	139,461	-	-	139,461
At 30 June 2020				
Trade and other payables	70,155	17,180	-	87,335
Lease liabilities	1,104	2,838	-	3,942
Borrowings (excluding lease liabilities)	7,905	166,385	-	174,290
Financial guarantee contracts	125,955	-	-	125,955

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Company				
At 30 June 2021				
Trade and other payables	139,693	-	-	139,693
Lease liabilities	303	-	-	303
Borrowings (excluding lease liabilities)	40,607	83	-	40,690
Financial guarantee contracts	242,072	-	-	242,072
At 30 June 2020				
Trade and other payables	134,549	-	-	134,549
Lease liabilities	456	302	-	758
Borrowings (excluding lease liabilities)	2,344	40,642	-	42,986
Financial guarantee contracts	309,249	-	-	309,249

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks and financial institutions to maintain a gearing ratio of not exceeding 150% (2020: 150%). The Group's and the Company's strategies, which were unchanged from 2020, are to maintain gearing ratios within the limits required.

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Net debt	127,766	18,122	24,942	14,869
Total equity (excluding non-controlling interest)	238,686	256,813	93,849	107,379
Gearing ratio	54%	7%	27%	14%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2020 and 2021.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements

The following table presents financial assets, at FVOCI and financial asset, at FVPL measured at fair value and classified by level of the following fair value measurement hierarchy.

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value hierarchy for investment properties is disclosed in Note 21.

The fair values of borrowings, trade and other receivables and trade and other payables as disclosed in Note 26, Note 12 and Note 25 respectively approximate to their carrying amounts.

The fair value of finance assets, at FVOCI and FVPL are as disclosed:

	Level 3
	\$'000
The Group:	
30 June 2021	
Financial assets, at FVOCI	23,953
Financial asset, at FVPL	-
30 June 2020	
Financial assets, at FVOCI	25,146
Financial asset, at FVPL	8,063

The following table presents the changes in Level 3 instruments:

	Unlisted equity investments \$'000	Unlisted debt investments \$'000
At 30 June 2021		
Beginning of financial year	25,146	8,063
Fair value losses recognised in other comprehensive income	(1,193)	-
Fair value losses recognised in profit or loss	-	(7,748)
Currency translation differences	-	(315)
End of financial year	23,953	-
At 30 June 2020		
Beginning of financial year	16,436	4,734
Fair value gains recognised in other comprehensive income	8,710	-
Fair value losses recognised in profit or loss	-	(2,073)
Additions	-	5,402
End of financial year	25,146	8,063

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

Valuation techniques and inputs used in Level 3 fair value measurements:

(i) Financial assets, at FVOCI

Description	Fair value at 30 June 2021 \$'000	Fair value at 30 June 2020 \$'000	Valuation technique(s)	Significant unobservable input	Range of unobservable input	Relationship of unobservable input to fair value
Unlisted equity investment	20,316	20,984	Adjusted net asset value	Adjustments for lack of control and marketability	Lack of control – 20% (2020:20%) Lack of marketability – 20% (2020: 20%)	The higher the adjustments for lack of controls and marketability, the lower the fair value.
Unlisted equity investments	3,637	4,162	Net asset value	Net asset value	Not applicable	Not applicable

Financial assets, at FVOCI comprise of investments in unlisted equity instruments and the fair values of these instruments are based on the adjusted net assets value or net assets value of the investee companies. This method is appropriate as the assets and liabilities of investee companies are primarily held at their respective fair values at the balance sheet date.

To arrive at the fair value of an unlisted equity instrument accounted for as FVOCI financial asset, downward adjustments are made to the net assets value of the investee company to account for the lack of control and marketability of the unlisted equity instrument. These adjustments incorporate assumptions based on market conditions existing at the balance sheet date and are based on studies of discounts for lack of control and marketability for similar typed instruments. The extent of adjustment requires judgement and the effect of a change in management's estimate on this adjustment is disclosed in Note 3(c).

(ii) Financial asset, at FVPL

Financial asset, at FVPL comprises investment in a convertible loan instrument.

In the current financial year, the Group recorded a full fair value downward adjustment to the financial asset, at FVPL amounting to \$7,748,000. This is based on the Group's assessment of the fair value of the financial asset after taking into consideration the weak financial performance and uncertainties associated with the financial asset, at FVPL. In the previous financial year, the financial asset, at FVPL was valued using the discounted cash flow method and applying a risk adjusted discount rate of 10.4%. The higher the discount rate, the lower the fair value.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 15(a) and Note 15(b) to the financial statements, except for the following:

	Group	Company
	\$'000	\$'000
30 June 2021		
Financial assets, at amortised cost	244,777	199,979
Financial liabilities, at amortised cost	342,389	180,053
30 June 2020		
Financial assets, at amortised cost	270,597	208,615
Financial liabilities, at amortised cost	255,710	175,275

35. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	Group	
	2021	2020
	\$'000	\$'000
Joint ventures and associated companies		
Revenue from construction contracts	3,169	22,767
Management services fees received	221	198
Project management fees received	23	-
Related party		
Sale of property to an associate of a director	7,470	-
Management services fees received *	29	48
Consultancy fee paid to a director of the Company	174	180

* Management services fees were received from a company with common controlling shareholder and directors.

Outstanding balances at 30 June 2021, arising from sale/purchase of goods and services, are set out in Notes 4(b), 12 and 25.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management remuneration

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

	Group	
	2021	2020
	\$'000	\$'000
Salaries and other short-term employee benefits	5,982	5,244
Post-employment benefits – contribution to CPF	125	114
	6,107	5,358

Included in above is total remuneration to directors of the Company amounting to \$3,054,600 (2020: \$2,079,000).

(c) Investment in an associated company

During the previous financial year ended 30 June 2020, the Group invested \$1,268,000 in cash for a 25% shareholding interest in PT Super Makmur Sejahtera ("PT Super"). Further details on PT Super is disclosed in Note 19 to the financial statements.

The other 75% shareholding interest in PT Super is held by Cyan Bay Pte. Ltd., a wholly owned subsidiary of Ellipsiz Limited ("Ellipsiz").

Ellipsiz is considered a related party to the Company by virtue of common controlling shareholder and directors in the two companies.

During the financial year ended 30 June 2021, the Group invested additional \$301,000 in cash, representing 25% of its shareholding interests, for additional 32,500 ordinary shares in PT Super. This additional investment was mainly used for acquisition of additional land parcels in Bintan, Indonesia for investment purposes.

36. SEGMENT INFORMATION

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

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

The segment information provided to the Exco for the reportable segments for the financial years ended 30 June 2021 and 30 June 2020 are as follows:

	Construction	Property development and investment	Investment holding and others	Total
	\$'000	\$'000	\$'000	\$'000
Financial year ended 30 June 2021				
Revenue from external customers	272,510	52,070	1,041	325,621
Inter-segment revenue	1,434	1,311	30,146	32,891
	<u>273,944</u>	<u>53,381</u>	<u>31,187</u>	<u>358,512</u>
Elimination				(32,891)
Revenue				<u>325,621</u>
Segment results	13,586	15,946	14,350	43,882
Elimination				(28,057)
				<u>15,825</u>
Finance expense				(4,772)
Profit before income tax				<u>11,053</u>
Income tax expense				(2,996)
Net profit				<u>8,057</u>
Segment results include:				
Interest income	171	2	114	287
Fair value gain on investment properties	140	16,253	-	16,393
Fair value loss on financial asset, at FVPL	-	-	(7,748)	(7,748)
Depreciation of property, plant and equipment	(4,014)	(695)	(563)	(5,272)
Share of losses of associated companies and joint ventures	(10)	(6,419)	-	(6,429)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

36. SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Property development and investment \$'000	Investment holding and others \$'000	Total \$'000
Financial year ended 30 June 2020				
Revenue from external customers	294,829	27,476	386	322,691
Inter-segment revenue	6,827	1,256	8,606	16,689
	301,656	28,732	8,992	339,380
Elimination				(16,689)
Revenue				322,691
Segment results	16,665	(4,478)	(1,023)	11,164
Elimination				(6,609)
				4,555
Finance expense				(7,485)
Loss before income tax				(2,930)
Income tax expense				(3,177)
Net loss				(6,107)
Segment results include:				
Interest income	1,091	159	72	1,322
Fair value loss on investment properties	-	(17,327)	-	(17,327)
Fair value loss on financial asset, at FVPL	-	-	(2,073)	(2,073)
Depreciation of property, plant and equipment	(2,891)	(622)	(446)	(3,959)
(Impairment loss)/write-back of impairment loss on club membership	(23)	-	4	(19)
Share of (losses)/profits of associated companies and joint ventures	(10)	6,188	-	6,178

36. SEGMENT INFORMATION (CONTINUED)

	Construction	Property development and investment	Investment holding and others	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2021					
Segment assets	148,113	423,299	43,696	(4,876)	610,232
Tax recoverable					244
Deferred income tax assets					4,598
Consolidated total assets					<u>615,074</u>
Segment assets include:					
Investment in associates and joint ventures	245	30,276	33	-	30,554
Capital expenditure on property, plant and equipment	10,011	23	528	-	10,562
Capital expenditure on investment property	-	46,075	-	-	46,075
Segment liabilities	(110,495)	(16,682)	(1,727)	312	(128,592)
Borrowings					(227,246)
Deferred income tax liabilities and current income tax liabilities					(1,190)
Consolidated total liabilities					<u>(357,028)</u>

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

36. SEGMENT INFORMATION (CONTINUED)

	Construction	Property development and investment	Investment holding and others	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2020					
Segment assets	156,409	353,694	65,122	(4,572)	570,653
Tax recoverable					292
Deferred income tax assets					6,092
Consolidated total assets					<u>577,037</u>
Segment assets include:					
Investment in associates and joint ventures	255	37,974	36	-	38,265
Capital expenditure on property, plant and equipment	1,716	141	2,390	-	4,247
Capital expenditure on investment property	-	22,358	-	-	22,358
Segment liabilities	(118,242)	(12,373)	(1,884)	293	(132,206)
Borrowings					(168,555)
Deferred income tax liabilities and current income tax liabilities					(5,854)
Consolidated total liabilities					<u>(306,615)</u>

36. SEGMENT INFORMATION (CONTINUED)

The Group is organised into three main business segments:

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

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

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

Sales between segments are carried out based on market terms.

Information about major customers

Revenue of approximately 62% (2020: 70%) are derived from four (2020: three) major customers. These revenues are attributable to the Construction segment.

Geographical information

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

36. SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

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

	Total sales		Non-current assets*	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Singapore	311,800	316,608	60,457	56,956
Malaysia	12,891	3,528	2,148	2,559
United Kingdom	930	2,555	98,138	31,035
	325,621	322,691	160,743	90,550
Investment in associated companies and joint ventures			30,554	38,265
			191,297	128,815

* Non-current assets exclude financial instruments, financial assets at FVPL, financial assets at FVOCI and deferred tax assets.

37. IMPACT OF COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Singapore, Malaysia and the United Kingdom, all of which have been affected by the spread of COVID-19 in the financial year ended 30 June 2021.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 30 June 2021:

- i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. During the financial year, border closures, production stoppages and workplace closures have resulted in periods where the Group's operations have been affected in various degrees. These measures have resulted in costs increase associated to the resumption of work, prolongation and acceleration costs in completing the projects. The additional costs were partially mitigated by grants received.
- iii. The Group has received grant income under the Jobs Support Scheme, Foreign Worker Levy Rebate and COVID-Safe Firm Support. Grant income of \$6,264,000 was recognised during the financial year and included in "Other income" in the statement of comprehensive income.
- iv. The outbreak of COVID-19 pandemic has also impacted the property sectors in the countries that the Group operates in. Property values may change more rapidly and significantly than during normal market conditions as the impact of COVID-19 is fluid and evolving.
- v. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets, valuation of investment properties and provisions for onerous contracts as at 30 June 2021. The significant estimates and judgement applied are disclosed in Notes 3(a) to 3(d).

37. IMPACT OF COVID-19 (CONTINUED)

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 30 June 2022. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

38. SUBSEQUENT EVENTS

(a) Disposal of freehold land

On 30 June 2021, the Group has entered into a Sales and Purchase Agreement ("SPA") with a third party ("purchaser") to sell the freehold residential land held by a subsidiary for a cash consideration of approximately \$4,927,000 (RM15,211,200). A 10% deposit amounting to approximately \$492,700 (RM1,521,120) was collected by the Group in July 2021. The balance purchase price of approximately \$4,434,300 (RM13,690,080) shall be paid by the purchaser within 4 months from the SPA date. The sale will be recognised when the transaction is completed.

(b) Term loan and convertible loan

As announced on 25 June 2021, the Company has entered into a term loan agreement and a convertible loan agreement with Risa Partners, Inc (the "Lender") pursuant to which the Lender agreed to extend to the Company a term loan of \$20 million and a convertible loan of \$20 million.

Under the convertible loan agreement, the Lender at its sole and absolute discretion, may convert all (but not some only) of the principal amount of \$20 million into an aggregate of 45,454,546 ordinary shares of the Company within two years of the draw down date, or extended by the Lender to 3 years of the draw down date. The net proceeds are approximately \$39.9 million. 80% of the net proceeds will be used to repay existing borrowings and the remaining 20% will be used for general corporate purposes.

Both the term loan and the convertible loan were drawn down in full on 21 July 2021. As at the date of this financial statements, the Group has yet to utilize the net proceeds of \$39.9 million and the proceeds are placed in short term fixed deposits with various banks.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2021 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs 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 costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

40. COMPANIES IN THE GROUP

(a) The subsidiaries are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2021 %	2020 %
Held by the Company				
Unquoted equity shares				
¹ Lum Chang Asia Pacific Pte Ltd	Investment holding	Singapore	100	100
¹ Lum Chang Corporation Pte Ltd	Investment holding	Singapore	100	100
¹ Lum Chang Properties Ltd	Investment holding	Singapore	100	100
¹ Lum Chang (Suzhou) Investments Pte Ltd	Investment holding	Singapore	100	100
² Nexus Sdn Bhd	Dormant	Malaysia	100	100
¹ Binjai Holdings Pte Ltd	Investment holding	Singapore	100	100
¹ Kemensah Holdings Pte Ltd	Investment holding	Singapore	100	100
³ Twin Palms Development Sdn Bhd	Property development	Malaysia	100	100
¹ UK Property Investment Pte Ltd	Investment holding	Singapore	70	70
¹ Wembley Properties Pte Ltd	Investment holding	Singapore	70	70
¹ Tucana Investments Pte Ltd	Investment holding	Singapore	100	100
¹ Sky Real Estate Investment Pte Ltd	Investment holding	Singapore	100	100
¹ Solluna Investments Pte Ltd	Investment holding	Singapore	100	100
¹ Bluesky Real Estate Investment Pte Ltd	Property investment	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

40. COMPANIES IN THE GROUP (CONTINUED)

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

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2021 %	2020 %
Held by subsidiaries				
Unquoted equity shares				
¹ Lum Chang Auriga Pte Ltd	Property development	Singapore	100	100
¹ Lum Chang Property Investments Pte Ltd	Property investment	Singapore	100	100
¹ Lum Chang Building Contractors Pte Ltd	Building construction	Singapore	100	100
¹ Lum Chang Interior Pte Ltd	Building construction	Singapore	80	80
³ Lum Chang Interior (M) Sdn Bhd	Dormant	Malaysia	80	80
² Lum Chang Sdn Bhd	Dormant	Malaysia	100	100
⁸ Uptown Viewpoint Sdn Bhd	In member's voluntary liquidation	Malaysia	100	100
³ Venus Capital Corporation Sdn Bhd	Dormant	Malaysia	100	100
³ Fabulous Range Sdn Bhd	Property development	Malaysia	100	100
³ PJBOX Sdn Bhd	Property development	Malaysia	100	100
¹¹ 130 WS Holdings Limited	Investment holding	Jersey, Channel Islands	70	70
¹¹ 130 WS Investments Limited	Investment holding	Jersey, Channel Islands	70	70
¹¹ Kelaty Holdings Limited	Investment holding	Jersey, Channel Islands	70	70
¹² Kelaty Propco Limited	Property investment	Jersey, Channel Islands	70	70
¹¹ Kelaty Leaseco Limited	Property investment	Jersey, Channel Islands	70	70
⁶ Lum Chang Development Services Limited	Property management and technical consultancy	England and Wales	100	100

40. COMPANIES IN THE GROUP (CONTINUED)

(b) The associated companies are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2021 %	2020 %
Held by subsidiaries				
Unquoted equity shares				
⁹ FCL Compassvale Pte Ltd	Property development	Singapore	20	20
⁹ FCL Admiralty Pte Ltd	Property development	Singapore	30	30
¹ Pavo Holdings Pte Ltd	Investment holding	Singapore	40	40
⁴ PT Super Makmur Sejahtera	Property development	Singapore	25	25

(c) The joint ventures are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2021 %	2020 %
Held by subsidiaries				
¹ Dorado Holdings Pte Ltd	Investment holding	Singapore	50	50
¹⁰ Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	50	50
^{5,7} Nishimatsu – Lum Chang JV	Dormant	Singapore	50	50
⁹ CLI CP (Netherlands) Pte Ltd	Investment holding	Singapore	50	50
Subsidiaries held by joint venture				
Dorado Holdings Pte Ltd				
¹ Columba Holdings Pte Ltd	Investment holding	Singapore	50	50
¹ Corwin Holding Pte Ltd	Property investment	Singapore	50	50
¹ Dorado Retail Holdco Pte Ltd	Investment holding	Singapore	50	50
¹ Dorado Retail Pte Ltd	Dormant	Singapore	50	50
¹ Xin Tekka Pte Ltd	Letting and operation of food courts	Singapore	50	50
Subsidiaries held by joint venture				
CLI CP (Netherlands) Pte Ltd				
¹¹ CLI CP (Netherlands) B.V.	Investment holding	Netherlands	50	50

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

40. COMPANIES IN THE GROUP (CONTINUED)

- 1 Audited by PricewaterhouseCoopers LLP, Singapore.
- 2 Audited by LT Lim & Associates, Malaysia.
- 3 Audited by PricewaterhouseCoopers, Malaysia.
- 4 Audited by Arif & Glorius, Indonesia.
- 5 Unincorporated jointly – controlled partnerships.
- 6 Audited by PricewaterhouseCoopers LLP, United Kingdom.
- 7 Not required to be audited in 2021 as entity is dormant.
- 8 Not required to be audited in 2021 as entity is in member's voluntary liquidation.
- 9 Audited by KPMG LLP, Singapore.
- 10 Audited by Ernst & Young PLT, Malaysia.
- 11 Not required to be audited in the country of incorporation.
- 12 Not required to be audited in the country of incorporation. PricewaterhouseCoopers LLP, United Kingdom is the auditor for the entity for group reporting purposes.

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

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lum Chang Holdings Limited on 15 September 2021.

STATISTICS OF SHAREHOLDINGS

As at 8 September 2021

Issued and Fully Paid-Up Capital	- \$86,572,309
Class of Shares	- Ordinary Shares
Voting Rights	- One vote per ordinary share
Total no. of Issued Ordinary Shares (excluding treasury shares)	- 376,688,104
Total no. of Treasury Shares	- 8,341,500

DISTRIBUTION OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	% ⁽¹⁾
1 - 99	195	4.22	8,288	0.00
100 - 1,000	834	18.03	434,265	0.12
1,001 - 10,000	2,549	55.10	11,733,874	3.12
10,001 - 1,000,000	1,033	22.33	42,049,617	11.16
1,000,001 and above	15	0.32	322,462,060	85.60
TOTAL	4,626	100.00	376,688,104	100.00

TWENTY LARGEST SHAREHOLDERS

	NO. OF SHARES	% ⁽¹⁾
UNITED OVERSEAS BANK NOMINEES PTE LTD	243,150,205	64.55
LUM KWAN SUNG	15,531,080	4.12
ELLIPSIZ LTD	13,755,922	3.65
BEVERIAN HOLDINGS PTE LTD	13,202,131	3.50
LUM KOK SENG	10,944,964	2.91
DBS NOMINEES PTE LTD	7,311,656	1.94
RMDV INVESTMENTS PTE LTD	3,482,984	0.92
LUM CHANG INVESTMENTS PTE LTD	2,963,674	0.79
OCBC NOMINEES SINGAPORE PTE LTD	2,959,437	0.79
CHIAM HOCK POH	1,960,300	0.52
CITIBANK NOMINEES SINGAPORE PTE LTD	1,831,169	0.49
TAN THIAN HWEE	1,723,000	0.46
LEH BEE HOE	1,295,300	0.34
UOB KAY HIAN PTE LTD	1,210,798	0.32
RAFFLES NOMINEES (PTE) LIMITED	1,139,440	0.30
NG POH MUI	830,400	0.22
PHUA SOR HWA	700,000	0.19
NG POH CHENG	675,760	0.18
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	580,062	0.15
PHILLIP SECURITIES PTE LTD	561,540	0.15
	325,809,822	86.49

SUBSTANTIAL SHAREHOLDERS (INCLUDING DEEMED INTERESTS)

	NO. OF SHARES	% ⁽¹⁾
Raymond Lum Kwan Sung	201,304,629 ⁽²⁾	53.44
David Lum Kok Seng	220,709,048 ⁽³⁾	58.59
RMDV Investments Pte Ltd	123,803,290	32.87
Lum Chang Investments Pte Ltd	61,972,942	16.45
Beverian Holdings Pte Ltd	72,211,400	19.17
Edlyn Lum Wen Ee	61,972,942 ⁽⁴⁾	16.45
Emlyn Lum Wen Yan	61,972,942 ⁽⁴⁾	16.45

Based on information available to the Company as at 8 September 2021, approximately 20.71% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Notes: (1) Percentage computed is based on 376,688,104 shares in issue (excluding treasury shares which have no voting rights).

(2) Mr Raymond Lum Kwan Sung is deemed interested in 185,776,232 shares held directly by Lum Chang Investments Pte Ltd, RMDV Investments Pte Ltd and through their nominee accounts.

(3) Mr David Lum Kok Seng is deemed interested in 209,770,612 shares held directly by Beverian Holdings Pte Ltd, RMDV Investments Pte Ltd, Ellipsiz Ltd and through their nominee accounts.

(4) Ms Edlyn Lum Wen Ee and Ms Emlyn Lum Wen Yan are deemed interested in 61,972,942 shares held directly by Lum Chang Investments Pte Ltd and through its nominee accounts.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the **39th Annual General Meeting** of the Company ("**AGM**") will be convened and held by way of electronic means only (via live audio-visual webcast and/or live audio-only stream) on **29 October 2021, Friday at 11:00 a.m.** to transact the following business:-

As Ordinary Business:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2021 and the Auditor's Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 1.0 Singapore cents per ordinary share as recommended by the Directors for the financial year ended 30 June 2021. **Resolution 2**

3. To approve the amount of S\$358,150 proposed as Directors' fees for the financial year ended 30 June 2021 (2020: S\$358,150). **Resolution 3**

4. Mr Daniel Soh Chung Hian and Mr Andrew Chua Thiam Chwee who are retiring in accordance with Article 107(2) of the Company's Constitution as Directors of the Company will not be seeking re-election at the AGM.
Note: Mr Daniel Soh Chung Hian shall, upon his retirement at the conclusion of the 39th AGM, cease to be the Chairman of the Audit and Risk Committee and a member of the Nominating Committee.
Mr Andrew Chua Thiam Chwee shall, upon his retirement at the conclusion of the 39th AGM, cease to be a member of the Audit and Risk Committee and the Remuneration Committee.

5. To re-elect Mr Peter Sim Swee Yam as a Director of the Company, retiring by rotation in accordance with Article 107(2) of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 4**
*Note: Mr Peter Sim Swee Yam will, if re-elected upon approval by shareholders of the Company ("**Shareholders**") by way of a two-tier voting process for his continued appointment as an Independent Director and his re-election as a Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Mr Peter Sim Swee Yam will remain as the Lead Independent Director and a member of the Audit and Risk Committee, and the Nominating Committee as well as the Chairman of the Remuneration Committee and will be considered independent.*

(see Explanatory Note 1)

6. To re-elect Dr Willie Lee Leng Ghee as a Director of the Company, retiring in accordance with Article 107(4) of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 5**
- Note: Dr Willie Lee Leng Ghee will, if re-elected upon approval by Shareholders by way of a two-tier voting process for his continued appointment as an Independent Director and his re-election as a Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Dr Willie Lee Leng Ghee will remain as an Independent Director and the Chairman of the Nominating Committee and a member of the Audit and Risk Committee and the Remuneration Committee, and will be considered independent.*
- (see Explanatory Note 1)
7. To re-elect Mdm Constance Lee Sok Koon as an Independent Director of the Company, retiring under Article 89 of the Company's Constitution and who, being eligible, offers herself for re-election. **Resolution 6**
- Note: Mdm Constance Lee Sok Koon will, when re-elected, remain as Director of the Company. She is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.*
- (see Explanatory Note 1)
8. To re-elect Mr Kenneth Ho Siew Keong as an Independent Director of the Company, retiring under Article 89 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 7**
- Note: Mr Kenneth Ho Siew Keong will, when re-elected, remain as Director of the Company. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.*
- (see Explanatory Note 1)
9. To re-appoint PricewaterhouseCoopers LLP as independent auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

As Special Business:

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

10. Contingent upon the passing of Ordinary Resolution 4 and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Shareholders to approve continued appointment of Mr Peter Sim Swee Yam as an Independent Director and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM from the aforesaid approval. **Resolution 9A**
- (see Explanatory Note 2)
11. Contingent upon the passing of Ordinary Resolutions 4 and 9A and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which take effect from 1 January 2022, Shareholders, excluding the directors and the chief executive officer of the Company and their respective associates, to approve the continued appointment of Mr Peter Sim Swee Yam as an Independent Director, and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM from the aforesaid approval. **Resolution 9B**
- (see Explanatory Note 2)
12. Contingent upon the passing of Ordinary Resolution 5 and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Shareholders to approve continued appointment of Dr Willie Lee Leng Ghee as an Independent Director and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM from the aforesaid approval. **Resolution 10A**
- (see Explanatory Note 3)
13. Contingent upon the passing of Ordinary Resolutions 5 and 10A and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which take effect from 1 January 2022, Shareholders, excluding the directors and the chief executive officer of the Company and their respective associates, to approve the continued appointment of Dr Willie Lee Leng Ghee as an Independent Director, and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM from the aforesaid approval. **Resolution 10B**
- (see Explanatory Note 3)

14. **Authority to Directors to issue Shares****Resolution 11**

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

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

PROVIDED ALWAYS THAT:-

- (I) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution (as calculated in accordance with subparagraph (II) below), of which the aggregate number of Shares issued other than on a pro rata basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with subparagraph (II) below);
- (II) subject to such manner of calculation as may be prescribed by SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (I) above, the total number of the issued Shares is based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

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

(see Explanatory Note 4)

15. **Approval for renewal of Share Purchase Mandate**

Resolution 12

- (a) “That for the purposes of Sections 76C and 76E of the Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

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

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next AGM of the Company is held;
- (ii) the date by which the next AGM of the Company is required by law to be held; and
- (iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

- (c) in this Resolution:

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

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

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as hereinafter defined); and

- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where:

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

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

(see Explanatory Note 5)

16. **Any Other Business**

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

NOTICE OF RECORD DATE FOR THE PROPOSED FINAL DIVIDEND

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on **9 November 2021** for the purpose of determining shareholders’ entitlements to a proposed final tax-exempt (one-tier) dividend of 1.0 Singapore cents per ordinary share for the financial year ended 30 June 2021 (the “**Proposed Final Dividend**”).

Duly completed registrable transfers received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services at **80 Robinson Road, #02-00, Singapore 068898** up to 5.00 p.m. on 9 November 2021 will be registered to determine shareholders’ entitlements to the Proposed Final Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 9 November 2021 will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved by Shareholders at the 39th AGM, will be paid on **23 November 2021**.

BY ORDER OF THE BOARD

TONY FONG

TAN ENG CHAN GERALD

Company Secretaries
Singapore
7 October 2021

Explanatory Notes to the Resolutions:

1. Detailed information on these Directors can be found under “Board of Directors”, “Present and Past Directorships” and “Corporate Governance” sections in the Company’s Annual Report for the financial year ended 30 June 2021.
2. Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Mr Peter Sim Swee Yam, having served on the Board beyond nine (9) years from the date of his first appointment, will not be considered an Independent Director on 1 January 2022 unless his appointment as an Independent Director is approved in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors and the chief executive officer of the Company and their respective associates. The Company is seeking at this AGM to obtain the required approval in separate resolutions by (A) by all Shareholders and (B) Shareholders, excluding the directors and the chief executive officer of the Company and their respective associates prior to 1 January 2022 as required for his continued appointment as an Independent Director. Ordinary Resolutions 9A and 9B, if passed, will enable Mr Peter Sim Swee Yam to continue his appointment as an Independent Director (unless the appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and to Provision 2.1 of the Code of Corporate Governance 2018 and the approvals shall remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company. Ordinary Resolution 9A is conditional upon Ordinary Resolution 9B being duly approved, else the aforesaid director will be designated as a Non-Independent Director with effect from 1 January 2022.
3. Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Dr Willie Lee Leng Ghee, having served on the Board beyond nine (9) years from the date of his first appointment, will not be considered an Independent Director on 1 January 2022 unless his appointment as an Independent Director is approved in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors and the chief executive officer of the Company and their respective associates. The Company is seeking at this AGM to obtain the required approval in separate resolutions by (A) by all Shareholders and (B) Shareholders, excluding the directors and the chief executive officer of the Company and their respective associates prior to 1 January 2022 as required for his continued appointment as an Independent Director. Ordinary Resolutions 10A and 10B, if passed, will enable Dr Willie Lee Leng Ghee to continue his appointment as an Independent Director (unless the appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and to Provision 2.1 of the Code of Corporate Governance 2018 and the approvals shall remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company. Ordinary Resolution 10A is conditional upon Ordinary Resolution 10B being duly approved, else the aforesaid director will be designated as a Non-Independent Director with effect from 1 January 2022.
4. Ordinary Resolution 11, if passed, will empower the Directors, from the date of the above AGM until the next AGM, to issue Shares up to an amount not exceeding (i) 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a *pro rata* basis to Shareholders. The aggregate number of Shares which may be issued shall be based on the total number of issued Shares at the time that Ordinary Resolution 11 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 11 is passed, and any subsequent bonus issue or consolidation or subdivision of Shares. This authority will, unless revoked or varied at a general meeting, expire at the next AGM, or the date by which the next AGM is required by law to be held, whichever is the earlier.
5. Ordinary Resolution 12, if passed, will enable the Directors, unless varied or revoked by the Company in general meeting, from the date of the above AGM until the next AGM, or the date by which the next AGM is required by law to be held, or the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated, whichever is the earliest, to purchase Shares by way of On-Market Share Purchases and/or Off-Market Share Purchases of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of the ordinary resolution and up to the Maximum Price. The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its purchase of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and on the Company and its subsidiaries (the “**Group**”) arising from purchase of Shares cannot be ascertained as at the date of this Notice of AGM as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchase. The rationale for, the authority and the limits on, and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 30 June 2021 (for illustrative purposes only) are set out in greater detail in the Appendix to the Notice of AGM dated 7 October 2021 in relation to the proposed renewal of the Share Purchase Mandate.

Notes:

- 1) The 39th AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice of AGM will be published on the Company's corporate website at <http://investor.lumchang.com.sg/agm.html>, and also at the SGX website at <https://www.sgx.com/securities/company-announcements>.
- 2) Alternative arrangements relating to the (i) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast and/or live audio-only stream); (ii) submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM; and (iii) voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 7 October 2021 ("**AGM Alternative Arrangements Announcement**"). The AGM Alternative Arrangements Announcement, this Notice of AGM, the Appendix to the Notice of AGM, the Annual Report of the Company and the proxy form may be accessed at the Company's corporate website at <http://investor.lumchang.com.sg/agm.html>, and also at the SGX website at <https://www.sgx.com/securities/company-announcements>.
- 3) **No arrangements will be made for members to attend the AGM in person.** A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

The instrument appointing the Chairman of the AGM as proxy may be accessed at the Company's corporate website at <http://investor.lumchang.com.sg/agm.html>, and also at the SGX website at <https://www.sgx.com/securities/company-announcements>. 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, or abstentions 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 may be treated as invalid.

CPFIS/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 19 October 2021.

- 4) The Chairman of the AGM, as proxy, need not be a member of the Company.
- 5) The instrument appointing the Chairman of the AGM as proxy must be submitted in the following manner:
 - (a) if submitted by post, be deposited at the office of the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or
 - (b) if submitted electronically, be submitted via email to the Company's Polling Agent at LCHAGM2021@boardroomlimited.com,

in either case, not less than seventy-two (72) hours before the time appointed for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provides above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

LUM CHANG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 198203949N

Annual General Meeting Proxy Form

IMPORTANT

1. The 39th Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM will be published on the Company's corporate website at <http://investor.lumchang.com.sg/aggm.html>, and also at the SGX website at <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to the (i) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast and/or live audio-only stream); (ii) submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM; and (iii) voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 7 October 2021 ("AGM Alternative Arrangements Announcement"). The AGM Alternative Arrangements Announcement, the Notice of AGM, the Appendix to the Notice of AGM, the Annual Report of the Company and the proxy form may be accessed at the Company's corporate website at <http://investor.lumchang.com.sg/aggm.html>, and also at the SGX website at <https://www.sgx.com/securities/company-announcements>.
3. **No arrangements will be made for members to attend the AGM in person.** A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. **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 attend, speak and vote on his/her/its behalf at the AGM.**
5. CPFIS/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 19 October 2021.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 October 2021.

I/We _____ (Name) _____ (NRIC/Passport Number/Company Registration Number) of _____ (Address),

being a member/members of Lum Chang Holdings Limited (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy to attend, speak and vote for me/us on my/our behalf, at the 39th Annual General Meeting of the Company to be convened and held by way of electronic means on 29 October 2021, Friday at 11:00 a.m. and at any adjournment thereof.

I/We direct the Chairman of the AGM to vote for or against or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

(Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. 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 will be treated as invalid.)

No.	Resolution	For	Against	Abstain
Ordinary Business				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 30 June 2021 and the Auditors' Report thereon			
2.	To declare a final tax-exempt (one-tier) dividend of 1.0 Singapore cents per ordinary share for the financial year ended 30 June 2021			
3.	To approve Directors' fees of S\$358,150 for the financial year ended 30 June 2021			
4.	To re-elect Mr Peter Sim Swee Yam as a Director retiring under Article 107(2) of the Company's Constitution			
5.	To re-elect Dr Willie Lee Leng Ghee as a Director retiring under Article 107(4) of the Company's Constitution			
6.	To re-elect Mdm Constance Lee Sok Koon as a Director retiring under Article 89 of the Company's Constitution			
7.	To re-elect Mr Kenneth Ho Siew Keong as a Director retiring under Article 89 of the Company's Constitution			
8.	To re-appoint PricewaterhouseCoopers LLP as independent auditors and to authorise the Directors to fix their remuneration			
Special Business				
9A.	To approve the continued appointment of Mr Peter Sim Swee Yam as an Independent Director by shareholders and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (coming into effect from 1 January 2022)			
9B.	To approve the continued appointment of Mr Peter Sim Swee Yam as an Independent Director by shareholders (excluding the directors and the chief executive officer of the Company, and their respective associates) and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST (coming into effect from 1 January 2022)			
10A.	To approve the continued appointment of Dr Willie Lee Leng Ghee as an Independent Director by shareholders and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (coming into effect from 1 January 2022)			
10B.	To approve the continued appointment of Dr Willie Lee Leng Ghee as an Independent Director by shareholders (excluding the directors and the chief executive officer of the Company, and their respective associates) and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST (coming into effect from 1 January 2022)			
11.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore			
12.	To approve the renewal of the Share Purchase Mandate			

Dated this _____ day of _____ 2021

Total number of ordinary shares held

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

IMPORTANT: PLEASE READ THE FOLLOWING NOTES.

Notes:

- (1) If you have ordinary shares in the Company entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of ordinary shares. If you have ordinary shares in the Company registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares. If no number is inserted, this form of proxy shall be deemed to relate to all the ordinary shares held by you.
- (2) **No arrangements will be made for members to attend the AGM in person.** A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
- (3) The instrument appointing the Chairman of the AGM as proxy may be accessed at the Company's corporate website at <http://investor.lumchang.com.sg/agm.html>, and also at the SGX website at <https://www.sgx.com/securities/company-announcements>. 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, or abstentions 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 may be treated as invalid.

CPFIS/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 19 October 2021.

- (4) The Chairman of the AGM, as proxy, need not be a member of the Company.
- (5) The instrument appointing the Chairman of the AGM as proxy must be submitted in the following manner:
 - (a) if submitted by post, be deposited at the office of the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or
 - (b) if submitted electronically, be submitted via email to the Company's Polling Agent at LCHAGM2021@boardroomlimited.com,

in either case, not less than seventy-two (72) hours before the time appointed for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

- (6) **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**
- (7) The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of 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.
- (8) The Company shall be entitled to reject an 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 the Chairman of the AGM as proxy (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged or submitted if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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

www.lumchang.com.sg