聯明集團有限公司
LIAN BENG GROUP LTD

RAISING THE BENCHMARK OF EXCELLENCE

精益求精

ANNUAL REPORT 2019

CONTENTS

MISSION **STATEMENT**

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

CHAIRMAN'S STATEMENT

MR ONG PANG AIK BBM
CHAIRMAN AND MANAGING DIRECTOR

REVENUE
S$386.8
MILLION

PROFIT BEFORE TAXATION
S$44.5
MILLION

NET PROFIT
S$38.2
MILLION

DIVIDENDS PER SHARE
2.25
CENTS

CHAIRMAN'S STATEMENT

Our Group revenue would have more than doubled to $577.9 million in FY2019, from $243.9 million in FY2018 if not for the adoption of SFRS(I). Profit attributable to shareholders would also have risen 12.9% to $61.4 million in FY2019, from $54.4 million in FY2018.

DEAR VALUED SHAREHOLDERS,

For the financial year ended 31 May 2019 ("FY2019"), the Group saw a broad-based increase in construction activities, coming from both private and public sectors and in part due to the Singapore government bringing forward the commencement of new public projects between 2017 and early 2019. This was positively received by many industry players, who had actively participated in tenders to replenish their order books. We were able to leverage our robust track record and proven capabilities to build up a strong order book for our construction business even though the competition was still keen.

In FY2019, we had to adopt the new Singapore Financial Reporting Standards (International) ("SFRS(I)") accounting framework. The adoption of the new framework has a negative effect on our revenue and earnings recognition method. For a meaningful year-on-year comparison of our performance, we also had to restate our results for the preceding financial year ("FY2018").

Our Group revenue for FY2019 thus came in at $386.8 million, 5.0% lower compared to the restated $407.0 million in FY2018. Our Construction and Investment Holding business segments both turned in improved performances in FY2019. The improvements were, however, negated by lower revenue contribution from the Property Development segment in FY2019.

Our cost of sales was higher in FY2019, in line with the increase in construction activities. This, together with an aggregate lower share of profit from joint ventures and associates, saw our profit attributable to shareholders in FY2019 decline to $32.9 million, compared to $82.5 million in FY2018.

For illustrative purposes, had the SFRS(I) not been adopted in FY2019 and the comparative not restated, our Group revenue was estimated to be more than doubled to $577.9 million in FY2019, from $243.9 million in FY2018. Profit attributable to shareholders would also have risen 12.9% to $61.4 million in FY2019, from $54.4 million in FY2018.

While the Group does not have a formal dividend policy, we have been distributing annual dividends to our shareholders in profitable years, in appreciation of your support. For FY2019, the Board has proposed a final cash dividend of 1.25 cents per share, subject to shareholders' approval at the forthcoming Annual General Meeting on 27 September 2019. If approved, the dividend will be paid on 14 October 2019. Including the interim dividend of 1 cent paid on 30 January 2019, the proposed total dividend for the year will amount to 2.25 cents, and work out to a dividend yield of 4.6%. The proposed total dividend is equivalent to that paid out in FY2018.

CHAIRMAN'S STATEMENT

Our Construction business turned in a respectable financial performance in FY2019, with a 67.1% jump in revenue, reflecting our ability to capitalise on opportunities arising from the recovering construction sector. Leveraging our track record and proven capabilities, we were able to secure new projects of diverse scale and spanning the residential, industrial and institutional sectors. To date, our order book amounted to $1.4 billion and the pipeline of activities should contribute to our revenue through 2022 financial year.

The Investment Holding segment continued to provide us with steady, recurring income. The performance of our Property Development segment, undertaken by our 75%-owned listed subsidiary, SLB Development Ltd ("SLB"), recorded a decline in earnings as our major industrial project, T-Space @ Tampines, was substantially completed in the fourth quarter of FY2018, leaving us only a small proportion of revenue from the project to be recognised in FY2019. Apart from T-Space, the other project that contributed revenue to the Property Development segment was Mactaggart Foodlink. Our two 20%-owned residential projects held by SLB, Riverfront Residences and Affinity @ Serangoon, have also seen steady sales as we progressed further into the year. In July 2019, SLB Development was conferred the Asia Pacific Entrepreneurship Award 2019 – Corporate Excellence Category in recognition of its commitment to constantly re-evaluate its business model to remain adaptable. In the same month, it was also awarded the Best Investor Relations Award for First-Year Listed Companies at the Singapore Corporate Awards 2019, for its efforts in practising good corporate governance and corporate transparency, as well as adopting and implementing the best practices in investor relations.

Going forward, we are adopting a cautiously optimistic outlook for the construction industry, with the sector's recovery cited as a bright spot in an otherwise uncertain economic outlook for Singapore. Total construction demand in 2019 is also expected to be comparable to that of 2018, and this will mainly be driven by a pipeline of public-sector projects.

In the year ahead, we will continue to leverage our core competencies to enhance our income streams. We will also continue to execute property acquisition or disposal actions based on strategic viability to ensure viable, recurring income.

Appreciation

Together with my fellow directors, I would like to express my appreciation of the diligence and commitment of the management and staff. I am also thankful to our shareholders, customers and business partners for standing by us all these years.

With your support, I am confident that we will be able to leverage our capabilities and strengths to put ourselves on a path of growth and sustainability.

ONG PANG AIK BBM
Chairman and Managing Director

主席致辞

若未采用新财务报告准则，集团营收便会从 2018 财年的2亿4390万元，增加超过一倍，在 2019 财年达5亿7790万元。股东应占净利也可从 2018 财年的5440万元，上升12.9%达到2019财年的6140万元。

尊敬的股东：

在截至2019年5月31日的财政年度（"2019财年"），来自公共和私人领域的建筑活动普遍回升，一部分可归功于新加坡政府提前于2017年至2019年初推出的建筑工程项目刺激了建筑业，为业者们捎来佳音，而业者们也积极参与竞标，补充所需的订单量。

尽管竞争依然激烈，但我们仍凭借良好的施工记录和卓越的能力，成功争取了多项建筑项目。然而，由于集团从2019财年起需采用新的新加坡财务报告准则，对集团确认营收和净利的方式造成了负面影响。为了与前一财政年度（"2018财年"）做出有意义的同期比较，我们根据新的准则重列了2018财年的业绩。

有鉴于此，集团营收在2019财年为3亿8680万元，同比重列的2018财年的4亿7百万，减少了5%。建筑和投资两项业务在2019财年里都有所进步，然而这些增长却因房地产发展的收入减少而被抵销。

营收成本在2019财年里因建筑活动的回升而有所提高。加上合资公司和联营公司的应占盈利总额下滑，导致股东应占净利从2018财年的8250万元下滑至2019财年的3290万元。

仅为说明用途，若未采用新的财务报告准则，集团营收便会从2018财年的2亿4390万元，增加超过一倍，在2019财年达5亿7790万元。股东应占净利也可从2018财年的5440万元，上升12.9%达到2019财年的6140万元。

虽然集团并无正式的股息政策，但我们一直都在有盈利的财政年度向股东派发股息，以感谢股东们的支持。在2019财年里，董事仍然提议派发每股1.25分的末期股息，并且将于2019年9月27日举行的股东大会中提交决议让股东批准。若获得股东批准，股息将于2019年10月14日派付。连同2019年1月30日派发的每股1分的中期股息，2019财年的总股息将为2.25分，股息率为4.6%。所提议的总股息与2018财年一致。

主席
致辞

集团建筑业务在2019财年的财务表现可圈可点，营收上升67.1%，反映了我们积极抓紧建筑业回温所带来的商机。凭借优良的施工记录和获业界认可的能力，我们争取了涵盖住宅,工业和机构领域，规模大小不同的项目。截至今日，我们的建筑订单额达到14亿元，可持续带动集团的业务活动和营收到2022财年。

集团的投资业务继续为集团带来稳定、有持续性的收入，而由集团持有75%权益的新联明发展有限公司 ("新联明") 所经营的房地产发展业务则面对营利下滑。这主要归因于一个重大工业地产项目T-Space @ Tampines早在2018财年第4季度已经基本完成并确认了大部分的营收，以致2019财年确认的营收相对较小。除了T-Space之外，另一项对房地产发展业务贡献营收的项目是Mactaggart Foodlink。新联明持有20%权益的住宅发展项目 Riverfront Residences 和 Affinity @ Serangoon, 也显现稳健的销售额。另外，在2019年7月，新联明发展荣获2019年度亚太企业精神奖 - 企业卓越奖，表彰新联明发展为维持灵活变通而不断评估自身的企业模式。同月，新联明发展也获颁新加坡企业大奖之最佳投资者关系奖，肯定了新联明发展良好的公司管理制度和透明度，以及为投资者关系所作出的实践与努力。

展望未来，我们对建筑业前景持谨慎乐观的态度，而建筑业的回温也被认为是新加坡经济前景不明朗中的一个亮点。2019年总建筑需求预计将因一系列的公共项目的带动而与2018年相同。

在未来的一年里，我们将继续凭借我们的核心竞争力来增强我们的收入来源。我们也将继续根据战略可行性来进行地产收购或脱售，以确保和带来有利可行、可持续性的收入。

致谢

我谨代表各董事成员，感谢管理团队和员工们的努力和付出。我也感谢股东、客户和生意伙伴长期以来的支持。

有了你们的支持，我有信心以我们的能力和优势为集团开辟一条可持续增长的道路。

王邦益BBM
集团主席兼执行董事

BOARD OF DIRECTORS

MR ONG PANG AIK BBM
CHAIRMAN AND MANAGING DIRECTOR

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

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

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

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

MS ONG LAY KOON
EXECUTIVE DIRECTOR

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

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

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

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

BOARD OF DIRECTORS

MS ONG LAY HUAN
EXECUTIVE DIRECTOR

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

Ms Ong was appointed as Executive Director of the Board on 20 March 1999 and was last re-elected on 27 September 2017.

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

MR LOW BENG TIN BBM (L)
INDEPENDENT DIRECTOR

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

Mr Low has more than 34 years of experience in engineering fields related to the oil, gas, petrochemical, chemical and marine industries. Mr Low is currently the Executive Director of Assimilated Technologies (S) Pte Ltd. He is also the Non-Executive Chairman/ Independent Director of Cosmosteel Holdings Limited, Independent Director of JP Nelson Holdings and Fuji Offset Plates Manufacturing Ltd. He is the Non-Executive Director of AA Vehicle Inspection Centre Pte. Ltd, Agropak Engineering (S) Pte Ltd, Autoswift Recovery Pte Ltd, SMF Centre for Corporate Learning Pte. Ltd. and Singapore Innovation and Productivity Institute Pte Ltd.

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

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

BOARD OF DIRECTORS

MR KO CHUAN AUN

INDEPENDENT DIRECTOR

Mr Ko Chuan Aun was appointed to the Board on 10 July 2015 and was re-elected on 27 September 2017. He serves as Chairman of the Remuneration Committee and is also a member of the Nominating and Audit Committees.

Mr Ko is currently the Chairman of HSK Resources Pte Ltd. He was the President and Executive Director of KOP Limited from May 2014 to October 2017. Prior to the reverse take-over exercise by the former, Mr Ko was the Executive Director/Group CEO of Scorpio East Holdings Ltd from March 2012 to May 2014. Mr Ko also holds chairmanships and directorships in various private and public companies. He is an Independent Director of Koon Holdings Ltd, KSH Holdings Limited, Pavillon Holdings Ltd and San Teh Ltd. Mr Ko has more than 15 years of working experience with the former Trade Development Board (TDB, now known as Enterprise Singapore or ESG). His last appointment with the then TDB was Head of China Operations.

In the past 29 years, Mr Ko has been actively involved in business investments in the People's Republic of China. He was previously appointed as a Member of the Steering Committee of the Network China. In addition, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade and Investment Committee as well as Investment Advisor to the Fushun Foreign Trade & Economic Co-operation Bureau, PRC respectively.

Mr Ko is currently also holding an appointment as a Council Member of the Singapore-China Business Association as well as the Chairman of the China Market Sub-Committee under the ESG Society. Mr Ko was awarded the Service to Education (Pewter) by the Ministry of Education in 2016.

MR ANG CHUN GIAP PBM

INDEPENDENT DIRECTOR

Mr Ang Chun Giap joined the Board as an Independent Director on 12 October 2016 and was re-elected on 27 September 2017. He is a member of the Nominating Committee, Remuneration Committee and Audit Committee.

He is presently the Managing Director of Acevision & Associates PAC, a public accounting corporation. He has over 18 years of experience in public accounting profession with extensive wealth of exposure in the field of auditing, accounting, tax planning and advisory services to clients from diverse industries including construction, real estate development, investment holding, manufacturing, food and beverage, entertainment, trading, importers and exporters, engineering, charities, hotel management and logistics. He also sits on the Boards of a number of other private corporations.

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

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

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

KEY EXECUTIVE OFFICERS

MR ONG PHANG HUI

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

Mr Ong joined the Group in 1995. He is also the director of several of the Company's subsidiaries and associated companies and performs the corresponding fiduciary duties as a director of these subsidiaries and associated companies.

MR ONG PHANG HOO

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

Mr Ong joined the Group in 1995. He is also the director of several of the Company's subsidiaries and associated companies and performs the corresponding fiduciary duties as a director of these subsidiaries and associated companies.

MR JEFFREY TEO WEE JIN

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

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

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

MS ONG LEE YAP

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

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

KEY EXECUTIVE OFFICERS

MR THAN KING HUAT

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

Mr Than has more than 26 years of experience in the industry with significant experience in structural designing, construction re-engineering and project management.

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

MR HO CHEE SIONG

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

Armed with more than 26 years of construction and project management experience, he is actively involved in the management of various building contracts undertaken by the Group. He oversees the Group's ISO Integrated Management System, Green & Gracious Builder Scheme, Workplace Safety and Health portfolio.

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

MR DAVID GOH TECK ANN

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

His 31 years of experience in the ready-mix concrete industry has enabled him to lead the division efficiently in managing its assets allocation and cost control measures, as well as ensure a smooth supply chain within the division's network of customers and suppliers.

MR CHEW TEOW LEONG

Mr Chew Teow Leong is the Financial Controller of the Group and is responsible for the financial accounting, financial management and internal control functions of the Group. He has over 22 years of experience in financial and management accounting, costs and budgetary control in the trading, construction and manufacturing industries.

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

For Key Executive Officers of the Property Development segment, please refer to SLB Development Ltd.'s 2019 Annual Report.

GROUP STRUCTURE

AS AT 31 JULY 2019

聯明集團有限公司
LIAN BENG GROUP LTD

CONSTRUCTION

100%	LIAN BENG CONSTRUCTION (1988) PTE LTD
50%	PAUL Y. – LIAN BENG JV PTE LTD
70%	LIAN BENG (BANGLADESH) TRAINING AND TESTING CENTRE PTE LTD
70%	LIAN BENG TRAINING & TESTING CENTRE PTE LTD
50%	LB-RD JV
100%	DEENN ENGINEERING PTE LTD
100%	MILLENNIUM INTERNATIONAL BUILDERS PTE LTD
100%	L.S. CONSTRUCTION PTE LTD
49% / 51%	LIAN BENG / L.S. J.V.
100%	ASSOCIATED KHL INDUSTRIES PTE LTD
60%	UNITED TEC CONSTRUCTION PTE LTD
100%	TRADEWIN ENGINEERING PTE LTD
100%	LIAN BENG ENGINEERING & MACHINERY PTE LTD
100%	UNITED PLUS STEEL RESOURCES PRIVATE LIMITED
100%	MILLENNIUM MARINE & SHIPPING PTE LTD
100%	LIAN BENG RESOURCES PTE LTD
100%	LIAN BENG RESOURCES SDN BHD
90%	SINMIX PTE LTD
40%	UNITED E&P PTE LTD

PROPERTY DEVELOPMENT

74.85%	SLB DEVELOPMENT LTD (including its subsidiaries, joint ventures and associates)

DORMITORY

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

GROUP **STRUCTURE**

FINANCIAL
HIGHLIGHTS

Cash and cash equivalents as at 31 May 2019 amounted to $179.9 million.

Following the adoption of the SFRS(I) with effect from FY2019, the Group has restated its financial results for FY2018 to allow for meaningful comparison.

The Group recorded revenue of $386.8 million in FY2019, 5.0% lower compared to the restated $407.0 million in FY2018, mainly due to lower revenue contribution from the Property Development segment. The decrease was partially mitigated by higher revenue contributed by the Construction and Investment Holding segments.

Gross profit declined 27.7% to $81.8 million in FY2019, taking into account the lower Group revenue, along with higher cost of sales in line with the increase in activity in the Construction segment.

Other operating income normalised to $11.1 million for the year, compared to $54.3 million in FY2018, mainly due to the absence of one-time gain on the disposal of investment properties at 247 and 249 Collins Street, as well as at 50 Franklin Street, both of which are in Melbourne, Australia.

Share of results from associates and joint ventures was $6.3 million, compared to $13.5 million a year ago. The Group's property development associates recorded losses as a result of interest incurred and expensed off for the development properties Affinity @ Serangoon and Riverfront Residences, which were launched for sale during the financial year. Share of profit from joint venture also declined as the residential project Spottiswoode Suites was fully sold in FY2018.

A net fair value gain on investments of $3.5 million was recognised, compared to a gain of $9.7 million in the previous year. The decline was due to a one-off fair value gain of Mactaggart Foodlink in FY2018.

Taking the above into consideration, the Group posted net profit after tax of $38.2 million in FY2019, compared to $95.2 million in the preceding financial year.

Cash and cash equivalents as at 31 May 2019 amounted to $179.9 million, compared to $209.2 million a year ago.

As at 31 May 2019, equity attributable to shareholders stood at $694.1 million, compared to $674.7 million as at 31 May 2018.

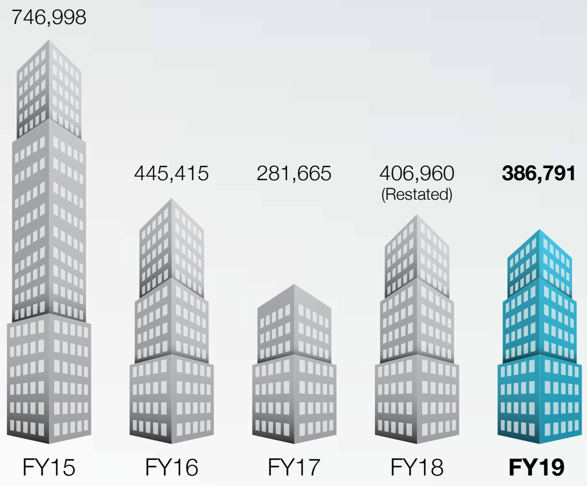
For illustrative purposes, the financial effects of the adoption of SFRS(I) 15 are as follows:

	31 May 2019		31 May 2018	
	Before adoption of SFRS(I) 15* $'000	Currently reported $'000	Before adoption of SFRS(I) 15 $'000	Restated $'000
Revenue	577,947	386,791	243,885	406,960
Profit attributable to owners of the Company	61,395	32,863	54,382	82,546

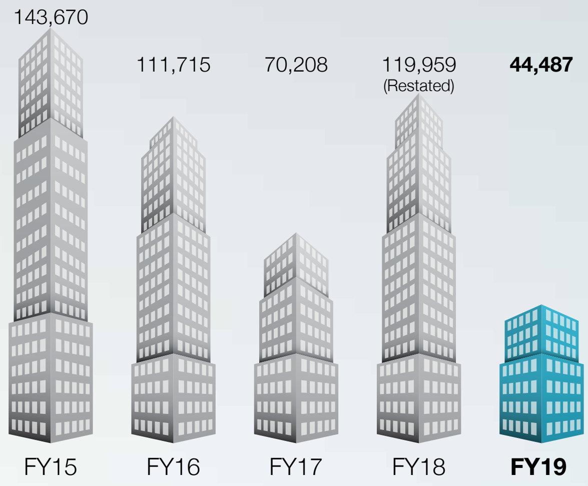
* Prepared based on Singapore Financial Reporting Standards before adoption of SFRS(I) 15 and applicable to only existing uncompleted projects/contracts as at 1 June 2018.

FINANCIAL HIGHLIGHTS

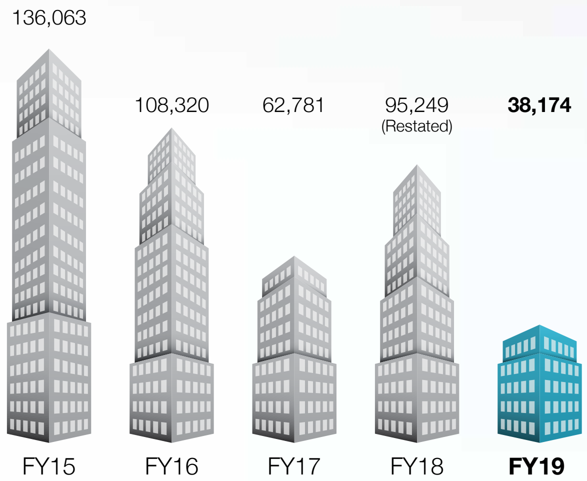
REVENUE (S$'000)



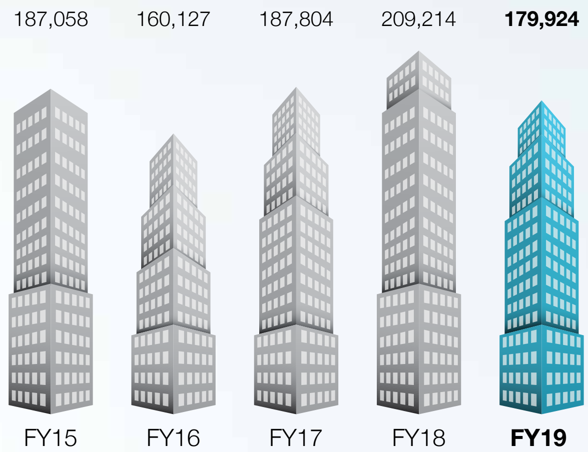
PROFIT BEFORE TAX (S$'000)



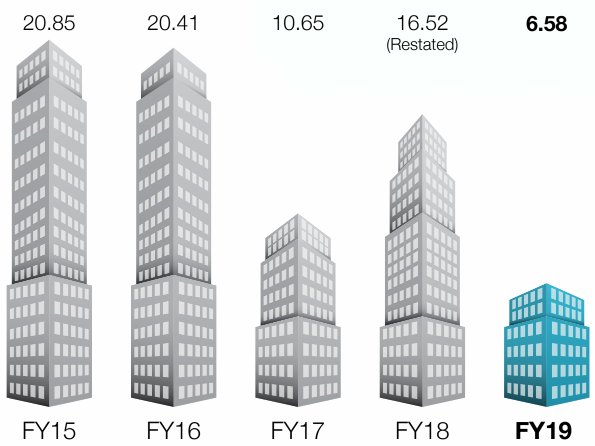
NET PROFIT (S$'000)



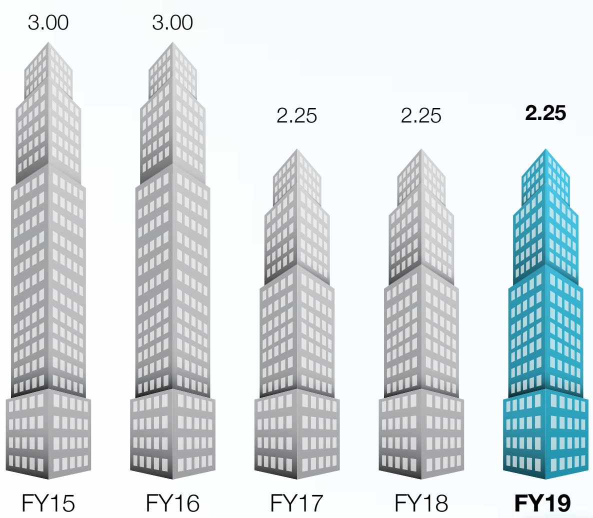
CASH AND CASH EQUIVALENTS (S$'000)



EARNINGS PER SHARE (Cents)



DIVIDENDS PER SHARE (Cents)



SIGNIFICANT **EVENTS**

18 June 2018

Lian Beng Construction (1988) Pte Ltd secured a contract worth $95.8 million for the construction of The Jovell at Flora Drive. The development comprises 9 blocks of 8-storey, 428-unit residential building, as well as a clubhouse, basement carpark, swimming pool and tennis court. Construction is expected to be completed in 2021.

The Group also completed the acquisition of Sembawang Shopping Centre, through a 50%-owned joint venture, to add to its property investment portfolio. The aggregate purchase consideration was $248 million.

26 June 2018

The Group acquired a 60% stake in United Tec Construction Pte Ltd, a company specialising in the Design for Manufacturing and Assembly (DfMA) construction.

23 August 2018

United Tec Construction was awarded a $278.5 million contract for the construction of Avenue South Residence at Silat Avenue. The contract involved the construction of 2 blocks of 56-storey, 955-unit apartments, with landscape, multi-storey and basement carparks, communal facilities, along with additions and alterations involving new retail shops and a childcare centre to existing 5 blocks of 4-storey, 136-unit flats. The project is expected to be completed in 2022.

29 August 2018

Deenn Engineering Pte Ltd secured a contract worth $65 million. The project is expected to be completed in 2020.

3 October 2018

The Group, through a 20%-owned joint venture, acquired its first hospitality asset in Scotland, Hotel Indigo Glasgow to add to its investment portfolio.

18 March 2019

Deenn Engineering secured a contract worth $117 million that is expected to be completed in 2022.

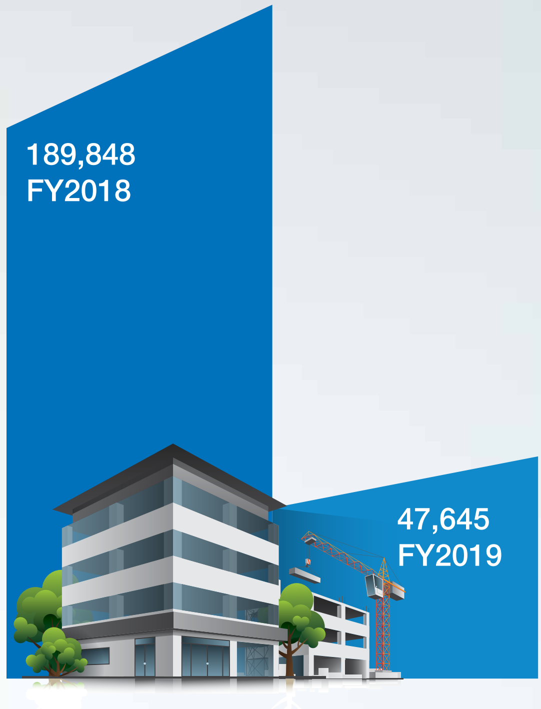
8 July 2019

United Tec Construction was awarded a $234.7 million contract to construct the NTUC Fairprice Co-operative Limited fresh food distribution centre. Construction is expected to be completed in 2022. Lian Beng's order book boosted to S$1.4 billion with this contract secured.

OPERATIONS REVIEW

REVENUE BY BUSINESS SEGMENT (S$'000)

CONSTRUCTION



PROPERTY DEVELOPMENT

INVESTMENT HOLDING

DORMITORY

OPERATIONS **REVIEW**

Construction

For FY2019, the Group has reorganised its business segments to merge and report the construction segment and the construction-related business segment as one. The construction-related business involves the manufacturing of ready-mix concrete, engineering and leasing of construction machinery, which supports the Group's own construction projects, as well as the production of asphalt premix, which is supplied to the Group and third-parties for runway and public road construction projects. In February 2019, the Group incorporated a new subsidiary United Plus Steel Resources Private Limited for the processing of fabricated reinforcement bars, which will support construction projects of the Group and other third parties.

The Singapore government's initiative to bring forward some public sector projects in the past year played a key role in lifting the demand for construction services in Singapore in FY2019. We leveraged our capabilities and track record to secure four contracts worth a total of $556 million within the year, including private residential projects The Jovell and Avenue South Residence.

▲ Ongoing project – Martin Modern

OPERATIONS **REVIEW**

Revenue from external customers thus rose 67.1% to $291.7 million in FY2019, from $174.5 million in the preceding year, mainly from on-going projects including Defu Industrial City, Martin Modern, The Tre Ver, Affinity @ Serangoon, The Jovell and Avenue South Residence.

In June 2018, the Group completed the acquisition of United Tec Construction Pte Ltd, a company principally engaged in the general construction business specialising in the Design for Manufacturing and Assembly (DfMA) Construction. Since then, United Tec has secured Avenue South Residence project, a 56-storey twin towers condominium at Silat Avenue using the Prefabricated Prefinished Volumetric Construction (PPVC) method, in August 2018. Construction of the project is making good progress.

Subsequent to the financial year-end, in July 2019, United Tec Construction was awarded a $234.7 million contract to construct the NTUC Fairprice Co-operative Limited fresh food distribution centre. Consequently, Lian Beng's order book was boosted to S$1.4 billion with this contract secured, with the orders expected to be fulfilled by the financial year 2022.

▲ Ongoing project – The Jovell

▲ Ongoing project – The Tre Ver

▲ Fabrication of reinforcement bar

OPERATIONS REVIEW

Property Development

The property development segment is undertaken by the Group's 75%-held subsidiary, SLB Development Ltd. SLB Development was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited in April 2018.

Revenue from the property development segment was $47.6 million in FY2019, compared to $189.8 million a year ago. Revenue for FY2018 had been significantly boosted by T-Space @ Tampines, an industrial project that was substantially completed in the fourth quarter of FY2018. Consequently, only a small portion of revenue remained to be recognised in FY2019. For FY2019, contribution from the Group's property development segment also included Mactaggart Foodlink, a food industrial project targeted at the culinary operations business such as food processing, packaging and storage. Interest in the units at Mactaggart Foodlink is high. It is expected to receive its temporary occupation permit in the year 2020.

Residential projects Riverfront Residences and Affinity @ Serangoon, each 20%-owned, have been making good sales progress since the start of the year. Rezi 24 @ Geylang, our 42%-owned, 110-unit residential project, was launched in March 2019 and is also attracting interest for its strategic city-fringe location and proximity to popular food areas there.

INSPACE, which was launched in March 2019, is another showcase of SLB's strong expertise. It is creatively designed for modern businesses and includes recreational and social amenities.

▲ Rezi 24 (Artist's Impression)

▲ Mactaggart Foodlink (Artist's Impression)

▲ INSPACE (Artist's Impression)

OPERATIONS REVIEW

INVESTMENT HOLDING AND DORMITORY BUSINESS

Investment Holding

As at 31 May 2019, the Group has an investment portfolio comprising residential, light industrial and commercial properties. For FY2019, the segment recorded revenue of $24.3 million, in line with higher occupancy at the properties.

Apart from these, the Group also holds stakes in Wilkie Edge and Sembawang Shopping Centre through joint ventures, as well as Space@Tampines through an associated company. Sembawang Shopping Centre was added to the portfolio in June 2018.

Separately, in September 2018, the Group's 32%-owned associated company, Epic Land Pte Ltd, completed the sale of six wholly owned subsidiaries, which collectively hold seven strata office units in Prudential Tower, to an unrelated third party.

▲ Wilkie Edge

▲ Sembawang Shopping Centre

OPERATIONS **REVIEW**

Dormitory Business

The Group currently owns two dormitories, Westlite Mandai and Westlite Papan, via 55%-owned and 49%-owned joint ventures respectively. The dormitories are collectively able to house 14,190 workers. Each dormitory houses myriad facilities and amenities such as supermarkets, food courts, basketball and street soccer courts, cricket training pitches and sick bays. Residents' social well-being is a priority at both dormitories. In the last 5 years, recreational trips were organised to Malaysia for residents. Most recently in 2019, some residents also went on a tour of Cameron Highlands and Kuala Lumpur in the country. Sports activities are regularly organised as well. Westlite Papan recently emerged champion in the Westlite Cricket Championship and Inter-Dormitory Volleyball Championship, while Westlite Mandai emerged champion in the Street Soccer Tournament. Westlite Papan also contains an ASPRI (Association of Process Industry) Integrated Training Centre that brings subsidised training to residents' doorsteps to promote skill-upgrading. The dormitory business contributed revenue of $23.1 million, and achieved occupancy rates of 98% in FY2019.

▲ Inter-Dormitory Volleyball Competition

▲ Cricket Competition

OUR PEOPLE, **OUR ASSETS**

As we continue our pursuit of excellence, human capital remains an important asset of Lian Beng Group. With the right policies and investments in continuous training and development, we seek to retain and attract talents for our team. Our employees at various levels are sent for in-house training and equipping by external parties, as part of our effort to raise our overall skillset and productivity.

We believe that our people form the pillars of the Company, and it is important for us to promote their general well-being. In line with national efforts to lead healthier lifestyles, the Group launched lunchtime workshop, complete with healthy bento boxes to refuel them for the day. To foster camaraderie among our employees, we also regularly organise celebratory events to commemorate special occasions like Chinese New Year, National Day, Mid-Autumn Festival and Christmas Day.

Riding on last year's corporate social responsibility efforts, the Group aims to contribute to a charitable cause at least once every quarter. In collaboration with TOUCH Community Services, our team participated in the "I-Shop-You-Pay" event, where we brought elderly wheelchair users out for a lovely morning stroll, breakfast and we sponsored for their grocery shopping. The efforts were sustained throughout the year with the sponsorships of various events, as well as other donations.

▲ Staff Training

▲ Mid-Autumn Festival Celebration

▲ I-Shop-You-Pay Event

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Pang Aik BBM
Chairman and Managing Director

Ong Lay Huan
Executive Director

Ong Lay Koon
Executive Director

Low Beng Tin BBM (L)
Independent Director

Ko Chuan Aun
Independent Director

Ang Chun Giap PBM
Independent Director

COMPANY SECRETARIES

Wee Woon Hong
Srikanth Rayaprolu

REGISTERED OFFICE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

REGISTRAR AND SHARE TRANSFER OFFICE

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

AUDITORS

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

Partner-In-Charge:
Nelson Chen Wee Teck
(Since Financial Year Ended 31 May 2018)

SOLICITORS

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

PRINCIPAL BANKERS

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

INVESTOR & MEDIA RELATIONS

Ark Advisors Pte Ltd
315C Jalan Besar
Singapore 208973

Principal Consultant: Alvina Tan

CORPORATE **GOVERNANCE**

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

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the "2018 Code") and the accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and will apply to annual reports covering financial years commencing from 1 January 2019. The Board will review and set out the appropriate corporate practices in place to comply with the 2018 Code, where appropriate, in the next annual report covering the financial year ending 31 May 2020.

BOARD MATTERS

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

The details of Board meetings, NC, RC and AC meetings held during the financial year ended 31 May 2019 ("FY2019") as well as the attendance of each Board member at those meetings are disclosed below:

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

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

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

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

During FY2019, the external auditor briefed the AC members on developments in accounting and governance standards. The Executive Directors also updated the Board at each Board meeting on business and strategic developments relating to the industry that the Group operates in.

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

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

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

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

Information regarding each Board member is provided under the Board of Directors section set out on pages 7, 8 and 9 of this Annual Report.

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

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

As half (1/2) of the Board is independent, the current requirement under Guideline 2.2 of the Code that at least half of the Board comprises Independent Directors is satisfied. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

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

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

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

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

CORPORATE GOVERNANCE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

The Board concurs with the NC that as the size of the Board is relatively small with only 6 members of whom three are Independent Directors, there would not be a need for a Lead Independent Director. The Independent Directors collectively are and have been available to shareholders as a channel of communication between shareholders and the Board or management. The Independent Directors meet or communicate periodically without the presence of the other Directors and collectively provide feedback to the Chairman on matters arising from such meetings. During FY2019, the Independent Directors have met at least once in the absence of the management.

BOARD MEMBERSHIP

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

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

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

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

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

CORPORATE **GOVERNANCE**

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

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

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

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

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

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

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

Mr Ong Pang Aik will, upon re-election as a Director of the Company, remain as the Chairman and Managing Director of the Company. Mr Ang Chun Giap will, upon re-election as a Director of the Company, remain as an Independent Director of the Company and a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. Mr Ang Chun Giap is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual.

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

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

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

CORPORATE GOVERNANCE

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

Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies	
			Present	Last Three Years
Ong Pang Aik*	16/12/1998	-	Nil	Nil
Ong Lay Huan	20/03/1999	27/09/2017	Nil	Nil
Ong Lay Koon	20/03/1999	27/09/2018	SLB Development Ltd.	Nil
Low Beng Tin	08/07/2015	27/09/2018	CosmoSteel Holdings Limited, Fuji Offset Plates Manufacturing Ltd, and JP Nelson Holdings	China Yongsheng Limited, OEL (Holdings) Limited and Datapulse Technology Limited
Ko Chuan Aun	10/07/2015	27/09/2017	Koon Holdings Ltd, KSH Holdings Limited, Pavillon Holdings Ltd and San Teh Ltd	Brothers (Holdings) Limited, KOP Limited and Super Group Ltd
Ang Chun Giap	12/10/2016	27/09/2017	Nil	Nil

Note:

* Mr Ong Pang Aik, the Chairman and Managing Director of the Company, was not subject to retirement pursuant to the Company's Constitution. However, with effect from 1 January 2019, an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years pursuant to Rule 720(5) of the Listing Manual of the SGX-ST. Hence, Mr Ong Pang Aik will have to submit himself for re-election once every three years notwithstanding that he is not required to do so pursuant to the Company's Constitution.

Further details of the Directors, including their principal commitments, are provided under the Board of Directors section set out on pages 7, 8 and 9 of the Annual Report.

In accordance with Rule 720(6) of the Listing Manual of the SGX-ST, information relating to the retiring Directors who are seeking re-election, as set out in Appendix 7.4.1 of the Listing Manual, can be found under the "Additional Information on Directors Seeking Re-election" section of this Annual Report.

BOARD PERFORMANCE

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

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

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

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

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

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

During FY2019, all Directors are requested to complete a board evaluation questionnaire designed to seek their view on various aspects of the Board's and Individual Director's performance as described above. The Chairman, in consultation with the NC, acted on the results of the performance evaluations. Where appropriate, the Chairman will propose new members to be appointed to the Board or seek the resignation of Directors.

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

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

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

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

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

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

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

LEVEL AND MIX OF REMUNERATION

Principle 8: Remuneration of Directors Should Be Adequate but Not Excessive

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

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

The fees of the Independent Directors are determined by the Board according to the level of contribution, and taking into account factors such as the effort and time spent, and their respective responsibilities. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company. They do not have any service agreements with the Company. The RC is satisfied that the performance conditions were met for FY2019.

CORPORATE **GOVERNANCE**

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

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

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

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

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

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

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 May 2019 is as follows:

Remuneration Band	Name	Salary and CPF (%)	Bonus & Profit Sharing (%)	Other Benefits and Allowances (%)	Directors' Fees (%)[1]	Total (%)
S$2,250,001 – S$2,500,000	Ong Pang Aik	29	66	5	–	100
S$1,250,001 – S$1,500,000	Ong Lay Huan	35	60	5	–	100
S$1,250,001 – S$1,500,000	Ong Lay Koon	33	62	5	–	100
Below S$250,000	Low Beng Tin	–	–	–	100	100
Below S$250,000	Ko Chuan Aun	–	–	–	100	100
Below S$250,000	Ang Chun Giap	–	–	–	100	100

1. Includes fee for Directorships held in the Company.

The remuneration of the top eight key executives comprises of fixed and variable components. Fixed component is in the form of fixed monthly salary whereas variable component is linked to the performance of the Group's businesses and individual performance. For the remuneration of the key executives of the property development segment, please refer to SLB Development Ltd.'s 2019 Annual Report.

CORPORATE **GOVERNANCE**

The remuneration for FY2019 of the top eight key executives are as follows:

S$750,000 to below S$1,000,000	:	1
S$500,000 to below S$750,000	:	1
S$250,000 to below S$500,000	:	4
Below S$250,000	:	2

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

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

For the financial year ended 31 May 2019, the total remuneration paid to the top eight key executives (who are not Directors or the CEO) of the Company was S$3,402,992.

Ms Ong Sui Hui is the daughter of Mr Ong Pang Aik and niece of Ms Ong Lay Huan and Ms Ong Lay Koon, and Mr Ong Eng Keong, is the son of Mr Ong Pang Aik and nephew of Ms Ong Lay Huan and Ms Ong Lay Koon. Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui, are the siblings of Mr Ong Pang Aik, Ms Ong Lay Huan and Ms Ong Lay Koon. The remuneration of Ms Ong Sui Hui, Mr Ong Eng Keong, Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui exceed S$50,000 for FY2019. However, the Board is of the opinion that the remuneration details of Ms Ong Sui Hui, Mr Ong Eng Keong, Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui are confidential and disclosure of their remuneration in the bands of S$50,000 would not be in the interest of the Company.

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

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

Save as disclosed above, there were no other employees who were immediate family members of any Director or the Managing Director, whose remuneration for FY2019 exceeds S$50,000. There are no termination, retirement or any post-employment benefits to Directors and key officers.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Maintenance of Sound System of Risk Management and Internal Controls

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

The Board has received assurance from the Chairman and Managing Director and the Financial Controller that the financial records have been properly maintained and the financial statements for the financial year ended 31 May 2019 give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems were adequate and effective ("Assurance").

The Board has put in place a risk governance and internal control framework manual to define the strategic objectives and determine the risk appetite, tolerance and risk mitigation measures to address potential impediments to achieving these business strategies. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the management and various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational, compliance and information technology controls risks, and risk management systems of the Company were adequate and effective as at 31 May 2019. The Board has also evaluated the internal control system against the COSO internal control framework (COSO 2013 Internal Control - Integrated Framework) for adequate and effective internal control. The Board's opinion is based collectively on the risk governance and internal control framework and assessment of internal control adequacy and effectiveness.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Group has also maintained a proper enterprise risk management programme which is in line with ISO:31000, an internationally accepted risk management standard and COSO (2017 Enterprise Risk Management - Integrated Framework). This allows the Board to be apprised of the key strategic, operational, financial, information technology and compliance risks.

CORPORATE GOVERNANCE

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

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

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

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

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

The Board is of the view that the AC has sufficient financial management and accounting expertise and experience to discharge the AC's functions. Mr Low Beng Tin has more than 34 years of experience in business and management. Mr Ko Chuan Aun has more than 22 years of experience in business and management and Mr Ang Chun Giap has over 20 years of experience in finance and management and has more than 18 years of experience in public accounting profession.

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

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

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

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

The AC meets with the external and internal auditors, without the presence of management, at least annually, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge its functions properly. The AC has met with the external and internal auditors, without the presence of management during FY2019. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2019 are as follows:-

Audit fees	:	S$663,000 (FY2018: S$634,000)
Non-audit fees	:	S$272,000 (FY2018: S$480,000)
Total	:	S$935,000 (FY2018: S$1,114,000)

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

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

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

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

Key Audit Matters

The AC discussed with management and the external auditors on significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor’s Report to the members of the Company under Key Audit Matters (“KAM”), namely (i) accounting for construction contracts; (ii) fair value measurement of investment properties; and (iii) accounting for investment in joint ventures and associates in the property development segment. Based on its review as well as discussion with management and the external auditors, the AC is satisfied that those matters, including the KAM, have been properly dealt with.

Whistle-blowing Policy

The AC has put in place a whistle-blowing policy, whereby employees of the Group and external parties, may in confidence, raise concerns about possible improper financial reporting or other matters to Mr Low Beng Tin, the AC Chairman via email at whistleblowing@lianbenggroup.com.sg. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. The Company did not receive any whistle-blowing report during FY2019.

CORPORATE GOVERNANCE

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

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

In order to provide adequate assurance over the internal controls, the Group has appointed an independent internal audit function that is performed by RSM Risk Advisory Pte Ltd. RSM Risk Advisory Pte Ltd is a member of the Institute of Internal Auditors ("IIA") and the internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing by IIA. The internal auditors report their findings based on the scope of review performed for FY2019 directly to the AC and administratively to the Executive Director.

The AC has reviewed with the internal auditors their risk-based internal audit plan and their evaluation of the system of internal controls, their audit findings and the management's responses to address the findings; the adequacy and the effectiveness of material internal controls, including financial, operational and compliance controls and overall risk management of the Company and the Group for FY2019. The AC is satisfied that the internal auditor is adequately qualified, resourced and has the appropriate standing within the Group to discharge its duties effectively.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES
Principle 14: Shareholder Rights

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

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

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

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

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

The Company does not have a dividend policy. For FY2019, the Board has declared an interim dividend of 1.0 cent per ordinary share and has also recommended final (tax exempt one-tier) dividend of 1.25 cents per ordinary share.

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

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

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

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

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

ADDITIONAL INFORMATION

DEALINGS IN SECURITIES

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

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

INTERESTED PERSON TRANSACTIONS

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

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

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

There were no interested person transactions of S$100,000 and above during FY2019.

CORPORATE GOVERNANCE

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Directors' Statement and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of FY2019 or if not then subsisting, which were entered into since the end of the previous financial year.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

Mr Ong Pang Aik and Mr Ang Chun Giap are the retiring Directors who are seeking re-election at the forthcoming annual general meeting ("**AGM**") of the Company to be convened on 27 September 2019 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**") under Ordinary Resolutions 3 and 4 as set out in the Notice of AGM dated 11 September 2019.

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the information relating to the Retiring Directors, in accordance to Appendix 7.4.1 of the SGX-ST Listing Manual, is set out below:

	Mr Ong Pang Aik	**Mr Ang Chun Giap**
Date of appointment	16 December 1998	12 October 2016
Date of last re-appointment (if applicable)	Not Applicable	27 September 2017
Age	61	62
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Ong Pang Aik as the Chairman and Managing Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Ong Pang Aik's qualifications, expertise, past experience and overall contribution since he was appointed as a Director.	The re-election of Mr Ang Chun Giap as an Independent Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Ang Chun Giap's qualifications, expertise, past experience and overall contribution since he was appointed as a Director.
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for the overall strategic direction and business expansion of the Group.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman and Managing Director	Independent Director, member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company

ADDITIONAL INFORMATION ON DIRECTORS **SEEKING RE-ELECTION**

	Mr Ong Pang Aik	**Mr Ang Chun Giap**
Professional qualifications and working experience and occupation(s) during the past 10 years	Joined the Group in 1978 and is currently leading the Group as its Chairman and Managing Director. Mr Ong Pang Aik has more than 40 years of experience in the construction industry. He also possesses extensive experience in property development and investment.	Bachelor of Accountancy (NUS) August 2009 to October 2016 -- Audit Manager/Partner, JPL Wong & Co January 2010 to October 2016 – Audit Manager/Director, J Wong & Associates PAC December 2014 to date – Director , Acevision& Associates PAC March 2010 to September 2014 – Director, Acevision Advisory Affairs Pte. Ltd. February 2010 to October 2015 – Director, Acevision Solutions Pte. Ltd. April 2011 to September 2014 – Director, Acevision Corporate 71 Pte. Ltd. July 2016 to date – Director, Acevision Blast & Coat Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest – 28,325,400 ordinary shares of Lian Beng Group Ltd Deemed Interest – 149,169,700 ordinary shares of Lian Beng Group Ltd, arising from his deemed interest in shares held by Ong Sek Chong & Sons Pte. Ltd as at 16 August 2019.	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Ong Pang Aik (Chairman and Managing Director and Substantial Shareholder), Ms Ong Lay Huan (Executive Director and Substantial Shareholder) and Ms Ong Lay Koon (Executive Director) are siblings. Mr Ong Eng Keong, the Executive Director of SLB Development Ltd., subsidiary of Lian Beng Group Ltd, is the son of Mr Ong Pang Aik. Mr Ong Pang Aik is deemed to be interested in 149,169,700 ordinary shares held by Ong Sek Chong & Sons Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap.50 as at 16 August 2019.	No
Conflict of interest (including any competing business)	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS **SEEKING RE-ELECTION**

	Mr Ong Pang Aik	**Mr Ang Chun Giap**
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships	Past (for the last 5 years) Directorships: Centurion Kovan Pte Ltd Goldprime Investment Pte Ltd Imperial South East Asia Investment Pte Ltd LBD (Midtown) Pte Ltd Luxe Development Pte Ltd Mountbatten Development Pte Ltd Oxley Sanctuary Pte Ltd Oxley Viva Pte Ltd Oxley YCK Pte Ltd Oxley-LBD Pte Ltd Sim Hup Co Pte Ltd Smooth Venture Pte Ltd Spottiswoode Development Pte Ltd Lian Beng – Amin Joint Venture Pvt Ltd Other Principal Commitments: Nil Present Directorships: CH Development Pte Ltd Epic Land Pte Ltd Evergrande Realty & Development Pte Ltd Hilllock Development Pte Ltd Kovan Land Pte Ltd LB Land Pte Ltd LB Property (S) Pte Ltd LB Property Pte Ltd Lian Beng – Centurion (Dormitory) Pte Ltd Lian Beng (8) Pte Ltd Lian Beng Capital Pte Ltd Lian Beng Construction (1988) Pte Ltd Lian Beng Investment Pte Ltd Lian Beng Realty Pte Ltd Lian Beng – Centurion (Mandai) Pte Ltd Millennium Land Pte Ltd Ong Sek Chong & Sons Pte Ltd Paul Y – Lian Beng JV Pte Ltd Rocca Investments Pte Ltd Tradewin Engineering Pte Ltd Other Principal Commitments: Nil	Past (for the last 5 years) Directorships: 1) Acevision Advisory Affairs Pte. Ltd. 2) Acevision Solutions Pte. Ltd. 3) Acevision Corporate 71 Pte. Ltd. 4) J Wong & Associates PAC Other Principal Commitments: Nil Present Directorships: 1) Acevision & Associates PAC 2) Acevision Blast & Coat Pte. Ltd. Other Principal Commitments: Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ong Pang Aik	Mr Ang Chun Giap
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

ADDITIONAL INFORMATION ON DIRECTORS **SEEKING RE-ELECTION**

	Mr Ong Pang Aik	**Mr Ang Chun Giap**
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

ADDITIONAL INFORMATION ON DIRECTORS **SEEKING RE-ELECTION**

	Mr Ong Pang Aik	**Mr Ang Chun Giap**
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS **SEEKING RE-ELECTION**

	Mr Ong Pang Aik	**Mr Ang Chun Giap**
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	Yes. Ong Pang Aik, is the director of certain entities in the Lian Beng Group which have been fined by the authorities in the ordinary course of business.	No

ADDITIONAL INFORMATION ON DIRECTORS **SEEKING RE-ELECTION**

	Mr Ong Pang Aik	**Mr Ang Chun Giap**
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes. Ong Pang Aik pleaded guilty to a charge of affray in 1996 for fighting with another in a public place, there by disturbing the public peace. Ong Pang Aik was fined S$1,000 in connection therewith.	No

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Lian Beng Group Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 May 2019.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2019 and the financial performance and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and

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

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
	At the beginning of financial year	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
The Company				
Ordinary shares				
Ong Pang Aik	27,370,800	28,325,400	147,614,800	147,723,500
Ong Lay Huan	11,583,200	16,011,999	147,614,800	147,723,500
Ong Lay Koon	8,539,200	8,539,200	–	–
Low Beng Tin	–	–	900,000	900,000
Ko Chuan Aun	205,000	205,000	–	–

There was no change in the above-mentioned interests between the end of the financial year and 21 June 2019.

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

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

Options

During the financial year, there were:

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

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

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

DIRECTORS' **STATEMENT**

Audit Committee

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

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

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

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

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

Auditor

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

On behalf of the board of directors,

Ong Pang Aik
Director

Ong Lay Huan
Director

Singapore
21 August 2019

INDEPENDENT AUDITOR'S **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

TO THE MEMBERS OF LIAN BENG GROUP LTD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lian Beng Group Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 May 2019, the statements of comprehensive income and statements of changes in equity of the Group and the Company and the consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position, statement of comprehensive income and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 May 2019 and of the financial performance and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

Key audit matters (cont'd)

1. Accounting for construction contracts

The Group is involved in construction projects for which it recognises contract revenue and cost by reference to the percentage of completion in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*. The percentage of completion is measured based on the actual costs incurred to-date to the total budgeted costs for each project. The uncertainty and subjectivity involved in determining the percentage of completion and budgeted cost to complete each project may have a significant impact on the results of the Group. Accordingly, we have identified this as a key audit matter.

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

- reviewed the contractual terms and conditions and verified the costs incurred against underlying documents;
- assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects;
- reviewed the appropriateness of inputs, amongst others, materials, subcontractors and labour costs used by management in their estimation of the total cost to complete and obtained supporting documentation on the major inputs;
- checked whether the contract revenue was recognised according to the percentage of completion of each project measured by reference to contract costs incurred for work performed to date to the estimated total cost;
- checked that the arithmetic accuracy of the revenue, cost and profit recognised based on the percentage of completion computation for individually significant projects; and
- reviewed the project files and discussed with the management on the progress of significant projects to determine if there are signs of potential disputes, variation order claims, known technical issues, delays, penalties or overruns. If the unavoidable costs of meeting the obligations under a contract exceeds the economic benefits expected to be received under it, adequate provision for onerous contracts has been recognised.

We also assessed the adequacy of the Group's disclosures for revenue recognition and contract balances in Notes 2.15, 2.25, 10 and 25.

2. Fair value measurement of investment properties

The Group made its investments into investment properties through its subsidiary companies, joint ventures and associated companies.

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine their fair values as at 31 May 2019.

Key audit matters (cont'd)

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

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

As part of our audit procedures, we assessed the Group's process relating to the selection of the external valuers, the determination of the scope of their work, and the review of the valuation reports issued by the external valuers. In addition, we assessed the objectivity and competency of the external valuers. We considered and held discussions with the external valuers to understand the valuation methodologies used in the valuation and the results of their work. We assessed the reasonableness of the key inputs and assumptions by comparing them to market data while taking into consideration the specific nature and use of these properties.

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

3. Accounting for investment in joint ventures and associates in the property development segment

For the year ended 31 May 2019, the Group's share of results of joint ventures and associates in the property development segment amounted to a loss of $34,000 and $7,269,000, respectively. As at 31 May 2019, the Group's investment in joint ventures and associates in the property development segment amounted to $3,176,000 and a deficit of $9,373,000, respectively. Certain joint ventures and associates have different financial year-ends and accounting policies. The accounting for investment in these joint ventures and associates is significant to our audit as management judgement is required to ensure the completeness and accuracy of the management accounts used for consolidation at each period and that appropriate adjustments are made for alignment with the Group's accounting policies.

For material joint ventures and associates in the property development segment, we inquired and discussed with management to understand the current property development projects and the future business plans of the joint ventures and associates. We performed audit procedures on the relevant financial information of the material joint ventures and associates for the purpose of the consolidated financial statements. Our audit procedures included, amongst others, evaluating the reasonableness of the key assumptions used by management in determining the net realisable value of development properties held by the joint ventures and associates by comparing them to available market data, recent sales transactions or valuations obtained for the properties. We reviewed management's process in ensuring that the relevant adjustments to align the financial reporting period and the accounting policies of the joint ventures and associates to those of the Group are properly recorded in the consolidated financial statements. In addition, we reviewed the equity accounting adjustments prepared by management in respect of these joint ventures and associates and assessed if the effects of the transactions between the Group and the joint ventures and associates for the financial year are appropriately reflected. Additionally, we assessed the adequacy of management's disclosures in the financial statements.

Information regarding the Group's investment in joint ventures and associates in the property development segment is disclosed in Note 38 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

Report on other legal and regulatory requirements

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
21 August 2019

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 MAY 2019

	Note	Group 31 May 2019 $'000	Group 31 May 2018 $'000	Group 1 June 2017 $'000	Company 31 May 2019 $'000	Company 31 May 2018 $'000	Company 1 June 2017 $'000
Non-current assets							
Property, plant and equipment	4	158,015	159,356	63,577	–	–	1
Investment properties	5	533,047	529,472	703,860	–	–	–
Investment in subsidiaries	6	–	–	–	168,612	167,287	75,299
Investment in joint ventures	7	19,097	19,064	34,706	5,720	5,720	6,220
Investment in associates	8	41,075	49,235	43,437	–	–	200
Investment securities	9	127,573	129,097	119,494	15,812	18,083	17,860
Amounts due from subsidiaries	15	–	–	–	33,783	33,783	–
Amounts due from associates	15	41,466	44,911	45,000	–	–	–
Amounts due from third parties	14	–	–	3,357	–	–	–
Other assets		–	77	260	–	–	–
Deferred tax assets	22	66	117	249	–	–	–
		920,339	931,329	1,013,940	223,927	224,873	99,580
Current assets							
Contract assets	10	101,714	128,413	71,600	–	–	–
Capitalised contract costs	10	1,462	218	1,384	–	–	–
Development properties	11	104,509	68,243	95,241	–	–	–
Investment property held for sale	5	–	–	26,283	–	–	–
Inventories	12	2,895	3,827	4,297	–	–	–
Trade receivables	13	43,738	50,463	27,093	–	–	–
Other receivables and deposits	14	16,161	34,520	32,384	139	4,016	7,443
Prepayments		5,582	1,195	1,923	46	5	5
Tax recoverable		486	–	–	–	–	–
Amounts due from affiliated companies	15	12	–	1	–	–	–
Amounts due from subsidiaries	15	–	–	–	179,076	169,927	257,247
Amounts due from joint ventures	15	78,514	66,345	29,572	63,086	50,521	10,897
Amounts due from associates	15	167,774	163,388	100,095	–	–	18,843
Investment securities	9	15,703	17,885	7,515	–	–	–
Cash and cash equivalents	16	179,924	209,214	187,804	40,510	35,139	39,426
		718,474	743,711	585,192	282,857	259,608	333,861

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 MAY 2019

	Note	Group			Company		
		31 May 2019	31 May 2018	1 June 2017	31 May 2019	31 May 2018	1 June 2017
		$'000	$'000	$'000	$'000	$'000	$'000
Current liabilities							
Contract liabilities	10	29,056	–	–	–	–	–
Trade and other payables	18	164,219	158,123	187,701	33	38	39
Accruals		23,246	24,774	18,280	131	268	196
Amounts due to associates	15	1,126	8,616	1,361	76	76	76
Amounts due to joint ventures	15	2,152	4,619	17,817	–	–	–
Amounts due to subsidiaries	19	–	–	–	268,146	246,513	257,679
Bank loans and bills payable	20	309,966	330,707	258,174	–	–	–
Obligations under hire purchase	21	1,984	3,324	3,780	–	–	–
Provision for taxation		8,111	18,606	8,497	223	21	19
		539,860	548,769	495,610	268,609	246,916	258,009
Net current assets		178,614	194,942	89,582	14,248	12,692	75,852
Non-current liabilities							
Refundable rental deposits		3,067	2,978	2,109	–	–	–
Amounts due to subsidiaries	19	–	–	–	1,681	5,892	10,103
Bank loans	20	268,450	309,194	422,325	–	–	–
Obligations under hire purchase	21	3,139	2,327	3,224	–	–	–
Deferred tax liabilities	22	4,165	5,271	1,861	–	–	–
		278,821	319,770	429,519	1,681	5,892	10,103
Net assets		820,132	806,501	674,003	236,494	231,673	165,329
Equity attributable to owners of the Company							
Share capital	23	82,275	82,275	82,275	82,275	82,275	82,275
Treasury shares	23	(17,777)	(17,777)	(17,777)	(17,777)	(17,777)	(17,777)
Retained earnings		627,967	596,137	524,834	177,905	161,252	95,131
Other reserves	24	1,595	14,037	2,217	(5,909)	5,923	5,700
		694,060	674,672	591,549	236,494	231,673	165,329
Non-controlling interests		126,072	131,829	82,454	–	–	–
Total equity		820,132	806,501	674,003	236,494	231,673	165,329

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

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

		Group		Company	
	Note	**2019** $'000	**2018** $'000	**2019** $'000	**2018** $'000
Revenue	25	386,791	406,960	21,911	53,804
Cost of sales		(305,004)	(293,813)	–	–
Gross profit		81,787	113,147	21,911	53,804
Other operating income	26	11,115	54,322	2,238	25,015
Distribution expenses		(3,856)	(8,450)	(7)	(3)
Administrative expenses		(25,881)	(31,309)	(825)	(1,183)
Other operating expenses	26	(8,843)	(10,493)	(1,500)	(38)
Finance costs	28	(17,600)	(17,178)	(128)	(215)
Impairment losses on financial assets	26	(2,022)	(3,210)	(3,131)	–
Share of results of associates		(246)	4,491	–	–
Share of results of joint ventures		6,533	8,982	–	–
		40,987	110,302	18,558	77,380
Fair value gain on investment properties	5	3,500	9,657	–	–
Profit before taxation	26	44,487	119,959	18,558	77,380
Taxation	29	(6,313)	(24,710)	(222)	(16)
Profit for the year, net of taxation		38,174	95,249	18,336	77,364
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Net loss on equity instruments at fair value through other comprehensive income		(862)	–	(2,272)	–
Items that may be reclassified subsequently to profit or loss:					
Net gain on debt instruments at fair value through other comprehensive income		298	–	–	–
Net (loss)/gain on fair value changes of available-for-sale financial assets		–	(2,770)	–	223
Foreign currency translation (loss)/gain		(1,630)	2,141	–	–
Other comprehensive income for the year, net of taxation		(2,194)	(629)	(2,272)	223
Total comprehensive income for the year		35,980	94,620	16,064	77,587
Profit attributable to:					
Owners of the Company		32,863	82,546	18,336	77,364
Non-controlling interests		5,311	12,703	–	–
		38,174	95,249	18,336	77,364
Total comprehensive income attributable to:					
Owners of the Company		30,838	81,985	16,064	77,587
Non-controlling interests		5,142	12,635	–	–
		35,980	94,620	16,064	77,587
Earnings per share (Cents)					
Basic and diluted	30	6.58	16.52		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Attributable to owners of the Company						
	Share capital (Note 23) $'000	Treasury shares (Note 23) $'000	Retained earnings $'000	Other reserves (Note 24) $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
2019							
Group							
Balance at 1 June 2018 (FRS framework)	82,275	(17,777)	564,643	17,017	581,660	115,387	761,545
Effects of adoption of SFRS(I) 15	–	–	31,494	(2,980)	28,514	–	28,514
Effects of adoption of SFRS(I) 9	–	–	10,210	(10,210)	–	16,442	16,442
Balance at 1 June 2018 (SFRS(I) framework)	82,275	(17,777)	606,347	3,827	610,174	131,829	806,501
Profit for the year, net of taxation	–	–	32,863	–	32,863	5,311	38,174
Other comprehensive income							
Net loss on equity instruments at fair value through other comprehensive income	–	–	–	(862)	(862)	–	(862)
Net gain on debt instruments at fair value through other comprehensive income	–	–	–	298	298	–	298
Foreign currency translation loss	–	–	–	(1,461)	(1,461)	(169)	(1,630)
Other comprehensive income for the year, net of taxation	–	–	–	(2,025)	(2,025)	(169)	(2,194)
Total comprehensive income for the year	–	–	32,863	(2,025)	30,838	5,142	35,980
Change in ownership interests of subsidiaries							
Acquisition of additional interest in SLB Development Ltd ("SLB") (Note 6(e))	–	–	–	(207)	(207)	(1,298)	(1,505)
Acquisition of interest in a subsidiary (Note 6(d))	–	–	–	–	–	114	114
Total changes in ownership interests of subsidiaries	–	–	–	(207)	(207)	(1,184)	(1,391)
Contribution by and distribution to owners							
Dividends on ordinary shares (Note 39)	–	–	(11,243)	–	(11,243)	–	(11,243)
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	(9,995)	(9,995)
Capital contribution by non-controlling interest of a subsidiary	–	–	–	–	–	280	280
Total transactions with owners in their capacity as owners	–	–	(11,243)	(207)	(11,450)	(10,899)	(22,349)
Balance at 31 May 2019	82,275	(17,777)	627,967	1,595	629,562	126,072	820,132

STATEMENTS OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Attributable to owners of the Company						
	Share capital (Note 23)	**Treasury shares (Note 23)**	**Retained earnings**	**Other reserves (Note 24)**	**Total reserves**	**Non-controlling interests**	**Total equity**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018							
Group							
Balance at 1 June 2017 (FRS framework)	82,275	(17,777)	521,504	2,217	523,721	79,431	667,650
Effect of adoption of SFRS(I) 15	–	–	3,330	–	3,330	3,023	6,353
Balance at 1 Jun 17 (SFRS(I) framework)	82,275	(17,777)	524,834	2,217	527,051	82,454	674,003
Profit for the year, net of taxation	–	–	82,546	–	82,546	12,703	95,249
Other comprehensive income							
Net loss on fair value changes of available-for-sale financial assets	–	–	–	(2,770)	(2,770)	–	(2,770)
Foreign currency translation gain/(loss)	–	–	–	2,209	2,209	(68)	2,141
Other comprehensive income for the year, net of taxation	–	–	–	(561)	(561)	(68)	(629)
Total comprehensive income for the year	–	–	82,546	(561)	81,985	12,635	94,620
Change in ownership interests of subsidiaries							
Proceeds from the Initial Public offering ("IPO") of shares of SLB, net of listing expenses capitalised (Note 6(e))	–	–	–	–	–	52,567	52,567
Premium on dilution of interest in SLB without a change in control (Note 6(e))	–	–	–	12,381	12,381	(12,381)	–
Total changes in ownership interests of subsidiaries	–	–	–	12,381	12,381	40,186	52,567
Contribution by and distribution to owners							
Dividends on ordinary shares (Note 39)	–	–	(11,243)	–	(11,243)	–	(11,243)
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	(3,446)	(3,446)
Total transactions with owners in their capacity as owners	–	–	(11,243)	12,381	1,138	36,740	37,878
Balance at 31 May 2018	82,275	(17,777)	596,137	14,037	610,174	131,829	806,501

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Attributable to owners of the Company					
	Share capital (Note 23) $'000	Treasury shares (Note 23) $'000	Other reserves (Note 24) $'000	Retained earnings $'000	Total reserves $'000	Total equity $'000
2019						
Company						
Balance at 1 June 2018 (FRS framework)	82,275	(17,777)	5,923	161,252	167,175	231,673
Effects of adoption of SFRS(I) 9	–	–	(9,560)	9,560	–	–
Balance at 1 June 2018 (SFRS(I) framework)	82,275	(17,777)	(3,637)	170,812	167,175	231,673
Profit for the year, net of taxation	–	–	–	18,336	18,336	18,336
Other comprehensive income						
Net loss on equity instruments at fair value through other comprehensive income	–	–	(2,272)	–	(2,272)	(2,272)
Other comprehensive income for the year, net of taxation	–	–	(2,272)	–	(2,272)	(2,272)
Total comprehensive income for the year	–	–	(2,272)	18,336	16,064	16,064
Contribution by and distribution to owners						
Dividends on ordinary shares (Note 39)	–	–	–	(11,243)	(11,243)	(11,243)
Balance at 31 May 2019	82,275	(17,777)	(5,909)	177,905	171,996	236,494
2018						
Company						
Balance at 1 June 2017 (FRS and SFRS(I) framework)	82,275	(17,777)	5,700	95,131	100,831	165,329
Profit for the year, net of taxation	–	–	–	77,364	77,364	77,364
Other comprehensive income						
Net gain on fair value changes of available-for-sale financial assets	–	–	223	–	223	223
Other comprehensive income for the year, net of taxation	–	–	223	–	223	223
Total comprehensive income for the year	–	–	223	77,364	77,587	77,587
Contribution by and distribution to owners						
Dividends on ordinary shares (Note 39)	–	–	–	(11,243)	(11,243)	(11,243)
Balance at 31 May 2018	82,275	(17,777)	5,923	161,252	167,175	231,673

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

CONSOLIDATED
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	2019	2018
		$'000	$'000
Cash flows from operating activities			
Profit before taxation		44,487	119,959
Adjustments for:			
Amortisation of capitalised contract and fulfilment costs	10(b)	17,477	51,657
Depreciation of property, plant and equipment	4	15,636	14,779
Fair value gain on investment properties	5	(3,500)	(9,657)
Fair value gain on derivative instrument	26(a)	(91)	(358)
Dividend income from investment securities	25, 26(a)	(1,747)	(1,887)
Gain on disposal of investment properties	26(a)	–	(41,766)
Gain on disposal of property, plant and equipment	26(a)	(970)	(695)
Fair value loss on investment securities	26(b)	507	52
Loss on disposal of investment securities	26(b)	39	44
Amortisation of other assets	26(b)	76	183
Interest income	25, 26(a)	(11,567)	(10,402)
Interest expense	28	17,600	17,178
Unrealised exchange differences		(540)	235
Gain on dilution of ownership interest in subsidiary	6(f)	–	(1)
Property, plant and equipment written off	26(b)	9	–
Impairment loss of financial assets	26(d)	2,022	3,210
Bad debts written off	26(b)	72	10
Goodwill written off	6(d)	9	–
Bad debts recovered	26(a)	–	(7)
Share of results of associates and joint ventures		(6,287)	(13,473)
Operating cash flows before changes in working capital		73,232	129,061
Changes in working capital:			
Development properties		(29,440)	51,760
Capitalised contract costs		(3,495)	(4,899)
Contract assets		11,473	(102,404)
Contract liabilities		29,018	(163)
Inventories		932	470
Trade receivables		5,561	(23,628)
Other receivables and deposits		11,679	(4,842)
Prepayments		(4,315)	728
Trade and other payables and accruals		3,247	(22,692)
Balances with joint ventures and associates		780	6,480
Total changes in working capital		25,440	(99,190)
Cash flows from operations		98,672	29,871
Interest paid and capitalised in development properties		(731)	(638)
Income tax paid		(18,217)	(10,777)
Net cash flows from operating activities		79,724	18,456

CONSOLIDATED
CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	2019	2018
		$'000	$'000
Cash flows from investing activities			
Interest received		9,707	9,929
Dividend income from investment securities		1,747	1,887
Dividend income from associates		19,410	1,273
Dividend income from joint ventures		6,500	24,860
Additions to investment securities		(38,172)	(45,984)
Purchase of property, plant and equipment (Note A)		(11,744)	(2,965)
Additional investments in investment properties		(75)	(4,060)
Proceeds from disposal of investment properties		–	129,692
Repayment of loan by third parties		–	3,357
Proceeds from disposal of property, plant and equipment		1,446	969
Repayment/(loans to) of loans by associates		1,488	(59,185)
Investment in associates		(12,804)	(2,440)
Loan to joint ventures		(13,583)	(39,956)
Proceeds from disposal of investment securities		42,543	21,647
Additional investment in SLB	6(e)	(1,505)	–
Acquisition of a subsidiary	6(d)	(27)	–
Proceeds from liquidation of associates		826	–
Net cash flows from investing activities		5,757	39,024
Cash flows from financing activities			
Interest paid		(17,600)	(17,178)
Proceeds from bank loans and bills payable		134,095	145,760
Repayment of bank loans and bills payable		(197,090)	(185,743)
Repayment of hire purchase creditors		(3,257)	(4,220)
Dividends paid on ordinary shares		(11,243)	(11,243)
Dividends paid to non-controlling interest of subsidiaries		(9,995)	(3,446)
Proceeds from the IPO of shares of SLB, net of listing expenses capitalised	6(e)	–	52,567
Repayment of loans to joint ventures		(2,350)	(13,210)
Repayment of loans to associates		(7,490)	–
Repayment of loans due to non-controlling interests of a subsidiary		(9,776)	–
Loan from the non-controlling interests of subsidiaries		10,784	789
Loan to non-controlling interests of a subsidiary		(262)	–
Capital contribution from non-controlling interest of a subsidiary		280	–
Net cash flows used in financing activities		(113,904)	(35,924)
Net (decrease)/increase in cash and cash equivalents		(28,423)	21,556
Cash and cash equivalents at beginning of the year		209,214	187,804
Effect of exchange rate changes on cash and cash equivalents		(867)	(146)
Cash and cash equivalents at end of the year	16	179,924	209,214

CONSOLIDATED
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $14,301,000 (2018: $5,832,000) of which $2,557,000 (2018: $2,867,000) were acquired by means of hire purchase arrangements. Cash payments of $11,744,000 (2018: $2,965,000) were made to purchase property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

1. Corporate information

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

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

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

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

For all periods up to and including the year ended 31 May 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 May 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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

The financial statements are presented in Singapore Dollars ("SGD" or "$"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. All values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 *First-time adoption of SFRS(I)*

These financial statements for the year ended 31 May 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 May 2019, together with the comparative period data for the year ended 31 May 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 June 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 June 2018 are disclosed below.

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 June 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 June 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 June 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 June 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 June 2018. The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 June 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

NOTES
TO THE FINANCIAL STATEMENTS

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 9 *Financial Instruments* (cont'd)

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 June 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 June 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has a mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. For debt instruments that were measured at FVOCI previously, the Group's business model is to hold the debt instrument to collect contractual cash flows and sell, and accordingly measured at FVOCI when it applies SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at FVPL, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Group continues to measure its currently held-for-trading equity securities at FVPL. The Group elects to measure its currently held available-for-sale ("AFS") quoted equity securities at FVOCI. In addition, the Group previously measured certain of its investments in unquoted equity securities at cost. Upon adoption of SFRS(I) 9, the Group measures these unquoted equity securities at FVOCI. The impact arising from this change is not material to the financial statements.

For the previously held AFS quoted equity securities measured at FVOCI and unquoted equity securities measured at cost, the Group reclassified the cumulative impairment charge of $10,210,000 previously recognised in the statement of comprehensive income from retained earnings to fair value adjustment reserve as at 1 June 2018. For the previously held AFS quoted equity securities measured at FVOCI, the Company reclassified the cumulative impairment charge of $9,560,000 previously recognised in the statement of comprehensive income of the Company from retained earnings to fair value adjustment reserve as at 1 June 2018.

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 9 *Financial Instruments* (cont'd)

Classification and measurement (cont'd)

The Group and Company have assessed which business model applies to the financial assets held by the Group and Company at 1 June 2018 and have classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9.

	FRS 39 carrying amount on 31 May 2018	**Re-classifications**	**SFRS(I) 9 carrying amount on 1 June 2018**	**Retained earnings effect on 1 June 2018**	**Fair value reserves effect on 1 June 2018**
	$'000	$'000	$'000	$'000	$'000
Financial assets:					
Group					
Measurement category					
FVPL balances at 31 May 2018 and 1 June 2018	3,467	–	3,467	–	–
FVOCI	143,365	–	143,365	–	–
Reclassified from AFS equity securities carried at cost	–	150	150	–	–
Reclassification of impairment losses for equity instruments	–	–	–	10,210	(10,210)
FVOCI balances and reclassifications at 1 June 2018	143,365	150	143,515	10,210	(10,210)
Financial assets:					
Company					
Measurement category					
FVOCI	18,083	–	18,083	–	–
Reclassification of impairment losses for equity instruments	–	–	–	9,560	(9,560)
FVOCI balances and reclassifications at 1 June 2018	18,083	–	18,083	9,560	(9,560)

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 9 *Financial Instruments* (cont'd)

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

No additional impairment on the Group's and the Company's financial assets and contract assets were recognised upon adoption of SFRS(I) 9 as at 1 June 2018.

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 June 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 June 2017. There is no significant impact arising from the application of this practical expedient;
- For the comparative year ended 31 May 2018, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

(a) Construction contracts

Measurement of progress of construction contracts

The Group's general building construction and civil engineering works segments previously recognised revenue using the percentage of completion method where the stage of completion is determined by reference to professional surveys of work performed. When the outcome of a construction contract cannot be estimated reliably (principally during the early stages of a contract), contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

On application of SFRS(I) 15, the Group applies cost-based input method which measures the percentage of work completion based on construction and related costs incurred as a proportion of the estimated total construction and related costs.

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers* (cont'd)

(a) Construction contracts (cont'd)

Measurement of progress of construction contracts (cont'd)

As a result, the Group will recognise an adjustment to increase contract assets by $8,000, decrease contract liabilities by $59,704,000, increase investment in joint ventures of $1,217,000, decrease development properties of $11,560,000, increase trade and other payables of $47,383,000, and a corresponding increase in retained earnings of $1,986,000 on 1 June 2017. Gross amount due from customers for contract work-in-progress of $4,811,000 and gross amount due to customers for contract work-in-progress of $59,704,000 as at 1 June 2017 were reclassified to contract assets and contract liabilities accordingly.

The Group's statement of financial position as at 31 May 2018 was restated, resulting in an increase in contract assets of $327,000, decrease in contract liabilities of $3,601,000, increase in investment in joint ventures of $434,000 and an increase in development properties of $17,545,000, with a corresponding increase in retained earnings of $21,907,000. The statement of comprehensive income for the year ended 31 May 2018 was also restated, resulting in an increase in revenue of $8,631,000, decrease in cost of sales of $12,076,000 and a decrease in share of results of joint ventures of $785,000. Gross amount due from customers for contract work-in-progress of $8,860,000 and gross amount due to customers for contract work-in-progress of $4,295,000 as at 31 May 2018 were reclassified to contract assets and contract liabilities accordingly.

The Group has also determined that for unbilled work-in-progress where trade receivables were recognised upon completion of work previously, its receipt of the consideration is conditional on something other than the passage of time. Therefore, trade receivables amount of $23,237,000 and amount due from joint ventures of $7,688,000 were reclassified to an increase in contract assets of $30,925,000 as at 1 June 2017. As at 31 May 2018, trade receivables of $31,358,000, amount due from joint ventures of $3,282,000 and amount due from associates of $222,000 were reclassified to an increase in contract assets of $34,168,000 and a decrease in contract liabilities of $694,000.

(b) Sale of development properties

(i) Timing of revenue and cost recognition

The Group is involved in the business of property development through subsidiaries, associates and joint ventures. The Group previously recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, performance obligations for the sale of the Group's development properties are satisfied over time as 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.

The Group has determined that for sale of commercial properties where revenue was recognised upon completion previously, its performance does not create an asset with alternative use to the Group and it has concluded that it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognised over time under SFRS(I) 15.

NOTES
TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers* (cont'd)

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

(i) Timing of revenue and cost recognition (cont'd)

The Group previously recognised cost of sales on the sold units of its residential development projects by applying the percentage of completion method on the relevant projects' total development costs. For commercial development projects, cost of sales was recognised upon the transfer of significant risks and rewards of ownership to the purchasers. On adoption of SFRS(I) 15, the Group recognises development costs in profit or loss when incurred to the extent of units sold in a development project.

As a result, the Group recognised decreases in development properties and trade and other payables of $52,422,000 and $33,247,000 respectively, increase in contract assets of $27,093,000, and corresponding increases in retained earnings and non-controlling interests of $4,038,000 and $3,880,000 respectively on 1 June 2017. Trade receivables of $8,763,000 as at 1 June 2017 was reclassified to constract assets accordingly.

The Group's statement of financial position as at 31 May 2018 was restated, resulting in decreases in development properties and trade and other payables of $162,822,000 and $123,125,000 respectively, recognition of contract assets of $78,046,000, and corresponding increase in retained earnings and non-controlling interests of $19,138,000 and $19,211,000 respectively. Trade receivables of $7,012,000 as at 31 May 2018 was reclassified to contract assets accordingly. The statement of comprehensive income for the year ended 31 May 2018 was also restated, resulting in increase in revenue and cost of sales of $154,444,000 and $124,014,000 respectively.

(ii) Capitalised contract costs

The Group pays commissions to property agents on the sale of development properties and previously recognised such commissions as expense when incurred. The Group applied the practical expedients in SFRS(I) 15 for costs to obtain a contract to expense those costs that would have been amortised over one year or less. Where amortisation period will be longer than one year, the Group will capitalise the incremental costs of obtaining a contract that meet the criteria in SFRS(I) 15. Under SFRS(I) 15, the Group will capitalise such commissions as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised consistently with the pattern of revenue recognised for the related contracts to the statement of comprehensive income.

As a result, the Group recognised an increase in capitalised contract costs of $1,384,000, an increase in accruals of $302,000 and corresponding increases in retained earnings and non-controlling interests of $552,000 and $530,000 on 1 June 2017. The Group's statement of financial position as at 31 May 2018 was restated, resulting in an increase in capitalised contract costs of $218,000, an increase in accruals of $1,518,000 and a corresponding decrease in retained earnings of $663,000 and non-controlling interests of $637,000. The Group's statement of comprehensive income for the year ended 31 May 2018 was also restated, resulting in an increase in amortisation of capitalised contract cost of $2,382,000.

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers* (cont'd)

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

(iii) Recognition of borrowing costs

Before 1 June 2018, the Group recognised borrowing costs incurred on development properties on a percentage of completion method multiplied by the individual project's percentage of sales. Under SFRS(I) 15, borrowing costs incurred in relation to the acquisition of land and construction of a development project where revenue is recognised over time is capitalised up to the point that the project is ready for its intended sale. Borrowing costs incurred after that date is expensed as incurred.

As a result, the Group recognised a decrease in development properties of $2,208,000, a decrease in investments in joint ventures and associates of $1,051,000 and $533,000 respectively, and corresponding decrease in retained earnings and non-controlling interests of $2,709,000 and $1,083,000 respectively on 1 June 2017. The Group's statement of financial position as at 31 May 2018 was restated, resulting in a decrease in development properties of $4,981,000, a decrease in investments in associates of $533,000, and corresponding decreases in retained earnings and non-controlling interests of $3,073,000 and $2,441,000 respectively. The statement of comprehensive income for the year ended 31 May 2018 was also restated, resulting in increases in finance cost and share of results of joint ventures of $2,774,000 and $1,051,000 respectively.

(c) Administrative expense adjustments

Arising from the adoption of SFRS(I) 15, the Group recognised increase in provision for Directors' remuneration of $396,000 with a corresponding decrease in retained earnings of $396,000 as at 1 June 2017. The Group's statement of financial position as at 31 May 2018 was restated, resulting in an increase in provision for Directors' remuneration with a corresponding decrease in retained earnings of $3,807,000. The statement of comprehensive income for the year ended 31 May 2018 was also restated, resulting in an increase in administrative expense of $3,412,000.

(d) Tax adjustments

The corresponding tax impact to the Group arising from the adoption of SFRS(I) 15 resulted in decrease for provision of taxation of $176,000 and increase in deferred tax liabilities of $621,000, with a corresponding decrease in retained earnings and non-controlling interests of $141,000 and $304,000 respectively on 1 June 2017. The Group's statement of financial position as at 31 May 2018 was also restated, resulting in a decrease in provision of taxation of $771,000, increase in deferred tax liabilities of $4,311,000, decrease in deferred tax assets of $1,139,000 with a corresponding decrease in retained earnings of $2,008,000 and non-controlling interests of $2,671,000 as at 31 May 2018. The income tax expense in the statement of comprehensive income increased by $4,234,000 for the year ended 31 May 2018.

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TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers* (cont'd)

(e) Capital reserve

The corresponding adjustment to capital reserve arising from the adoption of SFRS(I) 15 by the Group's subsidiary, SLB Development Ltd, resulted in a decrease in capital reserve and an increase in non-controlling interests of $2,980,000 as at 31 May 2018.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 June 2017 to the statement of financial position of the Group.

		Group	
	1 June 2017 (FRS)	**SFRS(I) 15 adjustments**	**1 June 2017 (SFRS(I))**
	$'000	$'000	$'000
ASSETS			
Non-current assets			
Property, plant and equipment	63,577	–	63,577
Investment properties	703,860	–	703,860
Investment in joint ventures	34,540	166	34,706
Investment in associates	43,970	(533)	43,437
Investment securities	119,494	–	119,494
Amounts due from associates	45,000	–	45,000
Amounts due from third parties	3,357	–	3,357
Other assets	260	–	260
Deferred tax assets	249	–	249
Total non-current assets	1,014,307	(367)	1,013,940
Current assets			
Gross amount due from customers for contract work-in-progress	4,811	(4,811)	–
Contract assets	–	71,600	71,600
Capitalised contract costs	–	1,384	1,384
Development properties	161,431	(66,190)	95,241
Investment property held for sale	26,283	–	26,283
Inventories	4,297	–	4,297
Trade receivables	59,093	(32,000)	27,093
Other receivables and deposits	32,384	–	32,384
Prepayments	1,923	–	1,923
Amounts due from affiliated companies	1	–	1
Amounts due from joint ventures	37,260	(7,688)	29,572
Amounts due from associates	100,095	–	100,095
Investment securities	7,515	–	7,515
Cash and cash equivalents	187,804	–	187,804
Total current assets	622,897	(37,705)	585,192

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

	Group		
	1 June 2017 (FRS)	**SFRS(I) 15 adjustments**	**1 June 2017 (SFRS(I))**
	$'000	$'000	$'000
LIABILITIES			
Current liabilities			
Gross amount due to customers for contract work-in-progress	59,704	(59,704)	–
Trade and other payables	173,565	14,136	187,701
Accruals	17,582	698	18,280
Amounts due to associates	1,361	–	1,361
Amounts due to joint ventures	17,817	–	17,817
Bank loans and bills payable	258,174	–	258,174
Obligations under hire purchase	3,780	–	3,780
Provision for taxation	8,673	(176)	8,497
Total current liabilities	540,656	(45,046)	495,610
Non-current liabilities			
Refundable rental deposits	2,109	–	2,109
Bank loans	422,325	–	422,325
Obligations under hire purchase	3,224	–	3,224
Deferred tax liabilities	1,240	621	1,861
Total non-current liabilities	428,898	621	429,519
Net assets	667,650	6,353	674,003
Equity attributable to owners of the Company			
Share capital	82,275	–	82,275
Treasury shares	(17,777)	–	(17,777)
Retained earnings	521,504	3,330	524,834
Other reserves	2,217	–	2,217
	588,219	3,330	591,549
Non-controlling interests	79,431	3,023	82,454
Total equity	667,650	6,353	674,003

NOTES
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FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 May 2018 and 1 June 2018 to the statement of financial position of the Group.

			Group		
	31 May 2018 (FRS)	**SFRS(I) 15 adjustments**	**31 May 2018 (SFRS(I))**	**SFRS(I) 9 adjustments**	**1 June 2018 (SFRS(I))**
	$'000	$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	159,356	–	159,356	–	159,356
Investment properties	529,472	–	529,472	–	529,472
Investment in joint ventures	18,630	434	19,064	–	19,064
Investment in associates	49,768	(533)	49,235	–	49,235
Investment securities	129,097	–	129,097	–	129,097
Amounts due from associates	44,911	–	44,911	–	44,911
Other assets	77	–	77	–	77
Deferred tax assets	1,256	(1,139)	117	–	117
Total non-current assets	932,567	(1,238)	931,329	–	931,329
Current assets					
Gross amount due from customers for contract work-in-progress	8,860	(8,860)	–	–	–
Contract assets	–	128,413	128,413	–	128,413
Capitalised contract costs	–	218	218	–	218
Development properties	218,501	(150,258)	68,243	–	68,243
Inventories	3,827	–	3,827	–	3,827
Trade receivables	88,833	(38,370)	50,463	–	50,463
Other receivables and deposits	34,520	–	34,520	–	34,520
Prepayments	1,195	–	1,195	–	1,195
Amounts due from joint ventures	69,627	(3,282)	66,345	–	66,345
Amounts due from associates	163,610	(222)	163,388	–	163,388
Investment securities	17,885	–	17,885	–	17,885
Cash and cash equivalents	209,214	–	209,214	–	209,214
Total current assets	816,072	(72,361)	743,711	–	743,711

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

	Group				
	31 May 2018 (FRS)	**SFRS(I) 15 adjustments**	**31 May 2018 (SFRS(I))**	**SFRS(I) 9 adjustments**	**1 June 2018 (SFRS(I))**
	$'000	$'000	$'000	$'000	$'000
LIABILITIES					
Current liabilities					
Gross amount due to customers for contract work-in-progress	4,295	(4,295)	–	–	–
Trade and other payables	281,248	(123,125)	158,123	–	158,123
Accruals	19,449	5,325	24,774	–	24,774
Amounts due to associates	8,616	–	8,616	–	8,616
Amounts due to joint ventures	4,619	–	4,619	–	4,619
Bank loans and bills payable	330,707	–	330,707	–	330,707
Obligations under hire purchase	3,324	–	3,324	–	3,324
Provision for taxation	19,377	(771)	18,606	–	18,606
Total current liabilities	671,635	(122,866)	548,769	–	548,769
Non-current liabilities					
Refundable rental deposits	2,978	–	2,978	–	2,978
Bank loans	309,194	–	309,194	–	309,194
Obligations under hire purchase	2,327	–	2,327	–	2,327
Deferred tax liabilities	960	4,311	5,271	–	5,271
Total non-current liabilities	315,459	4,311	319,770	–	319,770
Net assets	761,545	44,956	806,501	–	806,501
Equity attributable to owners of the Company					
Share capital	82,275	–	82,275	–	82,275
Treasury shares	(17,777)	–	(17,777)	–	(17,777)
Retained earnings	564,643	31,494	596,137	10,210	606,347
Other reserves	17,017	(2,980)	14,037	(10,210)	3,827
	646,158	28,514	674,672	–	674,672
Non-controlling interests	115,387	16,442	131,829	–	131,829
Total equity	761,545	44,956	806,501	–	806,501

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

The adoption of SFRS(I) does not have any impact to the statement of financial position of the Company as at 1 June 2017 and 31 May 2018. The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 June 2018 to the statement of financial position of the Company.

		Company	
	31 May 2018 (FRS)	**SFRS(I) 9 adjustments**	**1 June 2018 (SFRS(I))**
	$'000	$'000	$'000
ASSETS			
Non-current assets			
Investment in subsidiaries	167,287	–	167,287
Investment in joint ventures	5,720	–	5,720
Investment securities	18,083	–	18,083
Amounts due from subsidiaries	33,783	–	33,783
Total non-current assets	224,873	–	224,873
Current assets			
Other receivables and deposits	4,016	–	4,016
Prepayments	5	–	5
Amounts due from subsidiaries	169,927	–	169,927
Amounts due from joint ventures	50,521	–	50,521
Cash and cash equivalents	35,139	–	35,139
Total current assets	259,608	–	259,608
LIABILITIES			
Current liabilities			
Trade and other payables	38	–	38
Accruals	268	–	268
Amounts due to associates	76	–	76
Amounts due to subsidiaries	246,513	–	246,513
Provision for taxation	21	–	21
Total current liabilities	246,916	–	246,916
Non-current liabilities			
Amounts due to subsidiaries	5,892	–	5,892
Total non-current liabilities	5,892	–	5,892
Net assets	231,673	–	231,673
Equity attributable to owners of the Company			
Share capital	82,275	–	82,275
Treasury shares	(17,777)	–	(17,777)
Retained earnings	161,252	9,560	170,812
Other reserves	5,923	(9,560)	(3,637)
Total equity	231,673	–	231,673

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

2.2 *First-time adoption of SFRS(I)* (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the statement of comprehensive income of the Group for the year ended 31 May 2018.

	2018 (FRS) $'000	SFRS(I) 15 adjustments $'000	2018 (SFRS(I)) $'000
Revenue	243,885	163,075	406,960
Cost of sales	(181,875)	(111,938)	(293,813)
Gross profit	62,010	51,137	113,147
Other operating income	54,322	–	54,322
Distribution expenses	(6,068)	(2,382)	(8,450)
Administrative expenses	(27,897)	(3,412)	(31,309)
Other operating expenses	(10,493)	–	(10,493)
Impairment losses on financial assets	(3,210)	–	(3,210)
Finance costs	(14,404)	(2,774)	(17,178)
Share of results of associates	4,491	–	4,491
Share of results of joint ventures	8,716	266	8,982
	67,467	42,835	110,302
Fair value gain on investment properties	9,657	–	9,657
Profit before tax	77,124	42,835	119,959
Taxation	(20,476)	(4,234)	(24,710)
Profit for the year, net of taxation	56,648	38,601	95,249
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net loss on fair value changes of available-for-sale financial assets	(2,770)	–	(2,770)
Foreign currency translation gain	2,139	2	2,141
Other comprehensive income, net of taxation	(631)	2	(629)
Total comprehensive income for the year, net of taxation	56,017	38,603	94,620
Profit for the year attributable to:			
Owners of the Company	54,382	28,164	82,546
Non-controlling interests	2,266	10,437	12,703
	56,648	38,601	95,249
Total comprehensive income attributable to:			
Owners of the Company	53,821	28,164	81,985
Non-controlling interests	2,196	10,439	12,635
	56,017	38,603	94,620
Earnings per share (cents per share):			
- Basic and diluted	10.88	5.64	16.52

The adoption of SFRS(I) does not have any impact to the statement of comprehensive income of the Company for the year ended 31 May 2018.

NOTES
TO THE FINANCIAL STATEMENTS

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

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to SFRS(I) 1-19 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below:

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 June 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 June 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 June 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before 1 June 2019.

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

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

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

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 June 2019

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to record an adjustment to increase right-of-use assets and corresponding adjustment to lease liabilities as at 1 June 2019. In addition, the Group expects to record an adjustment to increase its depreciation and interest expense with related adjustment to lease expenses.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

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

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

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TO THE FINANCIAL STATEMENTS

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

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

(b) *Business combinations and goodwill*

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

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

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

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

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

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

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

2.5 *Transactions with non-controlling interests*

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

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

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

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

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

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TO THE FINANCIAL STATEMENTS
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2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment*

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

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

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

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

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

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

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

2.8 *Investment properties*

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

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

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

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

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

2.8 *Investment properties* (cont'd)

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

2.9 *Impairment of non-financial assets*

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

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

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

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

2.10 *Inventories*

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

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

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

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

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

2.11 *Subsidiaries*

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

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

2.12 *Joint arrangements*

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

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

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

(a) *Joint operations*

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

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

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

(b) *Joint ventures*

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

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

2.13 *Joint ventures and associates*

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

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

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

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

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

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

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

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

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

2.14 *Affiliated company*

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

2.15 *Contract assets*

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

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

2.16 *Development properties*

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

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

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

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

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

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

2.17 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

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

(i) Amortised cost

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

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

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

NOTES
TO THE FINANCIAL STATEMENTS
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2. Summary of significant accounting policies (cont'd)

2.17 *Financial instruments* (cont'd)

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

Subsequent measurement (cont'd)

Investments in equity instruments

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

Derivatives

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

De-recognition

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

Regular way purchases and sales

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

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

2.17 *Financial instruments* (cont'd)

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

De-recognition

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

2.18 *Impairment of financial assets*

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

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

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

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

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

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

2.19 *Cash and cash equivalents*

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

2.20 *Provisions*

General

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

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

Onerous contracts

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

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

2.21 *Borrowing costs*

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

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

2.22 *Employee benefits*

(a) *Defined contribution plan*

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

(b) *Employee leave entitlement*

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

2.23 *Leases*

(a) *As lessee*

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

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

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

(b) *As lessor*

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

2.24 *Financial guarantee*

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

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

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TO THE FINANCIAL STATEMENTS

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

2.25 *Revenue*

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

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

(a) *Construction contract revenue*

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

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

Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

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

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

Progress billings to the customers are typically triggered upon certification by external specialists. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

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

2.25 *Revenue* (cont'd)

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

Contract modifications

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

(b) *Sale of development properties*

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

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

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

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

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer.

Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

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

2.25 *Revenue* (cont'd)

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

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

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

(c) *Sale of goods*

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

(d) *Rendering of services*

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

(e) *Interest income*

Interest income is recognised using the effective interest method.

(f) *Dividend income*

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

(g) *Rental income*

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

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

2.26 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

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

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

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

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

2.26 *Taxes* (cont'd)

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

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

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

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

(c) *Sales tax*

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

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

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

2.27 *Government grants*

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

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

2.28 *Share capital and share issue expenses*

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

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

2.29 *Contingencies*

A contingent liability is:

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

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

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

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

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

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

2.30 *Segment reporting*

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

2.31 *Treasury shares*

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

3. Significant accounting estimates and judgements

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

(a) *Judgements made in applying accounting policies*

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

Sale of residential and commercial development properties

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

(b) *Key sources of estimation uncertainty*

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

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

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

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

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

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

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

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

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

The carrying amounts of contract assets and contract liabilities arising from construction contracts and sale of development properties at the end of the reporting period are $101,714,000 and $29,056,000 (31 May 2018: $128,413,000 and $Nil, 1 June 2017: $71,600,000 and $Nil) respectively.

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

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

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

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

The carrying amount of trade receivables and contract assets as at 31 May 2019 were $43,738,000 and $101,714,000 (31 May 2018: $50,463,000 and $128,413,000, 1 June 2017: $27,093,000 and $71,600,000) respectively.

(iii) Estimation of net realisable value of development properties

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

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

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

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

(iv) Fair value measurement of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 May 2019. The two valuation techniques adopted were the Direct Comparison Method and Income Approach Method. The first involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the fair value of the property. The second involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The fair value of the property is arrived at by capitalising the net rent at a suitable rate of return.

The carrying amount of the Group's investment properties and investment property held for sale as at 31 May 2019 was $533,047,000 and $Nil (31 May 2018: $529,472,000 and $Nil, 1 June 2017: $703,860,000 and $26,283,000) respectively.

4. Property, plant and equipment

Group	Freehold Land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Tugboats and barges $'000	Construction-in-progress $'000	Workers' dormitory $'000	Total $'000
Cost										
At 1 June 2017	6,185	7,531	19,828	94,202	8,774	9,191	17,580	–	493	163,784
Additions	–	–	–	4,660	547	625	–	–	–	5,832
Disposals	–	–	–	(4,198)	(175)	(498)	–	–	–	(4,871)
Transfer from investment properties (Note 5)	–	–	105,000	–	–	–	–	–	–	105,000
At 31 May 2018 and 1 June 2018	6,185	7,531	124,828	94,664	9,146	9,318	17,580	–	493	269,745
Acquisition of a subsidiary (Note 6d)	–	–	–	–	200	279	–	–	–	479
Additions	–	–	–	5,771	784	1,182	–	6,564	–	14,301
Disposals	–	–	–	(3,193)	(29)	(1,158)	–	–	–	(4,380)
Written off	–	–	–	(468)	(264)	–	–	–	–	(732)
At 31 May 2019	6,185	7,531	124,828	96,774	9,837	9,621	17,580	6,564	493	279,413

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

Group	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Tugboats and barges $'000	Construction-in-progress $'000	Workers' dormitory $'000	Total $'000
Accumulated depreciation										
At 1 June 2017	–	991	10,967	68,822	7,493	6,073	5,368	–	493	100,207
Depreciation charge for the year	–	151	1,831	9,040	690	1,339	1,728	–	–	14,779
Disposals	–	–	–	(3,951)	(148)	(498)	–	–	–	(4,597)
At 31 May 2018 and 1 June 2018	–	1,142	12,798	73,911	8,035	6,914	7,096	–	493	110,389
Depreciation charge for the year	–	151	4,019	7,923	667	1,148	1,728	–	–	15,636
Disposals	–	–	–	(2,946)	(28)	(930)	–	–	–	(3,904)
Written off	–	–	–	(459)	(264)	–	–	–	–	(723)
At 31 May 2019	–	1,293	16,817	78,429	8,410	7,132	8,824	–	493	121,398
Net carrying amount										
At 31 May 2019	6,185	6,238	108,011	18,345	1,427	2,489	8,756	6,564	–	158,015
At 31 May 2018	6,185	6,389	112,030	20,753	1,111	2,404	10,484	–	–	159,356
At 1 June 2017	6,185	6,540	8,861	25,380	1,281	3,118	12,212	–	–	63,577

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

	Office Equipment $'000
Company	
Cost	
At 1 June 2017, 31 May 2018, 1 June 2018 and 31 May 2019	5
Accumulated depreciation	
At 1 June 2017	4
Depreciation charge for the year	1
At 31 May 2018 and 1 June 2018	5
Depreciation charge for the year	–
At 31 May 2019	5
Net carrying amount	
At 31 May 2019	–
At 31 May 2018	–
At 1 June 2017	1

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

	Group		
	31 May 2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000
Tugboats and barges mortgaged to banks for credit facilities granted to a subsidiary	5,602	6,558	11,088
Freehold land and freehold properties mortgaged to bank for credit facilities granted to a subsidiary	12,423	12,574	–
Plant, machinery, motor vehicles and office equipment held under hire purchase arrangements	10,354	11,446	15,447
Leasehold properties mortgaged to banks for credit facilities granted to subsidiaries	107,609	111,494	8,192

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

Details of the Group's properties are as follows:

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

5. Investment properties

Statement of financial position:

	Group	
	2019	**2018**
	$'000	$'000
(a) Investment properties		
Beginning of financial year	529,472	703,860
- Additions during the financial year	75	4,060
- Net fair value gain recognised in the statement of comprehensive income	3,500	9,657
- Disposal during the financial year	–	(58,983)
- Transfer to property, plant and equipment [1] (Note 4)	–	(105,000)
- Transfer to development properties, net [2]	–	(24,122)
End of financial year	533,047	529,472
(b) Investment property held for sale		
Beginning of financial year [3]	–	26,283
Disposal during the financial year	–	(26,283)
End of financial year	–	–

(1) During the previous financial year, the investment property at 24 Leng Kee Road was transferred to property, plant and equipment due to a change in use of the property.

(2) During the previous financial year, the following investment properties were transferred from/to development properties:

– 20 Mactaggart Road was transferred from investment properties to development properties upon obtaining the approval from Urban Redevelopment Authority for redevelopment.

– 65 Cairnhill Road, #06-01 The Ritz Carlton Residences and 221 Balestier Road, #02-05, #03-04 and #04-01 Rocca Balestier were transferred from development properties to investment properties due to change in use of these properties. The properties will be held for rental income instead of for sale.

(3) As at 1 June 2017, the Group's wholly owned subsidiary, Lian Beng Ventures (Melbourne) Pty Ltd entered into a sales contract for the disposal of 247 and 249 Collins Street, Melbourne, Australia. In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the investment property was classified as held for sale. The disposal was completed in the financial year ended 31 May 2018.

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5. Investment properties (cont'd)

Statement of comprehensive income:

	Group	
	2019	**2018**
	$'000	$'000
Revenue		
Rental income from investment properties:		
Minimum lease payments	35,336	35,333
Other operating income		
Rental income from investment properties:		
Minimum lease payments	583	877
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating properties	15,258	19,444

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

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 May 2019, 31 May 2018 and 1 June 2017. The valuations were performed by independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 34(d).

Properties pledged as security

Investment properties with carrying amount of $497,000,000 (31 May 2018: $480,200,000, 1 June 2017: $699,731,000) are mortgaged to banks for credit facilities granted to subsidiaries.

Capitalisation of borrowing costs

During the previous financial year, the Group's investment properties under construction include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of the properties. The borrowing costs capitalised as investment property under construction amounted to $240,000. The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 2.41% to 3.04% per annum.

There are no borrowing costs capitalised within investment property during the current financial year.

5. Investment properties (cont'd)

Details of the Group's investment properties as at 31 May 2019 are as follows:

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

6. Investment in subsidiaries

	Company		
	31 May 2019	31 May 2018	1 June 2017
	$'000	$'000	$'000
Unquoted equity investments, at cost	169,491	167,287	75,299
Impairment loss	(879)	–	–
	168,612	167,287	75,299

(a) Composition of the Group

Details of the subsidiaries are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 31 May 2019 (%)	31 May 2018 (%)	1 June 2017 (%)
Held by the Company					
Ang Mo Kio (LB) Pte Ltd (1)	Property investment holding	Singapore	100	100	100
Associated KHL Industries Pte Ltd (1)	Engineering, automation and technical services, rental income	Singapore	100	100	100
Bukit Merah (LB) Pte Ltd (1)	Property investment holding	Singapore	100	100	100
CH Development Pte Ltd (1)	Property investment holding	Singapore	100	100	100
Clementi (LB) Pte Ltd (1)	Property investment holding	Singapore	100	100	100
Deenn Engineering Pte Ltd (1)	General building construction and civil engineering works	Singapore	100	100	100
Goldprime (M) Pte Ltd (5)	Struck off	Singapore	–	100	100
Goldprime Development Pte Ltd (1)	Investment holding	Singapore	100	100	100
Goldprime Dormitory Pte Ltd (1)	Investment holding	Singapore	100	100	100
Goldprime Property Pte Ltd (1)	Investment holding	Singapore	100	100	100
Goldprime Realty Pte Ltd (1)	Investment holding	Singapore	80	80	80
Great Development Pte Ltd (1)	Investment holding	Singapore	100	100	100
Kovan Land Pte Ltd (1)	Investment holding	Singapore	100	100	100
L.S. Construction Pte Ltd (1)	General building construction and civil engineering works	Singapore	100	100	100
LB Venture Capital Pte Ltd (formerly known as LB Asset (UK) Pte Ltd) (1) (6)	Investment holding	Singapore	100	–	–

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

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

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 31 May 2019 (%)	31 May 2018 (%)	1 June 2017 (%)
Held by the Company (cont'd)					
LB Asset Management Pte Ltd (1)	Investment holding	Singapore	100	100	100
LB Fund Management Pte Ltd (4) (6)	Provision of management consultancy services	Singapore	100	–	–
LB Gold Land Pte Ltd (1)	Investment holding	Singapore	100	100	100
LB Land Pte Ltd (1)	Property investment holding	Singapore	100	100	100
LB Property (S) Pte Ltd (1)	Investment holding	Singapore	100	100	100
LB Property Pte Ltd (1)	Provision of management services	Singapore	100	100	100
Lian Beng (8) Pte Ltd (1) (10)	Investment holding	Singapore	–	–	100
Lian Beng (BL) Pte Ltd (1)	Property investment holding	Singapore	100	100	100
Lian Beng (Franklin) Pte Ltd (1)	Investment holding	Singapore	100	100	100
Lian Beng (HK) Limited (4) (6)	Inactive	Singapore*	100	–	–
Lian Beng (Joo Chiat) Pte Ltd (1)	Investment holding	Singapore	100	100	–
Lian Beng (M) Pte Ltd (1)	Investment holding	Singapore	100	100	100
Lian Beng Bliss Pte Ltd (1)	Investment holding	Singapore	100	100	100
Lian Beng Capital Pte Ltd (1)	Investment holding	Singapore	100	100	100
Lian Beng Construction (1988) Pte Ltd (1)	General building construction and civil engineering works	Singapore	100	100	100
Lian Beng Engineering & Machinery Pte Ltd (1)	Provision of engineering works and sale, rental and maintenance of construction machinery and equipment	Singapore	100	100	100
Lian Beng Investment Pte Ltd (1)	Property investment holding	Singapore	100	100	100
Lian Beng Realty Pte Ltd (1)	Investment holding	Singapore	100	100	100
Lian Beng Resources Pte Ltd (1)	Trading of construction materials	Singapore	100	100	100
Lian Beng Ventures Pte Ltd (1)	Investment holding	Singapore	100	100	100

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

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

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 31 May 2019 (%)	31 May 2018 (%)	1 June 2017 (%)
Held by the Company (cont'd)					
Lian Beng – Centurion (Mandai) Pte Ltd (1)	Property investment holding	Singapore	55	55	55
Millennium International Builders Pte Ltd (1)	General building construction and civil engineering works	Singapore	100	100	100
Millennium Marine & Shipping Pte Ltd (1)	Shipping operations including chartering of ships	Singapore	100	100	100
Oriental Investment Pte Ltd (1)	Property Investment holding	Singapore	100	100	100
Rocca Investments Pte Ltd (1)	Property investment holding	Singapore	100	100	100
Sinmix Pte Ltd (1)	Manufacture and supply of concrete	Singapore	90	90	90
Toa Payoh (LB) Pte Ltd (1)	Property investment holding	Singapore	100	100	100
Tradewin Engineering Pte Ltd (1)	Sale, rental and maintenance of construction machinery and equipment, and the provision of electrical works	Singapore	100	100	100
United Tec Construction Pte Ltd (1) (7)	General building construction and civil engineering works	Singapore	60	–	–
Wealth Assets Pte Ltd (1)	Provision of management services in relation to automotive business	Singapore	80	80	80
Wealth Gold Pte Ltd (4)	Inactive	Singapore	100	100	–
Wealth Land Pte Ltd (1)	Investment holding	Singapore	100	100	100
SLB Development Ltd (1)	Investment holding	Singapore	75	74	–

6. Investment in subsidiaries (cont'd)

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

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 31 May 2019 (%)	31 May 2018 (%)	1 June 2017 (%)
Held by subsidiaries					
Lian Beng (Bangladesh) Training and Testing Centre Pte Ltd (3)	Provision of training for construction workers	Bangladesh	70	70	70
Lian Beng (St Kilda) Pty Ltd (5)	Property developer	Australia	80	80	80
Lian Beng-Centurion (Dormitory) Pte Ltd (1)	Property investment holding and provision of dormitory services	Singapore	55	55	55
Lian Beng Franklin Investment Pty Ltd (4)	Property investment holding	Australia	100	100	100
Lian Beng Resources Sdn Bhd (2)	Provision of administrative service	Malaysia	100	100	100
Lian Beng Training & Testing Centre Pte Ltd (1)	Provision of management services	Singapore	70	70	70
Lian Beng Ventures (Melbourne) Pty Ltd (5)	Property investment holding	Australia	100	100	100
Mountbatten Development Pte Ltd (5)	Struck off	Singapore	–	100	100
State Rich International Limited (1)	Property investment holding	Singapore*	100	100	100
United Plus Steel Resources Private Limited (1) (6)	Trading of steel products	Singapore	100	–	–
Wealth Asset (LK) Management Pte Ltd (4)	Inactive	Singapore	80	80	–

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6. Investment in subsidiaries (cont'd)

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

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 31 May 2019 (%)	31 May 2018 (%)	1 June 2017 (%)
Held by SLB					
Goldprime Investment Pte Ltd [(1) (8)]	Investment holding	Singapore	100	100	100 [(a)]
Goldprime Land Pte Ltd [(1) (8)]	Property developer	Singapore	51	51	51 [(a)]
LBD (China) Pte Ltd [(1) (8)]	Investment holding	Singapore	100	100	100 [(a)]
LBD (GL) Pte Ltd [(1)]	Investment holding	Singapore	100	100	–
LBD (Midtown) Pte Ltd [(1) (8)]	Investment holding	Singapore	100	100	100 [(a)]
LBD (Serangoon) Pte Ltd [(1) (9)]	Investment holding	Singapore	100	100	–
Luxe Development Pte Ltd [(1) (8)]	Investment holding	Singapore	100	100	100 [(a)]
SLB (NIR) Pte Ltd [(1)]	Investment holding	Singapore	100	100	–
SLB–Oxley (NIR) Pte Ltd [(1) (11)]	Property developer	Singapore	51	51	–
Smooth Venture Pte Ltd [(1) (8)]	Property developer	Singapore	100	100	100 [(a)]
Starview Investment Pte Ltd [(1) (8)]	Investment holding	Singapore	100	100	100 [(a)]
Wealth Property Pte Ltd [(1) (8)]	Property developer	Singapore	65	65	65 [(a)]
Well Capital Pte Ltd [(1) (6)]	Investment holding	Singapore	100	–	–
Wealth Space Pte Ltd [(4) (6)]	Property developer	Singapore	100	–	–
Wellprime Pte Ltd [(1) (8)]	Property developer	Singapore	100	100	100 [(a)]

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global in the respective countries
(3) Audited by Mohammad Atakarim & Co
(4) Not required to be audited as it is dormant/exempted by country of incorporation
(5) Struck off during the year/in the process of liquidation
(6) Incorporated during the year
(7) Acquired during the year (Note 6(d))
(8) On 23 March 2018, the Company disposed these subsidiaries in relation to the Restructuring Agreement with SLB (Note 26(a))
(9) On 23 October 2017, the Company disposed this subsidiary to SLB at cost
(10) On 30 June 2017, the entity was reclassified as a joint venture of the Company as a result of dilution in its ownership interest (Note 6(f))
(11) During the financial year ended 31 May 2018, the Company through its wholly owned subsidiary SLB (NIR) Pte Ltd, subscribed for 51 ordinary shares in the capital of SLB–Oxley (NIR) Pte Ltd for a cash consideration of $1 per share.
* Incorporated in British Virgin Islands
(a) Previously owned by the Company or its other subsidiaries

6. Investment in subsidiaries (cont'd)

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

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

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Proportion of profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
			$'000	$'000	$'000
31 May 2019:					
Lian Beng – Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng – Centurion (Dormitory) Pte Ltd)	Singapore	45%	5,213	77,208	6,145
SLB Development Ltd and its subsidiaries	Singapore	25%	106	47,077	3,500
31 May 2018:					
Lian Beng – Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng – Centurion (Dormitory) Pte Ltd)	Singapore	45%	5,175	78,140	3,446
SLB Development Ltd and its subsidiaries	Singapore	26%	8,990	51,910	–
1 June 2017:					
Lian Beng – Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng – Centurion (Dormitory) Pte Ltd)	Singapore	45%	4,949	76,411	11,120

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6. Investment in subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI

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

Summarised statement of financial position

	Lian Beng – Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng – Centurion (Dormitory) Pte Ltd)		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Current			
Assets	24,089	31,329	21,380
Liabilities	(15,949)	(15,541)	(15,323)
Net current assets	8,140	15,788	6,057
Non-current			
Assets	311,601	313,470	327,277
Liabilities	(148,168)	(155,613)	(163,532)
Net non-current assets	163,433	157,857	163,745
Net assets	171,573	173,645	169,802

Summarised statement of comprehensive income

	2019	**2018**
	$'000	$'000
Revenue	23,109	22,413
Other operating income	1,715	1,591
Profit before taxation	14,138	13,971
Taxation	(2,554)	(2,472)
Profit for the year, net of taxation, representing total comprehensive income for the year	11,584	11,499

Other summarised information

Net cash flows from operations	15,211	15,204
Acquisition of property, plant and equipment	82	55

6. Investment in subsidiaries (cont'd)

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

Summarised statement of financial position

	SLB and its subsidiaries	
	31 May 2019	**31 May 2018**
	$'000	$'000
Current		
Assets	313,188	351,376
Liabilities	(37,387)	(129,050)
Net current assets	275,801	222,326
Non-current		
Assets	7,793	17,259
Liabilities	(125,260)	(73,585)
Net non-current liabilities	(117,467)	(56,326)
Net assets	158,334	166,000
Non-controlling interests	(9,597)	(11,685)
Net assets attributable to owner of SLB	148,737	154,315

Summarised statement of comprehensive income

	2019	**2018**
	$'000	$'000
Revenue	47,645	154,444
Other operating income	2,261	1,122
Fair value gain on investment property	–	7,041
Share of results of associates	(7,269)	(846)
Share of results of joint ventures	(34)	3,297
(Loss)/profit before taxation	(2,166)	28,230
Taxation	(1,455)	(3,659)
(Loss)/profit for the year, net of taxation	(3,621)	24,571
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation (loss)/gain	(545)	185
Total comprehensive income for the year	(4,166)	24,756
(Loss)/profit attributable to:		
Owner of SLB	(5,033)	15,621
Non-controlling interests	1,412	8,950
	(3,621)	24,571
Total comprehensive income attributable to:		
Owner of SLB	(5,578)	15,806
Non-controlling interests	1,412	8,950
	(4,166)	24,756

6. Investment in subsidiaries (cont'd)

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

Other summarised information

	SLB and its subsidiaries	
	2019	**2018**
	$'000	$'000
Net cash flows generated from/(used in) operations	20,150	(15,406)
Acquisition of property, plant and equipment and investment property	243	50

(d) Acquisition of a subsidiary

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

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

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

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

The goodwill arising from acquisition of $9,000 has been written off during the year.

6. Investment in subsidiaries (cont'd)

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

Effect of the acquisition of United Tec on cash flows

	2019
	$'000
Total cash consideration for 60% equity interest acquired	180
Less: Cash and cash equivalents of United Tec acquired	(153)
Net cash outflow on acquisition	27

(e) *Dilution and acquisition of ownership interest in SLB, without loss of control*

On 20 April 2018, SLB issued 238,000,000 shares at $0.23 per share as part of its IPO on the Catalist Board of the SGX-ST. The total consideration for these shares amounted to $54,740,000. Listing expenses incurred pursuant to the IPO amounted to $3,406,000, of which $2,173,000 was capitalised against SLB's share capital, while the remaining amount of $1,233,000 has been recorded in profit or loss. Cash proceeds raised from the IPO, net of listing expenses capitalised amounted to $52,567,000.

Following the completion of SLB's IPO, the Group's ownership interest in SLB decreased from 100% to 74%. The transaction was accounted for as an equity transaction with non-controlling interests, resulting in:

	2018
	$'000
Proceeds from the IPO, net of listing expenses capitalised	52,567
Net assets attributable to NCI	(40,186)
Increase in equity attributable to the Company	12,381
Represented by:	
Increase in other reserves (Note 24(c))	12,381

During the financial year, the Group acquired approximately an additional 1% equity interest in SLB from the open market for a cash consideration of $1,505,000. The difference between consideration paid of $1,505,000 and the carrying value of the additional interest acquired of $1,298,000 has been recognised within equity.

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

	2019
	$'000
Consideration paid for acquisition of NCI	1,505
Decrease in equity attributable to NCI	(1,298)
Decrease in equity attributable to owners of the Company (Note 24(c))	207

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6. Investment in subsidiaries (cont'd)

(f) *Dilution of ownership interest in subsidiary, resulting in loss of control*

During financial year ended 31 May 2018, a wholly owned subsidiary of the Group, Lian Beng (8) Pte Ltd ("LB8") increased its share capital from $10 to $100. The Group and Apricot Capital Pte. Ltd. ("Apricot"), an unrelated third party, had subscribed for 40 and 50 ordinary shares respectively in LB8 at $1 a share. Following this subscription, each party holds 50% of the share capital in LB8 and LB8 was subsequently reclassified as a joint venture. The Group recorded a gain of $1,000 on dilution of interest in subsidiary.

(g) *Impairment testing of investment in subsidiaries*

Impairment losses of $879,000 (2018: $Nil) was recognised during the financial year as the recoverable amount from the equity investment is projected to be below the Company's cost of investment.

7. Investment in joint ventures

(a) *Joint ventures*

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

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
United E & P Pte Ltd	12,406	11,608	6,499	5,720	5,720	5,720
Lian Beng (8) Pte Ltd	9,312	1,307	–	*	*	–
Other joint ventures	(2,621)	6,149	28,207	–	–	500
	19,097	19,064	34,706	5,720	5,720	6,220

* denotes amount less than $1,000

7. Investment in joint ventures (cont'd)

(a) Joint ventures (cont'd)

Details of the investment in joint ventures are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		
			31 May 2019 (%)	31 May 2018 (%)	1 June 2017 (%)
Held by the Company					
Lian Beng – Apricot (Sembawang) Pte Ltd [1]	Investment holding	Singapore	50	50	–
Lian Beng – KSH Pte Ltd [3]	Struck off	Singapore	–	–	50
Lian Beng (8) Pte Ltd [1] [5]	Investment holding	Singapore	50	50	–
United E & P Pte Ltd [1]	Manufacture of asphalt premix for construction industry	Singapore	40	40	40
Held by subsidiaries					
Lian Beng – Amin Joint Venture PVT Ltd [3]	Liquidated	Republic of Maldives	–	50	50
Paul Y. – Lian Beng JV Pte. Ltd. [1]	General building construction and civil engineering works	Singapore	50	50	50
Phileap Pte Ltd [1]	Property developer	Singapore	25	25	25
Held by SLB					
Oxley – LBD Pte Ltd [2] [4]	Property developer	Singapore	50	50	50 [a]
Spottiswoode Development Pte Ltd [2] [4]	Property developer	Singapore	50	50	50 [a]

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by RSM Chio Lim LLP, Singapore
(3) Struck off/liquidated during the year
(4) On 23 March 2018, the Company disposed these joint ventures in relation to the Restructuring Agreement with SLB (Note 26(a))
(5) On 30 June 2017, the entity was reclassified as a joint venture of the Company as a result of dilution in its ownership interest (Note 6(f))
(a) Previously owned by the Company or its other subsidiaries

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

There were dividends of $6,500,000 (2018: $24,860,000) received from joint ventures during the financial year.

7. Investment in joint ventures (cont'd)

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

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

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

	Group	
	2019	2018
	$'000	$'000
(Loss)/profit for the year, net of taxation, representing total comprehensive income for the year	(2,270)	575

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

Summarised statement of financial position

	Lian Beng (8) Pte Ltd			United E & P Pte Ltd		
	31 May 2019	31 May 2018	1 June 2017 (1)	31 May 2019	31 May 2018	1 June 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	9,882	10,874	–	502	2,642	5,846
Other current assets	175	477	–	34,901	52,088	19,409
Total current assets	10,057	11,351	–	35,403	54,730	25,255
Non-current assets	300,002	288,004	–	52,614	56,850	58,654
Total assets	310,059	299,355	–	88,017	111,580	83,909
Current liabilities	71,570	71,154	–	37,811	60,224	43,472
Non-current liabilities	219,865	225,587		19,190	22,335	24,190
Total liabilities	291,435	296,741	–	57,001	82,559	67,662
Net assets	18,624	2,614	–	31,016	29,021	16,247
Proportion of the Group's ownership	50%	50%	–	40%	40%	40%
Group's share of net asset and carrying amount of the investment	9,312	1,307	–	12,406	11,608	6,499

(1) On 30 June 2017, the entity was reclassified as a joint venture of the Company as a result of dilution in its ownership interest (Note 6(f))

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

(a) Joint ventures (cont'd)

Summarised statement of comprehensive income

	Lian Beng (8) Pte Ltd		United E & P Pte Ltd	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Revenue	15,300	10,746	89,108	130,007
Other income	12	8	182	64
Interest income	137	34	–	–
Other operating expenses	(4,400)	(3,143)	(84,791)	(113,027)
Fair value gain/(loss) on investment property	11,920	(717)	–	–
Finance costs	(6,155)	(3,686)	(1,473)	(1,529)
Profit before taxation	16,814	3,242	3,026	15,515
Taxation expense	(804)	(628)	(1,031)	(2,741)
Profit for the year, net of taxation	16,010	2,614	1,995	12,774
Other comprehensive income for the year, net of taxation	–	–	–	–
Total comprehensive income for the year	16,010	2,614	1,995	12,774
Proportion of the Group's ownership	50%	50%	40%	40%
Group's share of net results	8,005	1,307	798	5,109

(b) Joint operation

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

			Proportion of ownership interest		
Name of company	**Principal activities**	**Principal place of business**	**31 May 2019** (%)	**31 May 2018** (%)	**1 June 2017** (%)
Held by subsidiary					
LB – RD JV	General building construction and civil engineering works	Singapore	50	50	50

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8. Investment in associates

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

	Group			Company		
	31 May 2019	31 May 2018	1 June 2017	31 May 2019	31 May 2018	1 June 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Centurion – Lian Beng (Papan) Pte Ltd	20,224	14,618	8,488	–	–	–
Epic Land Pte Ltd and its subsidiaries	1,009	10,715	10,821	–	–	–
Oxley Bliss Pte Ltd	18,275	17,341	15,821	–	–	–
Other associates	1,567	6,561	8,307	–	–	200
	41,075	49,235	43,437	–	–	200

Details of the investment in associates are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 31 May 2019 (%)	31 May 2018 (%)	1 June 2017 (%)
Held by the Company					
Millennium Land Pte Ltd [3]	Investment holding	Singapore	38	38	38
Held by subsidiaries					
Centurion – Lian Beng (Papan) Pte Ltd [4]	Provision of dormitory services	Singapore	49	49	49
Centurion Kovan Pte Ltd [6]	In the process of striking off	Singapore	19 [a]	19 [a]	19 [a]
Epic Land Pte Ltd [1]	Property dealing and property rental business	Singapore	32	32	32
Fairmont Land Pte Ltd [1]	Investment holding	Singapore	15 [a]	15 [a]	15 [a]
Leeds Bridge Pte Ltd [1]	Investment holding	Singapore	18 [a]	–	–
LGB – NB Pte Ltd [6]	Struck off	Singapore	–	15 [a]	15 [a]
Oxley Bliss Pte Ltd [2]	Property investment	Singapore	30	30	30
Prospere Glow Pte Ltd [1]	Investment holding	Singapore	20	20	–
Prospere Holdings Pte Ltd [1]	Investment holding	Singapore	30	30	30
Prospere Hotels Pte Ltd [1]	Investment holding	Singapore	40	40	40
Wickham Invesco Pte Ltd [1]	Investment holding	Singapore	30	30	30
Hyperhub Sdn Bhd [5] [7]	Investment holding	Malaysia	40	–	–
Innovative Advisory Sdn Bhd [5] [7]	Investment holding	Malaysia	49	–	–
Ultra Harmony Development Sdn Bhd [5] [7]	Investment holding	Malaysia	14 [a]	–	–

8. Investment in associates (cont'd)

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 31 May 2019	31 May 2018	1 June 2017
			(%)	(%)	(%)
Held by subsidiaries (cont'd)					
Held by SLB					
Action Property Pte Ltd [2] [10]	Property developer	Singapore	19 [a]	19 [a]	19 [a] [b]
Development 24 Pte Ltd [1]	Property developer	Singapore	42	42	–
KAP Holdings (China) Pte Ltd [3] [10]	Investment holding	Singapore	20	20	20 [b]
KAP Hotel Investments Pte Ltd [1] [8]	Investment holding	Singapore	20	–	–
Oxley Sanctuary Pte Ltd [2] [10]	Property developer	Singapore	15 [a]	15 [a]	15 [a] [b]
Oxley Serangoon Pte Ltd [2] [9]	Property developer	Singapore	20	20	–
Oxley Viva Pte Ltd [2] [10]	Property developer	Singapore	10 [a]	10 [a]	10 [a] [b]
Oxley YCK Pte Ltd [2] [10]	Property developer	Singapore	10 [a]	10 [a]	10 [a] [b]
Rio Casa Venture Pte Ltd [2] [9]	Property developer	Singapore	20	20	20 [b]
Wealth Development Pte Ltd [1] [10]	Property developer	Singapore	40	40	40 [b]

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by RSM Chio Lim LLP, Singapore
(3) Audited by RSM Chio Lim LLP, Singapore (31 May 2018 and 1 June 2017: Deloitte & Touche LLP, Singapore)
(4) Audited by PricewaterhouseCoopers LLP, Singapore
(5) Audited by K Y Siow & Co., Malaysia
(6) Liquidated/struck off/in the process of striking off during the financial year
(7) Acquired during the year
(8) Incorporated during the financial year
(9) On 23 October 2017, the Company disposed these associates to SLB at cost
(10) On 23 March 2018, the Company disposed these associates in relation to the Restructuring Agreement with SLB (Note 26(a))
(a) Notwithstanding that the Group holds less than 20% of the voting power in these companies, the Group exercises significant influence by virtue of its representation of the respective boards of these companies or through its participation in business/policy-making processes in these companies.
(b) Previously owned by the Company or its subsidiaries

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8. Investment in associates (cont'd)

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

There were dividends of $19,410,000 (2018: $1,273,000) received from associates during the financial year.

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

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

	Group	
	2019	**2018**
	$'000	$'000
Loss for the year, net of taxation	(7,640)	(3,053)
Other comprehensive income for the year, net of taxation	(519)	215
Total comprehensive income for the year	(8,159)	(2,838)

8. Investment in associates (cont'd)

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

Summarised statement of financial position

	Centurion – Lian Beng (Papan) Pte Ltd			Epic Land Pte Ltd and its subsidiaries			Oxley Bliss Pte Ltd		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	9,929	14,549	14,019	13,755	136,229	168,129	8,955	10,897	11,462
Non-current assets	228,144	200,885	199,071	–	–	–	200,000	200,000	200,001
Total assets	238,073	215,434	213,090	13,755	136,229	168,129	208,955	210,897	211,463
Current liabilities	44,854	21,138	25,237	10,601	34,008	34,312	33,909	29,314	158,726
Non-current liabilities	151,945	164,464	170,531	–	68,736	100,000	114,131	123,781	–
Total liabilities	196,799	185,602	195,768	10,601	102,744	134,312	148,040	153,095	158,726
Net assets	41,274	29,832	17,322	3,154	33,485	33,817	60,915	57,802	52,737
Proportion of the Group's ownership	49%	49%	49%	32%	32%	32%	30%	30%	30%
Group's share of net assets and carrying amount of the investment	20,224	14,618	8,488	1,009	10,715	10,821	18,275	17,341	15,821

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8. Investment in associates (cont'd)

Summarised statement of comprehensive income

	Centurion – Lian Beng (Papan) Pte Ltd		Epic Land Pte Ltd and its subsidiaries		Oxley Bliss Pte Ltd	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	27,108	26,618	–	32,562	13,243	10,842
Other income	150	89	764	189	64	2,509
Rental income	–	–	–	2,887	–	–
Fair value gain on investment properties	–	1,232	–	–	401	418
Profit/(loss) for the year, net of taxation	11,442	12,510	2,669	(332)	3,113	5,065
Other comprehensive income for the year, net of taxation	–	–	–	–	–	–
Total comprehensive income for the year	11,442	12,510	2,669	(332)	3,113	5,065
Proportion of the Group's ownership	49%	49%	32%	32%	30%	30%
Group's share of results	5,606	6,130	854	(106)	934	1,520

9. Investment securities

(a) *Financial instruments as at 31 May 2019*

	Group 31 May 2019 $'000	Company 31 May 2019 $'000
Current		
At FVPL		
– Quoted equity investments (SGD)	2,035	–
– Quoted equity investments (HKD)	757	–
– Quoted equity investments (USD)	357	–
	3,149	–
At FVOCI		
– Quoted debt investments (SGD)	11,921	–
– Quoted debt investments (USD)	633	–
	12,554	–
Total current investment securities	15,703	–
Non-current		
At FVOCI		
– Quoted equity investments (SGD)	41,460	15,812
– Quoted equity investments (USD)	15,539	–
– Quoted debt investments (SGD)	32,506	–
– Quoted debt investments (USD)	27,120	–
– Unquoted equity investments (GBP)	6,860	–
– Unquoted equity investments (AUD)	4,088	–
Total non-current investment securities	127,573	15,812

Investments pledged as security

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

Investments in equity instruments designated at FVOCI

The Group has elected to measure these investment securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

The place of registration of the investment securities are as follows:

	Group 31 May 2019 $'000	Company 31 May 2019 $'000
Singapore	44,030	15,812
Others	23,917	–
	67,947	15,812

The Group recognised a dividend of $1,615,000 from equity instruments designated at FVOCI during the year.

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9. Investment securities (cont'd)

(b) *Financial instruments as at 31 May 2018 and 1 June 2017*

	Group		Company	
	31 May 2018	**1 June 2017**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000
Current				
Held for trading investments				
– Quoted equity investments (SGD)	2,247	615	–	–
– Quoted equity investments (HKD)	854	–	–	–
– Quoted equity investments (USD)	366	–	–	–
– Quoted index linked notes (SGD)	–	1,000	–	–
	3,467	1,615	–	–
Available-for-sale financial assets				
– Quoted debt investments (SGD)	14,418	5,012	–	–
– Structured notes (SGD)	–	200	–	–
– Structured notes (USD)	–	688	–	–
	14,418	5,900	–	–
Total current investment securities	17,885	7,515	–	–
Non-current				
Available-for-sale financial assets				
– Quoted equity investments (USD)	1,005	–	–	–
– Quoted equity investments (SGD)	19,042	18,629	18,083	17,860
– Quoted debt investments (SGD)	57,473	57,279	–	–
– Quoted debt investments (USD)	51,427	43,436	–	–
– Unquoted equity investments (SGD)	150	150	–	–
Total non-current investment securities	129,097	119,494	18,083	17,860

Investments pledged as security

As at 31 May 2018, the Group's investment securities amounting to $126,700,000 (1 June 2017: $105,149,000) had been pledged as security for bank loans (Note 20).

Impairment loss

For the year ended 31 May 2018, there was no impairment loss recognised on a non-current available-for-sale quoted equity investment.

10. Contract balances

(a) *Contract assets and contract liabilities*

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

	Group		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Receivables from contracts with customers (Note 13, Note 15)	48,329	55,962	39,052
Contract assets	101,714	128,413	71,600
Capitalised contract costs (Note 10(b))	1,462	218	1,384
Contract liabilities	29,056	–	–

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date for construction, precast, electric power generation contracts and sale of development properties. Contract assets are transferred to receivables when the rights become unconditional.

Included in contract assets is capitalised fulfilment costs of $27,019,000 (31 May 2018: $4,615,000, 1 June 2017: $18,229,000) which relates to land and land related costs of sold development properties. These capitalised costs are amortised to profit or loss (Note 10(b)).

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers. Contract liabilities are recognised as revenue as the Group performs under the contract.

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

	Group	
	2019	**2018**
	$'000	$'000
Changes in measurement of progress	231,217	269,298
Contract asset reclassified to receivables	(280,320)	(198,871)

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

	Group	
	2019	**2018**
	$'000	$'000
Advances from customers	29,056	–

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10. Contract balances (cont'd)

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

Transaction price allocated to remaining performance obligation

The Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration for one year or less, or
- The Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

Variable consideration that is constrained is not included in the transaction price.

The Group has also applied the practical expedient not to disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amounts as revenue for the previous financial year.

As at 31 May 2019, the aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations is approximately $1,224,244,000. The Group expects these performance obligations to be recognised in the next 3 years.

(b) *Capitalised contract and fulfilment costs*

Capitalised contract costs relate to commission fees paid to property agents for securing sale contracts for the Group's development properties. During the year, $3,495,000 (2018: $4,899,000) of commission fees paid were capitalised as contract costs.

Capitalised commission fees are amortised when the related revenue is recognised. During the year, $2,251,000 (2018: $6,065,000) was amortised. There was no impairment loss in relation to such costs capitalised.

	Group	
	2019	**2018**
	$'000	$'000
Capitalised incremental costs of obtaining contract – commission costs paid to property agents		
At 1 June	218	1,384
Additions	3,495	4,899
Amortisation	(2,251)	(6,065)
At 31 May	1,462	218
Capitalised fulfilment costs (Note 10(a))		
At 1 June	4,615	18,229
Additions	37,630	31,978
Amortisation	(15,226)	(45,592)
At 31 May	27,019	4,615

11. Development properties

	Group		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
(a) Properties under development, units for which revenue is recognised over time:			
Cost incurred	99,261	68,243	81,273
Allowance for onerous contracts	–	–	–
Properties under development, net	99,261	68,243	81,273
(b) Completed development properties:			
Cost incurred	5,248	–	14,768
Allowance for onerous contracts	–	–	(800)
Completed development properties, net	5,248	–	13,968
Total development properties	104,509	68,243	95,241

Assets pledged as security

Development properties with carrying amount of $104,509,000 (31 May 2018: $68,243,000, 1 June 2017: $81,273,000) are pledged to banks for loans granted to subsidiaries (Note 20).

Capitalisation of borrowing costs

The interest on bank borrowings capitalised in the current financial year amounted to $731,000 (31 May 2018: $636,000). The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 2.64% to 3.14% (31 May 2018: 2.25% to 2.64%) per annum. Interest ceases to be capitalised when the project is ready for its intended sale.

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11. Development properties (cont'd)

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

Description and Location	Tenure	Site area/ floor area (square metre)	Stage of development/ expected completion date	Interest held by the Group 31 May 2019 (%)	31 May 2018 (%)	1 June 2017 (%)
Proposed 9 – storey ramp up strata industrial building on Lot 2964N at Mukim 29 Tampines North Drive 1, Singapore	Leasehold	27,395 (site area)	TOP in June 2018	38	38	51
Proposed erection of a 5-storey multi-user light industrial development on Lot 03706C MK24 at 50 Lorong 21 Geylang, Singapore	Freehold	2,093 (site area)	Planning stage	75	74	–
Proposed erection of a 5-storey multi-user light industrial building for food production on Lot 08190L MK24 at 20 Mactaggart Road (Note 5(a))	Freehold	5,279 (floor area)	Under construction and expected to obtain TOP in FY2020	75	74	–
Proposed erection of 8-storey multi-user industrial building on Lot 99488L MK23 at New Industrial Road, Singapore	Freehold	5,792 (site area)	Planning stage and expected to obtain TOP in FY2022	38	38	–

12. Inventories

	Group 31 May 2019 $'000	31 May 2018 $'000	1 June 2017 $'000
Statement of financial position:			
Raw materials (at cost)	2,895	3,827	4,297

	Group 2019 $'000	2018 $'000
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	62,673	64,027

13. Trade receivables

	Group		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Trade receivables	46,276	51,809	28,684
Less: Allowance for impairment	(2,538)	(1,346)	(1,591)
	43,738	50,463	27,093

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

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

	Group		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Australian Dollars	–	1,264	–

Trade receivables that were past due but not impaired

The Group had trade receivables amounting to $18,545,000 as at 31 May 2018 and $14,976,000 as at 1 June 2017 that were past due at the end of the reporting period but not impaired. These receivables were unsecured and the analysis of their ageing at the end of the reporting period were as follows:

	Group	
	31 May 2018	**1 June 2017**
	$'000	$'000
Trade receivables past due but not impaired:		
Less than 30 days	8,197	5,737
30 to 60 days	1,484	1,773
61 to 90 days	1,485	2,211
91 to 120 days	468	685
More than 120 days	6,911	4,570
	18,545	14,976

13. Trade receivables (cont'd)

Trade receivables that are impaired

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

	Group			
	Collectively impaired		Individually impaired	
	31 May 2018	1 June 2017	31 May 2018	1 June 2017
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	–	–	1,346	1,591
Less: Allowance for impairment	–	–	(1,346)	(1,591)
	–	–	–	–

Movement in allowance accounts:

	Collectively impaired	Individually impaired
	2018	2018
	$'000	$'000
At 1 June	–	1,591
Charge for the year (Note 26(d))	–	261
Bad debt written off	–	(506)
At 31 May	–	1,346

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

Expected credit losses

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

	Group
	2019
	$'000
Movement in allowance accounts:	
At 1 June	1,346
Charge for the year (Note 26(d))	1,367
Write-back (Note 26(d))	(175)
At 31 May	2,538

14. Other receivables and deposits

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Other receivables and deposits						
Other receivables (Note A)	15,765	24,331	23,501	139	123	128
Amount due from a shareholder of a subsidiary	263	4	134	–	–	–
Amount due from a director of a joint venture (Note B)	–	3,893	3,815	–	3,893	3,815
Deposits	1,702	936	1,472	–	–	–
Land tender deposit	–	–	3,500	–	–	3,500
Deposit paid for purchase of development property	–	6,095	–	–	–	–
Stamp duty and deposit paid for investment property	2,248	2,248	–	–	–	–
	19,978	37,507	32,422	139	4,016	7,443
Less: Allowance for impairment	(3,817)	(2,987)	(38)	–	–	–
	16,161	34,520	32,384	139	4,016	7,443

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current						
Amounts due from third parties						
Amount due from a shareholder of a subsidiary (Note C)	–	–	3,357	–	–	–

14. Other receivables and deposits (cont'd)

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

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
British Pounds	2,383	2,342	2,237	–	–	–
Malaysian Ringgit	–	9,159	10,475	–	–	–
Australian Dollars	1,946	2,419	343	–	–	–
United States Dollars	414	445	306	–	–	–

Note A

The amounts relating to other receivables are unsecured, repayable on demand, expected to be settled in cash and interest-free except for an amount of $1,990,000 (31 May 2018: $2,041,000, 1 June 2017: $2,037,000) which bears interest at 5% (31 May 2018: 5%, 1 June 2017: 5%) per annum.

Note B

In the previous financial years, the amount due from a director of a joint venture was denominated in Singapore Dollars, unsecured, interest-free, repayable on demand and was expected to be settled in cash, except for an amount of $3,520,000 as at 31 May 2018 and 1 June 2017 which bore interest at 3% per annum.

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

The balances have been fully repaid during the year.

Note C

As at 1 June 2017, the non-current amount due from a shareholder of a subsidiary amounting to $3,357,000 was denominated in Singapore Dollars and bore interest at 1.5% per annum over the bank's prevailing 3-month SIBOR. The amount had been fully repaid in the financial year ended 31 May 2018.

14. Other receivables and deposits (cont'd)

Other receivables that were impaired

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

	Group			
	Collectively impaired		**Individually impaired**	
	31 May 2018	**1 June 2017**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000
Other receivables – nominal amounts	–	–	2,987	38
Less: Allowance for impairment	–	–	(2,987)	(38)
	–	–	–	–

Movement in allowance accounts:		
	Collectively impaired	**Individually impaired**
	2018	**2018**
	$'000	$'000
At 1 June	–	38
Charge for the year (Note 26(d))	–	2,949
At 31 May	–	2,987

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

Expected credit losses

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

	Group
	2019
	$'000
Movement in allowance accounts:	
At 1 June	2,987
Charge for the year (Note 26(d))	830
At 31 May	3,817

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

(a) *Amounts due from affiliated companies*

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Amounts due from affiliated companies	12	–	1	–	–	–

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

(b) *Amounts due from subsidiaries*

	Company		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Current			
Non-trade	182,207	169,927	258,607
Less: Allowance for impairment	(3,131)	–	(1,360)
	179,076	169,927	257,247
Non-current			
Non-trade	33,783	33,783	–

Movement in allowance accounts:	Company	
	2019	**2018**
	$'000	$'000
At 1 June	–	1,360
Charge for the year	3,131	–
Bad debt written off	–	(1,360)
At 31 May	3,131	–

Amounts due from subsidiaries are interest-free, unsecured, repayable on demand and are expected to be settled in cash, except for an amount of $33,783,000 (31 May 2018: $33,783,000, 1 June 2017: $Nil) which bears interest at 1.5% (31 May 2018: 1.5%, 1 June 2017: Nil%) per annum over the bank's prevailing 3-month SIBOR rate and is repayable on 20 April 2021. The amounts due from subsidiaries are denominated in Singapore Dollars.

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

(c) *Amounts due from joint ventures*

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Trade	1,097	2,511	5,689	–	–	–
Non-trade	77,417	63,834	23,883	63,086	50,521	10,897
	78,514	66,345	29,572	63,086	50,521	10,897

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

The non-trade amounts due from joint ventures are unsecured, repayable on demand, expected to be settled in cash, denominated in Singapore Dollars and are interest-free except for an amount of $Nil (31 May 2018: $12,864,000, 1 June 2017: $12,864,000) which bears interest at Nil% (31 May 2018: 2.3%, 1 June 2017: 2.3%) per annum.

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

The Group had trade amounts due from joint ventures of $1,963,000 as at 31 May 2018 and $4,136,000 as at 1 June 2017, that were past due at the end of the reporting period but not impaired. These receivables were unsecured and the analysis of their ageing at the end of the reporting period were as follows:

	Group	
	31 May 2018	**1 June 2017**
	$'000	$'000
Amounts past due but not impaired:		
Less than 30 days	216	568
30 to 60 days	367	367
61 to 90 days	638	499
91 to 120 days	729	252
More than 120 days	13	2,450
	1,963	4,136

There were no trade amounts due from joint ventures that are impaired in the previous financial years.

Expected credit loss

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

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

(d) *Amounts due to joint ventures*

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Trade	2	119	107	–	–	–
Non-trade	2,150	4,500	17,710	–	–	–
	2,152	4,619	17,817	–	–	–

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

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

(e) *Amounts due from associates*

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Trade (Note A)	3,494	2,988	6,270	–	–	–
Non-trade (Note B)	164,280	160,400	93,825	–	–	18,843
	167,774	163,388	100,095	–	–	18,843
Non-current						
Non-trade (Note C)	41,466	44,911	45,000	–	–	–

Note A

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

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

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

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

The Group had trade amounts due from associates of $1,132,000 as at 31 May 2018 and $Nil as at 1 June 2017 that were past due at the end of the reporting period but not impaired. These receivables were unsecured and the analysis of their ageing at the end of the reporting period were as follows:

	Group	
	31 May 2018	**1 June 2017**
	$'000	$'000
Amounts past due but not impaired:		
Less than 30 days	1,132	–

There were no trade amounts due from associates that were impaired in the previous financial years.

Expected credit loss

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

Note B

The non-trade amounts due from associates are unsecured, repayable on demand, expected to be settled in cash and are interest-free, except for an amount of $121,063,000 (31 May 2018: $34,356,000, 1 June 2017: $36,833,000) which bears interest at 2.88% to 5.35% (31 May 2018: 2.45% to 5.35%, 1 June 2017: 2.37% to 5.00%) per annum.

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

	Group			**Company**		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
British Pounds	22,139	14,229	13,306	–	–	–
China Renminbi	3,990	4,179	4,048	–	–	–

Note C

The amount due from associates is unsecured, bears interest at 1.5% (31 May 2018: 1.5%, 1 June 2017: 1.5%) per annum over the bank's prevailing 3-month SIBOR rate, repayable in 28 quarterly instalments commencing from 1 May 2019, expected to be settled in cash and is denominated in Singapore Dollars.

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

(f) *Amounts due to associates*

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Non-trade	1,126	8,616	1,361	76	76	76

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

16. Cash and cash equivalents

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

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Fixed deposits (Note 17)	65,067	28,212	47,023	34,401	9,244	20,016
Cash on hand and at banks	114,857	181,002	140,781	6,109	25,895	19,410
Cash and cash equivalents	179,924	209,214	187,804	40,510	35,139	39,426

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

Included in cash and cash equivalents are amounts of $9,757,000 (31 May 2018 $24,877,000, 1 June 2017: $16,727,000) maintained in project accounts, withdrawals from which are restricted to payments for expenditure incurred on projects.

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

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollars	1,278	2,987	1,509	790	–	–
Malaysian Ringgit	1,979	5,206	3,810	–	–	–
British Pounds	1,274	2,156	1,616	–	–	–
Australian Dollars	24,611	54,215	6,718	4,446	21,964	–
Hong Kong Dollars	24	23	–	–	–	–

17. Fixed deposits

Fixed deposits earn interest of 0.70% to 2.35% (31 May 2018: 0.31% to 2.03%, 1 June 2017: 0.10% to 3.10%) per annum and have maturities ranging between 3 days and 12 months (31 May 2018: 1 week and 12 months, 1 June 2017: 1 week and 12 months), depending on the immediate cash requirements of the Group and the Company. Fixed deposits can be readily converted into known amount of cash and are subject to insignificant risk of change in values.

18. Trade and other payables

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	135,643	130,173	158,751	–	–	–
Other payables	28,576	27,950	28,950	33	38	39
	164,219	158,123	187,701	33	38	39

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

Other payables

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Derivative liability	–	91	449	–	–	–
Deferred income	604	383	337	–	–	–
Refundable deposits	4,200	4,056	3,950	–	–	–
Deposit received for disposal of investment property	–	–	3,607	–	–	–
Other payables	3,900	4,636	2,612	33	38	39
Amounts due to non-controlling interests of subsidiaries (non-trade)	19,872	18,784	17,995	–	–	–
	28,576	27,950	28,950	33	38	39

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

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

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

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18. Trade and other payables (cont'd)

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

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollars	40	49	43	–	–	–
Malaysian Ringgit	1	1	–	–	–	–
Australian Dollars	71	80	3,885	–	–	–
Euro	19	–	–	–	–	–

19. Amounts due to subsidiaries

	Company		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Non-trade			
Current	268,146	246,513	257,679
Non-current	1,681	5,892	10,103

The amounts due to subsidiaries are unsecured, repayable on demand, expected to be settled in cash and are interest-free, except for an amount of $2,734,000 (31 May 2018: $5,892,000, 1 June 2017: $10,103,000) which bears interest at 1.5% (31 May 2018: 1.5%, 1 June 2017: 1.5%) per annum over the bank's prevailing 3-month SIBOR rate and is repayable in 20 instalments commencing from 1 February 2016 and a final instalment payable on 1 November 2020. The amounts due to subsidiaries are denominated in Singapore Dollars.

20. Bank loans and bills payable

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Current liabilities						
Short-term bank loans and bills payable	218,941	317,694	243,833	–	–	–
Current portion of long-term bank loans	90,791	12,712	14,341	–	–	–
Bills payable	234	301	–	–	–	–
	309,966	330,707	258,174	–	–	–
Non-current liabilities						
Long-term bank loans	268,450	309,194	422,325	–	–	–

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

(a) The Group's bank loans are denominated mainly in Singapore Dollars, United States Dollars and Australian Dollars. During the financial year, the interest rates for bank loans ranged from 1.99% to 3.72% (31 May 2018: 1.30% to 3.90%, 1 June 2017: 1.10% to 4.25%) per annum.

(b) The Group's bills payable are denominated in Singapore Dollars and bears an interest of 2.08% (31 May 2018: 1.68%, 1 June 2017: Nil%) per annum.

(c) There are no unsecured loan for the years ended 31 May 2019, 31 May 2018 and 1 June 2017. The Group's loans are generally secured by corporate guarantee provided by the Group and the assignment of rights, titles and benefits with respect to property, plant and equipment (Note 4), investment properties (Note 5), development properties (Note 11) and investment securities (Note 9).

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

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

Acquisition of obligations under hire purchase includes the hire purchase obligation of $172,000 arising from the acquisition of a subsidiary. (Note 6(d))

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

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

			Non-cash changes			
	2017	**Cash flows**	**Acquisition**	**Foreign exchange movement**	**Other**	**2018**
	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans and bills payable						
- Current	258,174	(21,428)	–	(615)	94,576	330,707
- Non-current	422,325	(18,555)	–	–	(94,576)	309,194
Obligations under hire purchase (Note 21)						
- Current	3,780	(4,116)	1,235	–	2,425	3,324
- Non-current	3,224	(104)	1,632	–	(2,425)	2,327
Loans from joint ventures (Note 15)	17,710	(13,210)	–	–	–	4,500
Loan from the non-controlling interests of subsidiaries (Note 18)	17,995	789	–	–	–	18,784
Total	723,208	(56,624)	2,867	(615)	–	668,836

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under hire purchase due to passage of time.

21. Obligations under hire purchase

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

	Group		
	Minimum lease payments	**Interest**	**Present value of payments**
	$'000	$'000	$'000
31 May 2019			
Not later than one year	2,098	(114)	1,984
Later than one year but not later than five years	3,297	(162)	3,135
Later than five years	4	–	4
	5,399	(276)	5,123
31 May 2018			
Not later than one year	3,434	(110)	3,324
Later than one year but not later than five years	2,410	(83)	2,327
	5,844	(193)	5,651
1 June 2017			
Not later than one year	3,926	(146)	3,780
Later than one year but not later than five years	3,291	(67)	3,224
	7,217	(213)	7,004

Lease terms range from 2 to 8 years (31 May 2018: 2 to 8 years, 1 June 2017: 2 to 8 years) with options to purchase at the end of the lease terms. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. Interest is charged at rates ranging from 2.40% to 6.00% (31 May 2018: 2.42% to 5.26%, 1 June 2017: 2.42% to 6.00%) per annum.

22. Deferred tax assets/liabilities

	Group				
	Consolidated statement of financial position			Consolidated statement of comprehensive income	
	31 May 2019	31 May 2018	1 June 2017	2019	2018
	$'000	$'000	$'000	$'000	$'000
Deferred tax assets					
Provisions	70	19	1	(51)	(18)
Differences in depreciation for tax purposes	(207)	(503)	(677)	(296)	(174)
Productivity and Innovation Credit	203	601	925	398	324
Total deferred tax assets	66	117	249		
Deferred tax liabilities					
Differences in depreciation for tax purposes	(1,156)	(1,247)	(1,620)	(91)	(373)
Provisions	518	–	16	(518)	16
Productivity and Innovation Credit	219	288	431	69	143
Fair value gain on investment property held for sale	–	–	(134)	–	(134)
Unabsorbed capital allowance	–	–	67	–	67
Development properties	(3,746)	(4,312)	(621)	(566)	3,691
Total deferred tax liabilities	(4,165)	(5,271)	(1,861)		
Deferred income tax (credit)/ expense (Note 29)				(1,055)	3,542

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

At the end of the reporting period, no deferred tax liability (31 May 2018: $Nil, 1 June 2017: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas subsidiaries, joint ventures and associates as:

– The Group has determined that either the undistributed earnings of its overseas subsidiaries will not be distributed in the foreseeable future or the undistributed earnings have been subjected to tax at a headline tax rates of more than 15% in the respective jurisdictions and are therefore tax exempted in accordance with Section 13(8) of the Singapore Income Tax Act; and

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

Deferred income tax related to other comprehensive income

There is no (31 May 2018: $Nil, 1 June 2017: $Nil) deferred income tax related to other comprehensive income for the financial year ended 31 May 2019.

23. Share capital and treasury shares

(a) ***Share capital***

	Group and Company			
	2019		**2018**	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares:				
At beginning and end of financial year	529,760	82,275	529,760	82,275

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

(b) ***Treasury shares***

	Group and Company			
	2019		**2018**	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
At beginning and end of financial year	(30,071)	(17,777)	(30,071)	(17,777)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

24. Other reserves

(a) *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group		Company	
	2019 $'000	**2018** $'000	**2019** $'000	**2018** $'000
At 1 June	(893)	(3,102)	–	–
Foreign currency translation	(1,461)	2,209	–	–
At 31 May	(2,354)	(893)	–	–

(b) *Fair value adjustment reserve*

Fair value adjustment reserve represents the cumulative fair value changes, net of taxation, of debt and equity instruments at FVOCI (2018: AFS financial assets) until they are disposed.

	Group		Company	
	2019 $'000	**2018** $'000	**2019** $'000	**2018** $'000
At 1 June (FRS framework)	2,769	5,539	5,923	5,700
Effect of adopting SFRS(I) 9	(10,210)	–	(9,560)	–
At 1 June (SFRS(I) framework)	(7,441)	5,539	(3,637)	5,700
Net loss on equity instruments at FVOCI	(862)	–	(2,272)	–
Net gain on debt instruments at FVOCI	298	–	–	–
Net (loss)/gain on fair value changes of AFS financial assets	–	(2,770)	–	223
At 31 May	(8,005)	2,769	(5,909)	5,923

(c) *Capital reserve*

Capital reserve represents the difference between consideration and the carrying value of the additional interest acquired from/disposed to non-controlling interests.

	Group		Company	
	2019 $'000	**2018** $'000	**2019** $'000	**2018** $'000
At 1 June (FRS framework)	15,141	(220)	–	–
Effect of adopting SFRS(I) 15	(2,980)	–	–	–
At 1 June (SFRS(I) framework)	12,161	(220)	–	–
Acquisition of additional interest in SLB (Note 6(e))	(207)	–	–	–
Premium on dilution of interest in SLB without a change in control (Note 6(e))	–	12,381	–	–
At 31 May	11,954	12,161	–	–
Total other reserves	1,595	14,037	(5,909)	5,923

25. Revenue

	Group		Company	
	2019 $'000	**2018** $'000	**2019** $'000	**2018** $'000
Construction contract revenue	238,205	114,854	–	–
Revenue from sale of goods	51,104	57,123	–	–
Revenue from rendering of services	5,758	1,765	–	–
Rental and service income from dormitories	23,108	22,302	–	–
Sale of development properties	47,645	189,848	–	–
Rental income				
- Third parties	15,439	15,762	–	–
- Joint venture	5	7	–	–
- Affiliated companies	7	8	–	–
Interest income from corporate bonds	4,997	4,896	–	–
Dividend income from investment securities	523	395	–	–
Dividend income from unquoted subsidiaries	–	–	21,911	53,804
	386,791	406,960	21,911	53,804

25. Revenue (cont'd)

Segments	Construction		Dormitory		Investment holding		Property development		Total revenue	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical market										
Singapore	289,594	172,147	23,108	22,302	5,473	1,595	47,645	154,444	365,820	350,488
Australia	–	–	–	–	–	–	–	35,404	–	35,404
	289,594	172,147	23,108	22,302	5,473	1,595	47,645	189,848	365,820	385,892
Major revenue streams										
Construction contracts revenue	238,205	114,854	–	–	–	–	–	–	238,205	114,854
Revenue from sale of goods	51,104	57,123	–	–	–	–	–	–	51,104	57,123
Revenue from rendering of services	285	170	–	–	5,473	1,595	–	–	5,758	1,765
Rental and service income from dormitories	–	–	23,108	22,302	–	–	–	–	23,108	22,302
Sale of development properties	–	–	–	–	–	–	47,645	189,848	47,645	189,848
	289,594	172,147	23,108	22,302	5,473	1,595	47,645	189,848	365,820	385,892
Timing of transfer of goods or services										
Over time	238,490	115,024	23,108	22,302	5,473	1,595	47,645	154,444	314,716	293,365
At a point in time	51,104	57,123	–	–	–	–	–	35,404	51,104	92,527

26. Profit before taxation

Profit before taxation includes the following:

	Group		Company	
	2019 $'000	**2018** $'000	**2019** $'000	**2018** $'000
(a) ***Other operating income:***				
Dividend income				
- Long-term quoted equity investments	780	972	767	959
- Other securities	444	520	–	–
Interest income				
- Fixed deposits	690	506	98	63
- Bank balances	264	208	11	38
- Associates	5,045	4,002	–	–
- Joint ventures	306	296	–	–
- Subsidiaries	–	–	1,055	112
- A director of a joint venture	30	106	30	106
- Bonds	134	169	–	–
- Others	101	219	–	–
Gain on disposal of plant and equipment	970	695	–	–
Rental income from investment properties (Note 5)	583	877	–	–
Other operating lease income	327	416	–	–
Management fee	481	201	277	–
Government grants and incentives	107	465	–	–
Gain on dilution of ownership interest in subsidiary	–	1	–	–
Gain on disposal of subsidiaries, joint ventures and associates (Note A)	–	–	–	23,737
Gain on disposal of investment properties	–	41,766	–	–
Fair value gain on derivative instrument	91	358	–	–
Bad debts recovered	–	7	–	–
Others	762	2,538	–	–
	11,115	54,322	2,238	25,015

26. Profit before taxation (cont'd)

(a) ***Other operating income*** (cont'd):

Note A

In connection with the spin-off and listing of the Group's property development business on the Catalist Board of the SGX, the Company had on 23 March 2018, entered into a Restructuring Agreement with SLB to dispose all the issued and paid-up ordinary shares held by the Company in Smooth Venture Pte Ltd, Goldprime Investment Pte Ltd, LBD (Midtown) Pte Ltd, Spottiswoode Development Pte Ltd, Luxe Development Pte Ltd, Starview Investment Pte Ltd, Wealth Development Pte Ltd, Wealth Property Pte Ltd, LBD (China) Pte Ltd, Goldprime Land Pte Ltd and Wellprime Pte Ltd. The disposal consideration was determined taking into account the unaudited net asset value of these companies as at 30 November 2017 and was satisfied by way of the allotment and issuance of an aggregate of 33,648,446 ordinary shares at $1 per share in SLB to the Company. The effect of the disposal was as follows:

	2018
	$'000
Consideration	33,648
Less: Cost of investment in subsidiaries, joint ventures and associate	(9,911)
Gain on disposal	23,737

26. Profit before taxation (cont'd)

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
(b) ***Other operating expenses:***				
Loss on disposal of investment securities	39	44	–	–
Amortisation of other assets	76	183	–	–
Depreciation of property, plant and equipment	3,417	4,312	–	1
Loss on foreign exchange, net	1,763	2,849	521	34
Bad debts written off	72	10	100	3
Goodwill written off	9	–	–	–
Property, plant and equipment written off	9	–	–	–
Management fees	884	962	–	–
Fair value loss on investment securities	507	52	–	–
Property tax	1,499	1,536	–	–
Impairment loss of investment in subsidiary	–	–	879	–
Others	568	545	–	–
	8,843	10,493	1,500	38
(c) ***Other expenses:***				
Non-audit fees				
- Auditors of the Company *	292	289	32	28
- Other auditors	144	180	28	26
Depreciation of property, plant and equipment – others	12,219	10,467	–	–
Directors' fees to directors of:				
- the Company	170	170	170	170
- the Subsidiary	260	65	–	–
Listing expenses of SLB	–	1,233	–	–
Operating lease expenses	7,317	4,743	–	–
Utility charges	2,522	2,339	–	–
Transportation charges	1,746	1,360	–	–
Legal and other professional fees	4,206	3,549	233	378
Staff costs (Note 27)	49,307	51,137	–	–

* In addition to the fees disclosed, the Group paid $200,000 to the Auditor of the Company relating to the IPO of SLB during the financial year 2018, of which $128,000 was capitalised and $72,000 was included under listing expenses.

26. Profit before taxation (cont'd)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
(d) ***Impairment loss of financial assets:***				
Allowance for doubtful receivables				
- Trade	1,367	261	–	–
- Non-trade	830	2,949	–	–
- Non-trade (subsidiary)	–	–	3,131	–
Write-back of allowance for doubtful receivables - Trade	(175)	–	–	–
	2,022	3,210	3,131	–

27. Staff costs

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Wages and salaries	40,892	42,591	–	–
Contributions to defined contribution plans	2,738	2,325	–	–
Others	5,677	6,221	–	–
	49,307	51,137	–	–
Included in staff costs are directors' remuneration payable to:				
– Directors of the Company	4,935	12,124	–	–
– Directors of the subsidiaries	4,363	3,617	–	–
	9,298	15,741	–	–

The directors' remuneration payable to directors of the Company excluded other benefits of $154,000 (2018: $137,000) and directors' fees of $170,000 (2018: $170,000). The directors' remuneration payable to directors of the subsidiaries excluded other benefits of $232,000 (2018: $217,000).

28. Finance costs

	Group		Company	
	2019 $'000	**2018** $'000	**2019** $'000	**2018** $'000
Interest expense on:				
- Bank loans and bills payable	17,520	17,296	–	–
- Hire purchase	169	172	–	–
- Loan from associates	642	586	–	–
- Loan from a subsidiary	–	–	128	215
	18,331	18,054	128	215
Less: Interest expense capitalised in:				
- Development properties (Note 11)	(731)	(636)	–	–
- Investment property under construction (Note 5)	–	(240)	–	–
	17,600	17,178	128	215

29. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 May 2019 and 2018 are:

	Group		Company	
	2019 $'000	**2018** $'000	**2019** $'000	**2018** $'000
Current taxation:				
- Current income taxation	8,272	21,213	223	21
- Over provision in respect of previous years	(921)	(177)	(1)	(5)
Deferred taxation:				
- Origination and reversal of temporary differences	(1,055)	3,447	–	–
- Under provision in respect of previous years	–	95	–	–
Withholding tax	17	132	–	–
Income tax expense recognised in the statement of comprehensive income	6,313	24,710	222	16

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29. Taxation (cont'd)

Relationship between income tax expense and accounting profit

The reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 May 2019 and 2018 are as follows:

	Group		Company	
	2019 $'000	**2018** $'000	**2019** $'000	**2018** $'000
Profit before taxation	44,487	119,959	18,558	77,380
Tax at the domestic rates applicable to profits in the countries where the Group operates	7,364	25,951	3,155	13,155
Non-deductible expenses	2,515	4,705	797	59
Effect of partial tax exemption and tax relief	(716)	(970)	(17)	(31)
Deferred tax assets not recognised	267	399	–	–
Over provision in respect of previous years, net	(921)	(82)	(1)	(5)
Benefits from previously unrecognised deferred tax assets	(375)	(461)	–	–
Withholding tax	17	132	–	–
Effects of tax incentive	(108)	(48)	–	–
Share of results of associates	42	(763)	–	–
Share of results of joint ventures	(1,111)	(1,527)	–	–
Income not subject to taxation	(821)	(3,126)	(3,712)	(13,162)
Others	160	500	–	–
Income tax expense recognised in the statement of comprehensive income	6,313	24,710	222	16

Unrecognised tax losses

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

	Group	
	2019 $'000	**2018** $'000
Deductible temporary differences	1,401	3,410
Unutilised tax losses	1,733	360
	3,134	3,770

29. Taxation (cont'd)

Tax consequences of proposed dividends

There are no income tax consequences (2018: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39).

30. Earnings per share – basic and diluted

Earnings per share is calculated based on the Group's net profit attributable to equity holders of the Company for the year of $32,863,000 (2018: $82,546,000) over 499,689,000 (2018: 499,689,000) shares, being the weighted average number of shares in issue during the year.

As there were no share options and warrants granted during the year and no share options and warrants outstanding as at the end of the financial year, the basic and fully diluted earnings per share are the same.

31. Significant related party transactions

(a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(i) Staff costs of $2,540,000 (2018: $2,589,000) of the Group were paid to individuals who are close members of the family of certain directors.

(ii) A subsidiary, Lian Beng Investment Pte Ltd, leased office space, with rental amounting to $3,600 (2018: $4,020) each to Evergrande Realty & Development Pte Ltd and Ong Sek Chong & Sons Pte Ltd. Certain directors of the Group have equity interests in these companies and are also directors of these companies.

(iii) The Group earned construction revenue of $1,215,000 (2018: $7,996,000) and $18,191,000 (2018: $3,015,000) from joint ventures and associates respectively. In addition, the Group earned project management fee of $44,000 (2018: $194,000) from joint ventures. The Group also earned $60,000 from the supply of labour to associate.

(iv) The Group earned management fee of $277,000 (2018: $Nil) from the joint ventures.

(v) The Group provided construction related and property management services of $7,000 (2018: $3,500) to ROL Development Pte Ltd. The major shareholder of this Company is a close family member of one of the directors of the Group.

(vi) The Group provided construction related and development management services of $10,000 (2018: $40,000) to Evergrande Realty & Development Pte Ltd. Certain directors of the Group have equity interests in this Company and are also directors of this Company.

31. Significant related party transactions (cont'd)

(b) ***Compensation of key management personnel***

	Group	
	2019	**2018**
	$'000	$'000
Short-term employee benefits	9,176	16,208
Contributions to defined contribution plans	211	218
	9,387	16,426
Comprise amounts paid to:		
- Directors of the Company	5,259	12,431
- Other key management personnel	4,128	3,995
	9,387	16,426

32. Commitments

(a) ***Capital commitment***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Capital commitments in respect of:			
- Plant and equipment	7,276	142	522
- Freehold and leasehold properties	37,990	25,650	4,042

Share of commitment to joint ventures and associates

The Group has committed to provide working capital in the ratio of the shareholdings held by the Group in the respective joint ventures and associates required to develop and complete the development properties.

(b) ***Operating lease commitment – as lessee***

The Group has entered into commercial leases on certain land and equipment. These non-cancellable leases, including certain leases with renewal options, have remaining lease terms of between 3 to 77 months (31 May 2018: 1 to 89 months, 1 June 2017: 2 to 101 months). Contingent rent provision is not included in the contracts.

32. Commitments (cont'd)

(b) ***Operating lease commitment – as lessee*** (cont'd)

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

	Group		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Not later than one year	4,293	2,997	4,549
Later than one year but not later than five years	5,988	5,943	2,978
Later than five years	3,824	630	1,002
	14,105	9,570	8,529

(c) ***Operating lease commitment – as lessor***

The Group has entered into commercial leases on its development properties, investment properties, leasehold property, tugboats and barges. These non-cancellable leases have remaining lease terms of between 1 to 59 months as at 31 May 2019 (31 May 2018: 1 to 56 months, 1 June 2017: 1 to 58 months).

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

	Group		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Not later than one year	25,465	27,997	24,846
Later than one year but not later than five years	12,613	29,831	25,635
	38,078	57,828	50,481

33. Financial support to subsidiaries

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to operate as going concerns at least through twelve months from the date of the financial statements of the subsidiaries.

34. Fair value of assets and liabilities

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs are obtained from various sources including market participants, dealers, fund managers and brokers, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) ***Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

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

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

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

	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group				
31 May 2018				
Financial assets measured at fair value:				
Held for trading investments (Note 9)				
- Quoted equity investments (SGD)	2,247	–	–	2,247
- Quoted equity investments (HKD)	854	–	–	854
- Quoted equity investments (USD)	366	–	–	366
Available-for-sale financial assets (Note 9)				
- Quoted equity investments (USD)	1,005	–	–	1,005
- Quoted equity investments (SGD)	19,042	–	–	19,042
- Quoted debt investments (SGD & USD)	–	123,318	–	123,318
	23,514	123,318	–	146,832
Financial liability measured at fair value:				
Derivative liability (Note 18)	–	91	–	91

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

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

	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group				
1 June 2017				
Financial assets measured at fair value:				
Held for trading investments (Note 9)				
- Quoted equity investments (SGD)	615	–	–	615
- Quoted index linked notes (SGD)	–	1,000	–	1,000
Available-for-sale financial assets (Note 9)				
- Quoted equity investments (SGD)	18,629	–	–	18,629
- Quoted debt investments (SGD & USD)	–	105,727	–	105,727
- Structured notes (SGD & USD)	–	888	–	888
	19,244	107,615	–	126,859
Financial liability measured at fair value:				
Derivative liability (Note 18)	–	449	–	449

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

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

	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Company				
31 May 2019				
Financial assets measured at fair value:				
Financial assets at FVOCI (Note 9)				
- Quoted equity investments (SGD)	15,812	–	–	15,812
31 May 2018				
Financial assets measured at fair value:				
Available-for-sale financial assets (Note 9)				
- Quoted equity investments (SGD)	18,083	–	–	18,083
1 June 2017				
Financial assets measured at fair value:				
Available-for-sale financial assets (Note 9)				
- Quoted equity investments (SGD)	17,860	–	–	17,860

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

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

	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group				
31 May 2019				
Non-financial assets measured at fair value:				
Investment properties (Note 5)				
- Commercial	–	–	504,170	504,170
- Residential	–	–	28,877	28,877
	–	–	533,047	533,047
31 May 2018				
Non-financial assets measured at fair value:				
Investment properties (Note 5)				
- Commercial	–	–	500,690	500,690
- Residential	–	–	28,782	28,782
	–	–	529,472	529,472
1 June 2017				
Non-financial assets measured at fair value:				
Investment properties (Note 5)				
- Commercial	–	–	713,130	713,130
- Residential	–	–	17,013	17,013
	–	–	730,143	730,143

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Quoted index linked notes, Quoted debt investments, Quoted equity investments, Structured notes: Fair values are determined using quoted market prices in less active markets or quoted prices for similar assets/liabilities at the end of the reporting period.

Derivative liability: Interest rate swap contracts are valued by discounting the estimated future cash flows based on a forward rate curve at an appropriate discount rate.

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

(d) ***Level 3 fair value measurements***

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Location	**Valuation method**	**Key unobservable inputs**	**Commercial**	**Residential**	**Inter-relationship between key unobservable inputs and fair value measurement**
31 May 2019:					
Investment properties					
Singapore	Direct comparison method	Yield adjustments *	-36% to +30%	-2% to +15%	The estimated fair value increases with higher comparable price.
	Income method	Capitalisation rate	3.75% to 6.50%	–	The estimated fair value would increase if the capitalisation rate decreased.

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

Description	**Valuation techniques**	**Unobservable inputs**	**Range**
Investment securities			
Unquoted equity investments	Net asset valuation	Note 1	Not applicable

Note 1 – Unquoted equity investments

The fair values of unquoted equity securities are determined based on the fair values of the underlying assets and liabilities of the investee company.

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

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

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements* (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Location	Valuation method	Key unobservable inputs	Commercial	Residential	Inter-relationship between key unobservable inputs and fair value measurement
31 May 2018:					
Investment Properties					
Singapore	Direct comparison method	Yield adjustments *	-24% to +25%	-12% to +15%	The estimated fair value increases with higher comparable price.
	Income method	Capitalisation rate	3.75% to 6.00%	–	The estimated fair value would increase if the capitalisation rate decreased.

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

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

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

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements* (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3): (cont'd)

Location	Valuation method	Key unobservable inputs	Commercial	Residential	Inter-relationship between key unobservable inputs and fair value measurement
1 June 2017:					
Investment Properties					
Singapore	Direct comparison method	Yield adjustments *	-30% to +20%	-11% to +8%	The estimated fair value increases with higher comparable price.
	Income method	Capitalisation rate	7.5%	–	The estimated fair value would increase if the capitalisation rate and discount rate decreased.
		Discount rate	6.3%	–	
	Residual value method	Gross development value ($'000)	113,500	–	The estimated fair value increases with higher gross development value and decreases with higher cost to complete.
		Estimated cost to complete ($'000)	1,006	–	
Australia	Income method	Capitalisation rate	5.5% to 6.8%	–	The estimated fair value would increase if the capitalisation rate and discount rate decreased
		Discount rate	7.5%	–	

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

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

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

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

The disclosure of the movement in the investment properties in Note 5 to the financial statements constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(iii) *Valuation policies and procedures*

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

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

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

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

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

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

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

		Group					
		31 May 2019		31 May 2018		1 June 2017	
	Note	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
		$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Unquoted equity investments, at cost	9	–	–	150	*	150	*
Financial liabilities							
Obligations under hire purchase	21	5,123	5,114	5,651	5,642	7,004	7,269

*Unquoted equity investments carried at cost (Note 9)

Fair value information has not been disclosed for the Group's unquoted equity investments that are carried at cost because fair value cannot be measured reliably. These equity investments represent ordinary shares in a computer software company that are not quoted on any market.

Obligations under hire purchase (Note 21)

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

(f) ***Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts approximate fair value***

Trade receivables (Note 13), Other receivables and deposits (Note 14), Amounts due from affiliated companies, subsidiaries (current), joint ventures and associates (Note 15), Cash and cash equivalents (Note 16), Trade and other payables (Note 18), Accruals, Amounts due to joint ventures and associates (Note 15) and Amounts due to subsidiaries (current) (Note 19)

The carrying amounts of the above financial assets and liabilities are reasonable approximations of their fair values due to their short-term nature.

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

(f) ***Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts approximate fair value*** (cont'd)

Bank loans and bills payable (Note 20), Amounts due from associates and subsidiaries (non-current) (Note 15), Amounts due from third parties (Note 14) and Amounts due to subsidiaries (non-current) (Note 19)

The carrying amounts of these financial assets and liabilities are reasonable approximations of their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Refundable rental deposits (non-current)

The carrying amounts of this financial liability is a reasonable approximation of its fair value as the present value of the non-current liability is not material.

35. Classification of financial assets and liabilities

	Group		
	31 May 2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000
Financial assets at FVPL			
Investment securities	3,149	3,467	1,615
Financial assets at FVOCI			
Investment securities	140,127	–	–
Available-for-sale financial assets			
Investment securities	–	143,515	125,394
Financial assets at amortised cost			
Trade receivables	39,493	–	–
Other receivables and deposits	13,913	–	–
Amounts due from affiliated companies	12	–	–
Amounts due from joint ventures	78,514	–	–
Amounts due from associates	209,240	–	–
Cash and cash equivalents	179,924	–	–
	521,096	–	–
Loans and receivables			
Trade receivables	–	48,748	25,643
Other receivables and deposits	–	26,177	28,884
Amounts due from affiliated companies	–	–	1
Amounts due from joint ventures	–	66,345	29,572
Amounts due from associates	–	208,299	145,095
Cash and cash equivalents	–	209,214	187,804
	–	558,783	416,999
Financial liabilities at amortised cost			
Trade and other payables	165,050	157,438	185,354
Accruals	23,246	24,774	18,280
Amounts due to joint ventures	2,152	4,619	17,817
Amounts due to associates	1,126	8,616	1,361
Bank loans and bills payable	578,416	639,901	680,499
Obligations under hire purchase	5,123	5,651	7,004
	775,113	840,999	910,315

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

	Company		
	31 May 2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000
Financial assets at FVOCI			
Investment securities	15,812	–	–
Available-for-sale financial assets			
Investment securities	–	18,083	17,860
Financial assets at amortised cost			
Other receivables and deposits	139	–	–
Amounts due from subsidiaries	212,859	–	–
Amounts due from joint ventures	63,086	–	–
Cash and cash equivalents	40,510	–	–
	316,594	–	–
Loans and receivables			
Other receivables and deposits	–	4,016	7,443
Amounts due from subsidiaries	–	203,710	257,247
Amounts due from joint ventures	–	50,521	10,897
Amounts due from associates	–	–	18,843
Cash and cash equivalents	–	35,139	39,426
	–	293,386	333,856
Financial liabilities at amortised cost			
Trade and other payables	33	38	39
Accruals	131	268	196
Amounts due to subsidiaries	269,827	252,405	267,782
Amounts due to associates	76	76	76
	270,067	252,787	268,093

36. Financial risk management objectives and policies

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

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

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

(a) *Credit risk*

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

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

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

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

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

The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income.

Other receivables

Other receivables mainly comprised amounts due from related parties. The assessment of provision for impairment was limited to 12-month ECL. The Group has assessed and considered the credit risk for amounts due from related parties to be low and as a result no provision for impairment is necessary.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region.

The loss allowance provision as at 31 May 2019 is determined as follows, the expected credit losses below also incorporate forward-looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

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

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

Trade receivables and contract assets (cont'd)

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix:

Singapore:

31 May 2019	**Gross carrying amount**	**Loss allowance provision**
	$'000	$'000
Contract assets	101,714	–
Trade receivables:		
Current	40,872	–
Less than 30 days past due	2,056	–
More than 30 days past due	842	–
More than 60 days past due	342	–
More than 90 days past due	329	–
More than 120 days past due	6,426	(2,538)
	50,867	(2,538)

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

During the financial year, the Group wrote-off $72,000 of trade receivables which are more than 180 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk are represented by:

– The carrying amount of each class of financial assets recognised in the statements of financial position as disclosed in Note 35.
– A nominal amount of $593,617,000 (31 May 2018: $523,071,000, 1 June 2017: $262,662,000) relating to corporate guarantee provided by the Group to the banks on joint ventures and associates' bank loans.
– A nominal amount of $437,141,000 (31 May 2018: $511,334,000, 1 June 2017: $547,843,000) relating to corporate guarantee provided by the Group to the banks on subsidiaries' bank loans and bills payable.
– A nominal amount of $4,700,000 (31 May 2018: $5,648,000, 1 June 2017: $6,999,000) relating to corporate guarantee provided by the Group to the banks on subsidiaries' obligations under hire purchase.

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

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

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables, amounts due from joint ventures and associates (trade), on an on-going basis. The credit risk concentration profile of the Group's trade receivables from third parties, joint ventures and associates at the end of the reporting period is as follows:

	Group					
	31 May 2019		**31 May 2018**		**1 June 2017**	
	$'000	% of total	$'000	% of total	$'000	% of total
Trade receivables from third parties:						
By country:						
Singapore	43,738	100	49,198	97	27,000	100
Australia	–	–	1,265	3	93	*
	43,738	100	50,463	100	27,093	100
By industry sectors:						
Construction	38,805	89	35,321	70	23,716	88
Property development	4,315	10	13,417	27	2,309	9
Investment holding	521	1	1,710	3	976	3
Dormitory	97	*	15	*	92	*
	43,738	100	50,463	100	27,093	100
Amounts due from joint ventures and associates (trade):						
By country:						
Singapore	4,591	100	5,499	100	11,959	100
By industry sectors:						
Construction	4,591	100	5,499	100	11,959	100

* Amount less than 1%.

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

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

Credit risk concentration profile (cont'd)

At the end of the reporting period, approximately:

– 62% (31 May 2018: 34%, 1 June 2017: 29%) of the Group's trade receivables from third parties were due from 5 major customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 13, 14 and 15.

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the end of the reporting period, approximately 54% (31 May 2018: 52%, 1 June 2017: 38%) of the Group's loans and borrowings (Notes 20 and 21) will mature in less than one year based on the carrying amount reflected in the financial statements. The Company has no (31 May 2018: Nil, 1 June 2017: Nil) loans and borrowings at the end of the reporting period.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

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

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

	Group			
Financial liabilities:	**One year or less**	**One to five years**	**Over five years**	**Total**
	$'000	$'000	$'000	$'000
At 31 May 2019:				
Trade and other payables	161,983	3,067	–	165,050
Amounts due to joint ventures	2,152	–	–	2,152
Amounts due to associates	1,126	–	–	1,126
Accruals	23,246	–	–	23,246
Bank loans and bills payable	321,069	176,192	145,593	642,854
Obligations under hire purchase	2,098	3,297	4	5,399
Total undiscounted financial liabilities	511,674	182,556	145,597	839,827
At 31 May 2018:				
Trade and other payables	154,460	2,978	–	157,438
Amounts due to joint ventures	4,619	–	–	4,619
Amounts due to associates	8,616	–	–	8,616
Accruals	24,774	–	–	24,774
Bank loans and bills payable	342,517	151,904	220,592	715,013
Obligations under hire purchase	3,434	2,410	–	5,844
Total undiscounted financial liabilities	538,420	157,292	220,592	916,304
At 1 June 2017:				
Trade and other payables	183,245	2,109	–	185,354
Amounts due to joint ventures	17,817	–	–	17,817
Amounts due to associates	1,361	–	–	1,361
Accruals	18,280	–	–	18,280
Bank loans and bills payable	272,480	254,066	227,577	754,123
Obligations under hire purchase	3,926	3,291	–	7,217
Total undiscounted financial liabilities	497,109	259,466	227,577	984,152

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

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

	Company			
Financial liabilities:	**One year or less**	**One to five years**	**Over five years**	**Total**
	$'000	$'000	$'000	$'000
At 31 May 2019:				
Trade and other payables	33	–	–	33
Accruals	131	–	–	131
Amounts due to associates	76	–	–	76
Amounts due to subsidiaries	268,237	1,696	–	269,933
Total undiscounted financial liabilities	268,477	1,696	–	270,173
At 31 May 2018:				
Trade and other payables	38	–	–	38
Accruals	268	–	–	268
Amounts due to associates	76	–	–	76
Amounts due to subsidiaries	246,627	5,905	–	252,532
Total undiscounted financial liabilities	247,009	5,905	–	252,914
At 1 June 2017:				
Trade and other payables	39	–	–	39
Accruals	196	–	–	196
Amounts due to associates	76	–	–	76
Amounts due to subsidiaries	257,879	10,211	–	268,090
Total undiscounted financial liabilities	258,190	10,211	–	268,401

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

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

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Group and Company			
	One year or less	**One to five years**	**Over five years**	**Total**
	$'000	$'000	$'000	$'000
31 May 2019				
Financial guarantees	309,898	607,181	118,379	1,035,458
31 May 2018				
Financial guarantees	306,517	569,595	163,941	1,040,053
1 June 2017				
Financial guarantees	349,728	250,359	210,418	810,505

(c) ***Interest rate risk***

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

As at 31 May 2018 and 1 June 2017, the Group has an interest rate swap instrument with notional amount totalling $25,750,000. The negative fair value was recognised as derivative financial liability of $91,000 and $449,000 as at 31 May 2018 and 1 June 2017 respectively (Note 18).

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD, AUD, HKD and USD interest rates had been 75 (2018: 75) basis points lower/higher with all other variables held constant, the Group's profit net of taxation would have been $3,184,000 (2018: $3,916,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The interest capitalised in development properties would have been $392,000 (2018: $268,000) lower/higher. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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

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

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

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, namely Australia, Malaysia, China and United Kingdom. The Group's net investments in Australia, Malaysia, China and United Kingdom are not hedged as currency positions in AUD, MYR, RMB and GBP are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, USD, MYR, RMB, GBP and HKD exchange rates (against SGD), with all other variables held constant, on the Group's profit net of taxation.

			2019	**2018**
			$'000	$'000
			Profit net of taxation	Profit net of taxation
AUD	-	strengthened 5% (2018: 5%)	1,009	1,162
	-	weakened 5% (2018: 5%)	(1,009)	(1,162)
USD	-	strengthened 5% (2018: 5%)	521	102
	-	weakened 5% (2018: 5%)	(521)	(102)
MYR	-	strengthened 5% (2018: 5%)	60	713
	-	weakened 5% (2018: 5%)	(60)	(713)
RMB	-	strengthened 5% (2018: 5%)	199	209
	-	weakened 5% (2018: 5%)	(199)	(209)
GBP	-	strengthened 5% (2018: 5%)	1,171	936
	-	weakened 5% (2018: 5%)	(1,171)	(936)
HKD	-	strengthened 5% (2018: 5%)	(10)	3
	-	weakened 5% (2018: 5%)	10	(3)

(e) ***Market price risk***

Market price risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity investments. The quoted equity investments are classified as financial assets at FVPL and financial assets at FVOCI (31 May 2018 and 1 June 2017: held for trading and available-for-sale financial assets).

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

(e) *Market price risk* (cont'd)

Sensitivity analysis for equity price risk

At the end of reporting period, if the prices for the quoted equity investments had been 5% (31 May 2018: 5%, 1 June 2017: 5%) higher/lower with all other variables held constant, the Group's other reserve in equity would have been $2,850,000 (31 May 2018: $1,002,000, 1 June 2017: $931,000) higher/lower, arising as a result of an increase/decrease in the fair value of quoted equity investments classified as financial assets at FVOCI (31 May 2018 and 1 June 2017: available-for-sale financial assets). The Group's profit before taxation would have been $157,000 (2018: $173,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as financial assets at FVPL (2018: held for trading financial assets).

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 May 2019 and 31 May 2018.

The Group monitors capital using gearing ratio, which is net debt divided by total capital. Net debt includes total liabilities less provision for taxation, deferred tax liabilities and cash and cash equivalents. Total capital includes equity attributable to owners of the Group less fair value adjustment reserve. Adopting a conservative approach, the Group includes the corporate guarantee provided to the banks on joint ventures and associates' bank loans when calculating the gearing ratio.

The Group is in compliance with externally imposed financial covenants as at 31 May 2019, 31 May 2018 and 1 June 2017.

	Group	
	2019	**2018**
	$'000	$'000
Total liabilities	818,681	868,539
Less: Provision for taxation	(8,111)	(18,606)
Less: Deferred tax liabilities (Note 22)	(4,165)	(5,271)
Less: Cash and cash equivalents (Note 16)	(179,924)	(209,214)
Net debt [a]	626,481	635,448
Financial guarantee provided to the banks for bank loans drawn down by joint ventures and associates of the Group (Note 36)	593,617	523,071
Total liabilities exposure [b]	1,220,098	1,158,519
Equity attributable to the owners of the Company	694,060	674,672
Less: Fair value adjustment reserve	8,005	(2,769)
Total capital [c]	702,065	671,903
Gearing ratio		
Excluding financial guarantee provided to the banks for bank loans drawn down by joint ventures and associates of the Group [a]/[c]	0.89	0.95
Including financial guarantee provided to the banks for bank loans drawn down by joint ventures and associates of the Group [b]/[c]	1.74	1.72

38. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four operating segments as follows:

(i) The construction segment is in the business of constructing residential, institutional, industrial and commercial properties as the main contractor. To a lesser extent, it also undertakes civil engineering projects in both private and public sectors. The construction segment also involves the sale of construction materials such as concrete and asphalt and provision of engineering services and leasing of construction machinery.

(ii) The dormitory segment is involved in the rental of dormitory units and provision of dormitory service.

(iii) The investment holding segment holds investments in quoted and unquoted securities and properties for long-term capital appreciation, rental, as well as dividend yields.

(iv) The property development segment is involved in the development and sale of properties (residential, commercial and industrial), as well as the provision of property management services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES
TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

38. Segment information (cont'd)

	Construction		Dormitory	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Revenue:				
External customers	291,719	174,539	23,108	22,302
Inter-segment	7,030	78,398	–	111
Total revenue	298,749	252,937	23,108	22,413
Results:				
Interest income	370	541	1,915	1,737
Dividend income	457	533	–	–
Finance cost	878	935	5,102	4,495
Depreciation and amortisation	12,349	13,595	186	288
Share of results of joint ventures	796	5,108	–	–
Share of results of associates	–	–	5,606	6,130
Fair value gain/(loss) on investment properties	150	(10)	–	–
Other non-cash expenses:				
Amortisation of other assets	76	183	–	–
Amortisation of capitalised contract and fulfilment cost	–	–	–	–
Impairment loss of financial assets	1,192	260	–	–
Bad debts written off	70	7	–	3
Goodwill written off	9	–	–	–
Segment profit/(loss)	6,883	26,733	19,939	20,259

	Construction	Dormitory
	$'000	$'000
31 May 2019:		
Assets:		
Investment in joint ventures	12,687	–
Investment in associates	–	20,224
Additions to non-current assets	13,692	82
Segment assets	542,549	342,618
Segment liabilities	228,384	168,961
31 May 2018:		
Assets:		
Investment in joint ventures	11,890	–
Investment in associates	–	14,618
Additions to non-current assets	6,462	55
Segment assets	517,614	351,597
Segment liabilities	205,711	176,135
1 June 2017:		
Assets:		
Investment in joint ventures	6,932	–
Investment in associates	–	8,488
Additions to non-current assets	2,352	186
Segment assets	538,287	285,139
Segment liabilities	244,864	183,439

38. Segment information (cont'd)

Investment holding		**Property development**		**Adjustments and eliminations**		**Notes**	**Per consolidated financial statements**	
2019	**2018**	**2019**	**2018**	**2019**	**2018**		**2019**	**2018**
$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
24,319	20,271	47,645	189,848	–	–		386,791	406,960
8,409	54,514	–	–	(15,439)	(133,023)	A	–	–
32,728	74,785	47,645	189,848	(15,439)	(133,023)		386,791	406,960
8,490	8,263	1,976	188	(1,184)	(327)		11,567	10,402
1,290	1,354	–	–	–	–		1,747	1,887
10,006	8,689	2,798	3,386	(1,184)	(327)		17,600	17,178
2,993	878	125	22	(17)	(4)		15,636	14,779
5,771	577	(34)	3,297	–	–		6,533	8,982
1,417	(259)	(7,269)	(1,380)	–	–		(246)	4,491
3,350	5,489	–	–	–	4,178		3,500	9,657
–	–	–	–	–	–		76	183
–	–	17,477	51,657	–	–		17,477	51,657
830	2,950	–	–	–	–		2,022	3,210
2	–	–	–	–	–		72	10
–	–	–	–	–	–		9	–
17,868	42,148	(2,166)	32,691	1,963	(1,872)	B	44,487	119,959

Investment holding	**Property development**	**Adjustments and eliminations**	**Notes**	**Per consolidated financial statements**
$'000	$'000	$'000		$'000
3,298	3,176	(64)		19,097
30,262	(9,373)	(38)		41,075
110	492	–	C	14,376
898,520	317,807	(462,681)	D	1,638,813
618,253	147,534	(344,451)	E	818,681
(2,472)	9,710	(64)		19,064
27,436	7,255	(74)		49,235
3,334	311	(270)	C	9,892
907,294	356,404	(457,869)	D	1,675,040
623,335	198,413	(335,055)	E	868,539
(4)	27,778	–		34,706
27,003	7,946	–		43,437
286,907	3	(8,958)	C	280,490
870,368	318,887	(413,549)	D	1,599,132
693,155	209,460	(405,789)	E	925,129

NOTES
TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

38. Segment information (cont'd)

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

A. Inter-segment revenues are eliminated on consolidation.

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

	Group	
	2019	**2018**
	$'000	$'000
Profit from inter-segment sales	1,963	(1,872)

C. Additions to non-current assets consist of additions to property, plant and equipment, investment properties and investment properties under construction.

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

		Group	
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Investment in associates	41,075	49,235	43,437
Investment in joint ventures	19,097	19,064	34,706
Inter-segment assets	(523,405)	(526,285)	(491,941)
Deferred tax assets	66	117	249
Tax recoverable	486	–	–
	(462,486)	(457,869)	(413,549)

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

		Group	
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Deferred tax liabilities	4,165	5,271	1,861
Provision for taxation	8,111	18,606	8,497
Inter-segment liabilities	(356,727)	(358,932)	(416,147)
	(344,451)	(335,055)	(405,789)

38. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		**Non-current assets**		
			31 May	**31 May**	**1 June**
	2019	**2018**	**2019**	**2018**	**2017**
	$'000	$'000	$'000	$'000	$'000
Singapore	386,791	370,289	690,643	688,355	711,251
Australia	–	36,671	–	–	56,186
China	–	–	419	473	–
	386,791	406,960	691,062	688,828	767,437

Non-current assets information presented above consists of property, plant and equipment and investment properties as presented in the consolidated statement of financial position.

Information about major customers

Revenue from two (2018: one) major customer arising from the construction segment amounted to $176,928,000 (2018: $80,343,000).

39. Dividends

	Group and Company	
	2019	**2018**
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares:		
- Exempt (one-tier) dividend for 2018: Final dividend of 1.25 cent per share (2017: Final dividend of 1.25 cent per share)	6,246	6,246
- Exempt (one-tier) dividend for 2019: Interim dividend of 1.00 cent per share (2018: Interim dividend of 1.00 cent per share)	4,997	4,997
	11,243	11,243
Proposed but not recognised as a liability as at 31 May		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Exempt (one-tier) dividend for 2019: Final dividend of 1.25 cent per share (2018: Final dividend of 1.25 cent per share)	6,246	6,246

NOTE TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

40. Events occurring after the reporting period

Subsequent to the financial year end:

(i) In July 2019, the Group's 30%-owned associated company, Wickham 186 Pty Ltd ("Wickham") completed the acquisition of 67% of the issued and paid-up share capital of 186 Wickham Street (Residential) Pty Ltd ("186 Wickham").

The purchase consideration for the acquisition is AUD 5,500,000, including a discharge of the shareholder loan of AUD 2,202,000. Following the completion of the acquistion of 186 Wickham, Wickham holds 100% of the issued and paid-up share capital of 186 Wickham. 186 Wickham is a property development and property investment holding company which holds a freehold land at 186 Wickham Street in Brisbane, Australia.

41. Authorisation of financial statements

The financial statements for the year ended 31 May 2019 were authorised for issue in accordance with a resolution of the directors on 21 August 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 15 AUGUST 2019

SHARE CAPITAL

Issued and fully paid-up capital	–	S$83,666,121.52
Number of shares (excluding treasury shares)	–	499,689,200
Number of Treasury Shares held	–	30,070,800 (5.68%)
Subsidiary holdings	–	Nil
Class of shares	–	Ordinary shares
Voting rights	–	1 vote per share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 58.47% of the issued ordinary shares of the Company (excluding 30,070,800 treasury shares) were held in the hands of the public as at 15 August 2019 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	5	0.11	78	0.00
100 - 1,000	247	5.21	206,652	0.04
1,001 - 10,000	2,549	53.81	16,103,929	3.22
10,001 - 1,000,000	1,903	40.17	111,936,760	22.40
1,000,001 and above	33	0.70	371,441,781	74.34
Total	**4,737**	**100.00**	**499,689,200**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No	Name of Shareholder	Number of Shares Held	Percentage
1	Ong Sek Chong & Sons Pte Ltd	94,056,500	18.82
2	DBS Nominees Pte Ltd	47,203,066	9.45
3	Citibank Nominees Singapore Pte Ltd	37,529,700	7.51
4	HSBC (Singapore) Nominees Pte Ltd	31,151,100	6.23
5	Ong Pang Aik	28,325,400	5.67
6	United Overseas Bank Nominees Pte Ltd	23,763,000	4.76
7	Ong Lay Huan	16,011,999	3.21
8	Ong Bee Dee	12,637,000	2.53
9	UOB Kay Hian Pte Ltd	8,986,800	1.80
10	Raffles Nominees (Pte) Limited	8,711,500	1.74

STATISTICS OF SHAREHOLDINGS

AS AT 15 AUGUST 2019

No	Name of Shareholder	Number of Shares Held	Percentage
11	Ong Lay Koon	8,539,200	1.71
12	Phillip Securities Pte Ltd	7,307,600	1.46
13	Maybank Kim Eng Securities Pte Ltd	6,132,898	1.23
14	OCBC Securities Private Limited	5,992,829	1.20
15	Yong Woon Chong	3,325,500	0.67
16	Yeo Wei Huang	2,900,000	0.58
17	DBS Vickers Securities (Singapore) Pte Ltd	2,768,300	0.55
18	Teo Kee Bock	2,700,800	0.54
19	Sik Soo Ching Susan	2,488,000	0.50
20	Sik Pei Shan (Xue Peishan)	2,469,000	0.49
		353,000,192	70.65

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	No. of Shares	% [1]	No. of Shares	% [1]
Ong Sek Chong & Sons Pte Ltd[2]	94,056,500	18.82	55,000,000	11.01
Ong Pang Aik[3]	28,325,400	5.67	149,056,500	29.83
Ong Lay Huan[4]	16,011,999	3.21	149,056,500	29.83

Notes:

(1) Based on total issued and paid-up ordinary share capital (excluding 30,070,800 treasury shares) comprising 499,689,200 Shares.

(2) Ong Sek Chong & Sons Pte. Ltd. is deemed to be interested in 55,000,000 ordinary shares registered in the name of nominee accounts.

(3) Ong Pang Aik's deemed interest refer to 149,056,500 shares held by Ong Sek Chong & Sons Pte. Ltd. by virtue of Section 7 of the Companies Act.

(4) Ong Lay Huan's deemed interest refer to 149,056,500 shares held by Ong Sek Chong & Sons Pte. Ltd. by virtue of Section 7 of the Companies Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of LIAN BENG GROUP LTD (the "**Company**") will be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on Friday, 27 September 2019 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 May 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final (tax exempt one-tier) dividend of 1.25 cents per ordinary share for the financial year ended 31 May 2019. **(Resolution 2)**

3. To re-elect the following Directors retiring under Regulation 107 of the Company's Constitution:

   Mr Ong Pang Aik [see explanatory note 1] **(Resolution 3)**
   Mr Ang Chun Giap [see explanatory note 2] **(Resolution 4)**

4. To approve the payment of Directors' fees of up to S$170,000 for the financial year ending 31 May 2020 to be paid quarterly in arrears. (2019: S$170,000). [see explanatory note 3] **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS:-

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

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

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

   (i) (aa) allot and issue shares, whether by way of rights, bonus or otherwise; and/or

   (bb) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of such authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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

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

NOTICE OF
ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph 2 below) of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph 2 below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 1 above, the percentage of issued shares shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(bb) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company;

(4) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." *[see explanatory note 4]*

7. **Renewal of Share Buy Back Mandate** **(Resolution 8)**

"That:

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

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

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

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

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or is required by law to be held;

(ii) the date on which the share buy back is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(d) for purposes of this Resolution:

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

NOTICE OF
ANNUAL GENERAL MEETING

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

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

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and
(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

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

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

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

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution; and

(f) Shareholders by voting to approve the Share Buy Back Mandate are waiving their rights to a general offer at a required price from Ong Directors (as defined in the Addendum) and parties acting in concert with them." [see explanatory note 5]

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

BY ORDER OF THE BOARD

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries
Singapore

11 September 2019

NOTICE OF
ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. Mr Ong Pang Aik will, upon re-election as a Director of the Company, remain as Chairman and Managing Director of the Company. Further information on Mr Ong Pang Aik can be found in the Company's Annual Report 2019. Please refer to pages 41 to 48 of the Annual Report 2019 for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

2. Mr Ang Chun Giap will, upon re-election as a Director of the Company, remain as Independent Director of the Company and the member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. Mr Ang Chun Giap is considered by the Board to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Ang Chun Giap does not have any relationships including immediate family relationships between himself and the Directors, the Company, its related corporations, its 10% shareholders or its officers. Further information on Mr Ang Chun Giap can be found in the Company's Annual Report 2019. Please refer to pages 41 to 48 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

3. The proposed Ordinary Resolution 5 proposed in item 4 above is to seek approval for the payment of up to S$170,000 as directors' fees on a current year basis, that is for the financial year ending 31 May 2020. In the event that the amount proposed is insufficient, approval will be sought at the next year's annual general meeting for payments to meet the shortfall.

4. The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue shares up to 50% of the Company's issued share capital, with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

5. The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company from the date of the AGM until the date of the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the source of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum accompanying this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two (2) proxies to attend and vote instead of him.

(ii) Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

(iv) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 29 Harrison Road, Lian Beng Building, Singapore 369648 not less than 48 hours before the time appointed for holding the above Meeting.

(vi) All resolutions put to vote at the AGM shall be decided by way of poll.

(vii) A Depositor's name must appear on the Depositor Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the above Meeting in order for the Depositor to be entitled to attend and vote at the above Meeting.

Personal data privacy:

By attending, speaking, proposing, seconding and/or voting at the AGM and/or by a member of the Company submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and/or vote at the AGM and/or any adjournment thereof, the person/member (i) understands and accepts that photographs, images, audio and/or video recordings and transcripts of the AGM may be taken and/or made by the Company (and/or its agents and service providers), (ii) consents to the collection, use and disclosure of the person's/member's and its proxy(ies)'s or representative(s)'s personal data by the Company (and/or its agents and service providers) for legal, regulatory, compliance, corporate policies, procedures and administration, corporate actions, corporate communications and investor relations purposes and for the purposes of the processing, administration and record keeping by the Company (and/or its agents and service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation, compilation, recording, keeping of the attendance lists, transcripts, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and/or its agents and service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines and for publication and/or use in the Company's Annual Report, corporate brochures, newsletters, publications, materials and/or corporate website by the Company (and/or its agents and service providers) (collectively, the "**Purposes**"), (iii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (and/or its agents and service providers), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and/or its agents and service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

LIAN BENG GROUP LTD
Registration No. 199802527Z
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 September 2019.

"Personal data" in the proxy form has the same meaning as "personal data" in the Personal Data Protection Act 2012 ("PDPA"), which includes your and your proxy's and/or representative's name, address and NRIC/Passport No.

I/We, ______________________________ (Name)

NRIC/Passport number/Company Registration No.* ______________________________

______________________________ (Address)

being a member/members of **LIAN BENG GROUP LTD** (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or *

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the AGM of the Company to be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on Friday, 27 September 2019 at 10.00 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion.

	Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Ordinary Resolutions relating to:-	Number of Votes For **	Number of Votes Against**
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 May 2019		
2.	Payment of proposed final dividend of 1.25 cents per ordinary share for the financial year ended 31 May 2019		
3.	Re-election of Mr Ong Pang Aik as a Director of the Company		
4.	Re-election of Mr Ang Chun Giap as a Director of the Company		
5.	Approval of Directors' fees of up to S$170,000 for the financial year ending 31 May 2020 to be paid quarterly in arrears		
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company		
7.	Authority to allot and issue shares pursuant to the General Share Issue Mandate		
8.	Renewal of Share Buy Back Mandate		

* *Delete accordingly*

** *If you wish to exercise all your votes "For" or "Against", please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ____________ day of __________________ 2019.

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

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at an AGM of the Company. Where such member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at an AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity:

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 29 Harrison Road, Lian Beng Building, Singapore 369648 not less than 48 hours before the time appointed for the AGM.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.

10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by the Depository to the Company.

LIAN BENG GROUP LTD
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