





## OUR VISION

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

## OUR MISSION

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

## OUR CORE VALUES

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

### **INTEGRITY**

Uncompromising honesty, fairness and accountability in everything we do

### **MARK**

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

### **PASSION**

Doing whatever it takes to deliver what we promise

### **RESOURCEFULNESS**

Pioneering creative solutions for business and operational transformation

### **EXCEPTIONAL VALUE**

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

### **SAFETY**

Committing to a Zero Accident policy, upholding respect for life

### **SERVICE EXCELLENCE**

Exceeding expectations, building trust to keep our clients returning

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# HIGHLIGHTS

## 2017

### AUGUST

- Conferred two awards for Excellence in Construction Quality from CIDB (Construction Industry Development Board) Malaysia :
  - Twin Palms, Sungai Long's Westiara Bungalows, Phase 3A(1)
  - Twin Palms, Kemensah's Calypso Bungalows, Phase 2

### OCTOBER

- Secured an \$85.7 million contract from Corwin Holding for the building works of Tekka Place, an integrated development at 2 Serangoon Road
- Conferred the Building and Construction Authority's (BCA) Building Information Modelling (BIM) Awards 2017 :
  - GoldPlus for Northpoint City
  - Gold for Kampung Admiralty and The Glades.

### NOVEMBER

- Kampung Admiralty accorded the Outstanding and Excellence Awards (Community Facility) at the Skyrise Greenery Awards 2017
- Completion of Northpoint City's retail complex
- Launched 16 Latania semi-detached homes and bungalows at Twin Palms, Sungai Long

### DECEMBER

- Joint venture with CapitaLand to acquire Main Airport Center, an office building in Frankfurt, Germany

## 2018

### JANUARY

- Secured a \$136.9 million contract from PSA Corporation for the construction of PSA Singapore's corporate headquarters, and additions and alteration works at the existing Pasir Panjang Terminal Building 3

### FEBRUARY

- Incorporation of Lum Chang Interior Pte Ltd
- Obtained Temporary Occupation Permit (TOP) for high specification industrial building at Kallang

### JUNE

- Secured a \$147.5 million JTC Corporation contract for the construction of a new industrial development at Woodlands North Coast
- Completed the construction of 12 Latania semi-detached homes and bungalows at Twin Palms, Sungai Long

### JULY

- Investment of up to 50% in Malaysia-incorporated Daehan Rehabilitation Services Sdn Bhd
- Won the Gold Award in the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health & Safety Awards 2018
- Won the Workplace Safety and Health (WSH) Performance (Silver) Award, at the WSH Awards 2018





## CORPORATE PROFILE



From its modest beginnings as a sole proprietorship in the 1940s, Lum Chang has grown to become a leading construction firm listed on the Singapore Exchange, backed by a portfolio of projects valued at over \$9.5 billion.

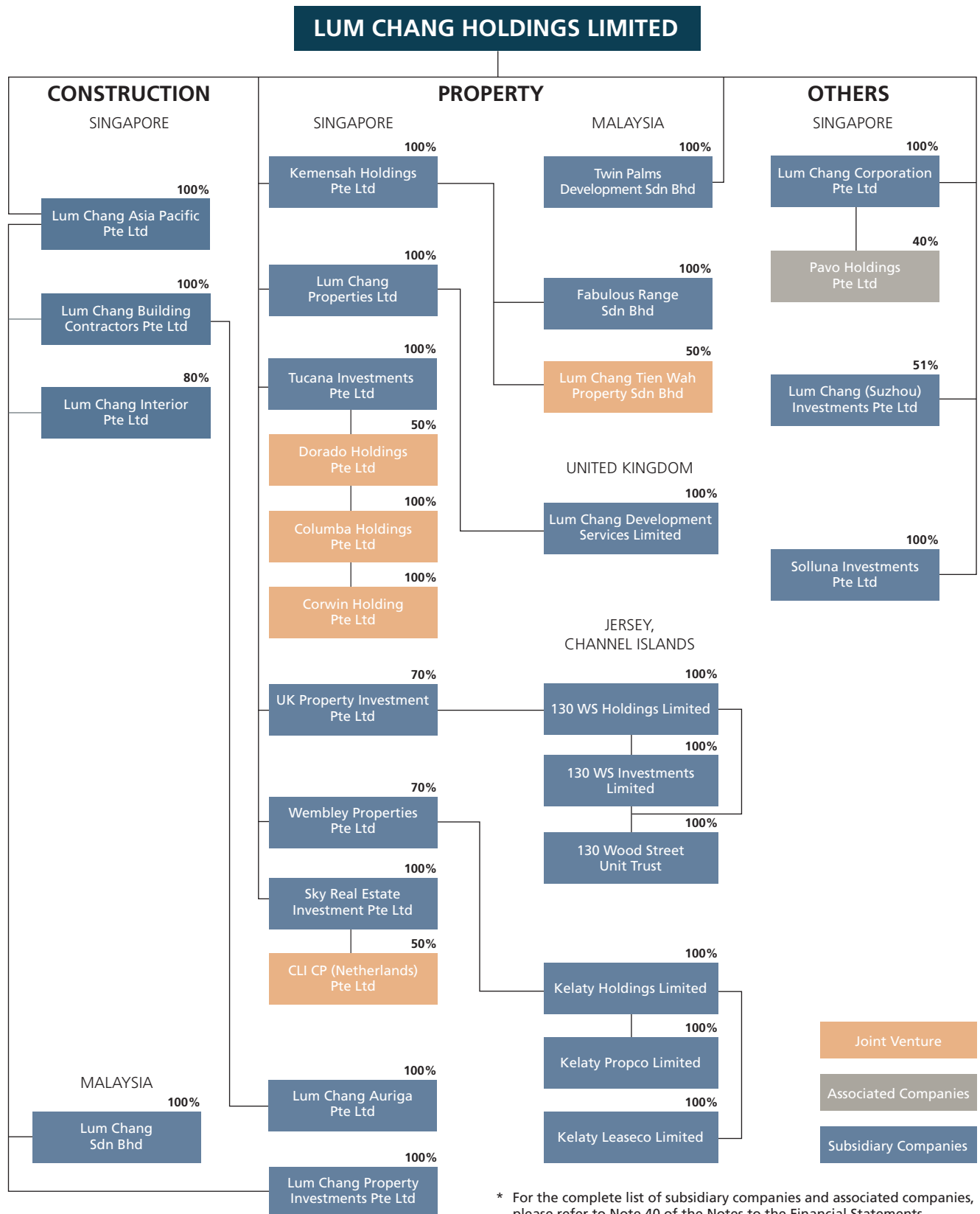
With firm foundations built upon more than seven decades in construction, the Group has also taken the leap to diversify its talents in property investment and development. Today, the twin pillars of Lum Chang are construction and property. The success of the Group is recognised through its impressive diversity of award-winning residential and commercial developments in Singapore and Malaysia.

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

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

# CORPORATE STRUCTURE

As at 14 September 2018



## BOARD OF DIRECTORS



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



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

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

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

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

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

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

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

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

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

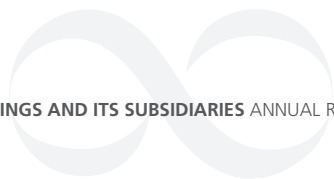
Mr Fong was trained in a firm of Chartered Accountants in the United Kingdom and is a member of the Association of Chartered Certified Accountants and the Institute of Singapore Chartered Accountants.

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

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

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

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



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

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

He also serves as an independent director of the following listed companies: Haw Par Corporation Limited, Marco Polo Marine Ltd, Mun Siong Engineering Limited and Singapore Reinsurance Corporation Ltd. He is also a director of the Singapore Heart Foundation.

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

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

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

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

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

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

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

Mr Chua has extensive experience in banking and finance, having made his career in the course of over 34 years in three international and renowned banks, in functional areas of corporate banking and general management. Before striking out on his own in 2009, Mr Chua was the Managing Director of Enterprise Banking at DBS Bank Ltd, where he had spent more than 20 years. He also serves as an independent director of GKE Corporation Limited.

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

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

Mr Leow is the Chief Executive Officer and Executive Director of Crowe Horwath Capital Pte Ltd and was previously Head of Corporate Finance of Partners Capital (Singapore) Pte Ltd. Mr Leow, who has held various senior positions in corporate finance and banking in Singapore, has more than 18 years of corporate finance experience, primarily in initial public offerings, mergers and acquisitions, and corporate advisory transactions. He has also been appointed to the Institute of Banking and Finance Singapore's Capital Markets and Financial Markets Working Group.

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

Mr Leow graduated from Cornell University with a Bachelor of Science in Applied Economics in 1994. He also holds a Master's degree in Business Administration and a Postgraduate Diploma in Financial Strategy from the University of Oxford. He completed the Governance as Leadership Program at Harvard University and is a member of the Singapore Institute of Directors.

He also serves as an executive committee member and 2nd Vice President at the Singapore Tennis Association and was awarded the Singapore Armed Forces Good Service Medal in 2007.

# PRESENT AND PAST DIRECTORSHIPS

As at 14 September 2018

## RAYMOND LUM KWAN SUNG

### Present Directorships

Lum Chang Holdings Limited \*

Lum Chang Asia Pacific Pte Ltd

Lum Chang Auriga Pte Ltd

Lum Chang Building Contractors Pte Ltd

Lum Chang Corporation Pte Ltd

Lum Chang Properties Ltd

Lum Chang Property Investments Pte Ltd

Lum Chang (Suzhou) Investments Pte Ltd

Binjai Holdings Pte Ltd

Singapore-Suzhou Township Development Pte Ltd #

Sky Real Estate Investment Pte Ltd

UK Property Investment Pte Ltd

Lum Chang Sdn Bhd

Arandeur Holdings Pte Ltd

Lum Chang Investments Pte Ltd

SG Link Pte Ltd

Kwong Wai Shiu Hospital & Nursing Home

### Past Directorships over the Preceding Three Years

Lum Chang Orion Pte Ltd

Lum Chang Realty Pte Ltd

London Property Investment Pte Ltd

## DAVID LUM KOK SENG

### Present Directorships

Lum Chang Holdings Limited \*

Lum Chang Asia Pacific Pte Ltd

Lum Chang Auriga Pte Ltd

Lum Chang Building Contractors Pte Ltd

Lum Chang Corporation Pte Ltd

Lum Chang Properties Ltd

Lum Chang Property Investments Pte Ltd

Lum Chang (Suzhou) Investments Pte Ltd

Binjai Holdings Pte Ltd

Kemensah Holdings Pte Ltd

Singapore-Suzhou Township Development Pte Ltd

Tucana Investments Pte Ltd

Wembley Properties Pte Ltd

Lum Chang Tien Wah Property Sdn Bhd

FCL Compassvale Pte Ltd

Pavo Holdings Pte Ltd

Arandeur Holdings Pte Ltd

Beverian Holdings Pte Ltd

Bevrian Pte Ltd

DML London Pte Ltd

The DL Grind Pte Limited

Nanyang Girls' High School Ltd

Nanyang International Education (Holdings) Limited

Kwong Wai Shiu Hospital & Nursing Home

### Past Directorships over the Preceding Three Years

Lum Chang Orion Pte Ltd

Lum Chang Realty Pte Ltd

Sungei Long Holdings Pte Ltd

Lum Chang Sdn Bhd

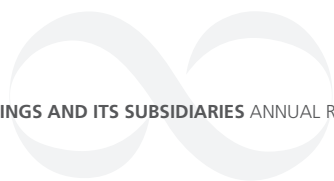
Fabulous Range Sdn Bhd

Uptown Viewpoint Sdn Bhd

Urban Assignment Sdn Bhd

Venus Capital Corporation Sdn Bhd





## TONY FONG

### Present Directorships

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

### Past Directorships over the Preceding Three Years

Lum Chang Orion Pte Ltd  
 Lum Chang Realty Pte Ltd  
 Sungei Long Holdings Pte Ltd  
 Lum Chang UK Properties Limited  
 Pembridge Palace Holdco Limited  
 Pembridge Palace Propco Limited

## KELVIN LUM WEN SUM

### Present Directorships

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

### Past Directorships over the Preceding Three Years

London Property Investment Pte Ltd  
 SV Probe Pte Ltd  
 Tokyo Cathode Laboratory (S) Pte Ltd  
 Veight Investments Pte Ltd

## **PETER SIM SWEE YAM**

### **Present Directorships**

Lum Chang Holdings Limited \*

Gravitas Alliance International Pte Ltd

Haw Par Corporation Limited \*

Marco Polo Marine Ltd \*

Mun Siong Engineering Limited \*

Sim Law Practice LLC

Singapore Heart Foundation

Singapore Reinsurance Corporation Ltd \*

SKB & Associates Pte Ltd

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

Infinity Capital Partners (S) Pte Ltd

Young Men's Christian Association of Singapore

## **DR WILLIE LEE LENG GHEE**

### **Present Directorships**

Lum Chang Holdings Limited \*

Clinic @ T3 Hotel LLP

## **DANIEL SOH CHUNG HIAN**

### **Present Directorships**

Lum Chang Holdings Limited \*

Agency for Integrated Care Pte Ltd

British and Malayan Holdings Limited \*

British and Malayan Trustees Limited \*

JDJ Investment Pte Ltd

Vicom Ltd \*

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

Eu Yan Sang International Ltd \*

QAF Limited \*

## **ANDREW CHUA THIAM CHWEE**

### **Present Directorships**

Lum Chang Holdings Limited \*

GKE Corporation Limited \*

SME Care Pte Ltd

SME Care Holdings Pte Ltd

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

Transcorp Holdings Limited \*

## **CLEMENT LEOW WEE KIA**

### **Present Directorships**

Lum Chang Holdings Limited \*

Crowe Horwath Capital Pte Ltd

Ellipsiz Ltd \*

Grand Team Technologies Limited

MSM International Limited \*

Overseas Education Limited \*

\* Public-listed company

# Alternate Director

## SENIOR MANAGEMENT



### TAN WEY PIN

Mr Tan Wey Pin joined Lum Chang Building Contractors (LCBC) in 2003 and was subsequently appointed Executive Director in 2007. Mr Tan was promoted to Managing Director of LCBC in 2010 and as Head of Construction, is responsible for managing the company's business as well as spearheading its growth.

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

### ADRIAN LUM WEN HONG

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

Prior to joining Lum Chang, Mr Lum held management positions whilst working locally and abroad.

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



### RINTU CHAKRAVARTHY

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

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



### PETER OW KWOK PHUI

Mr Peter Ow Kwok Phui joined LCH as Director, Property, in January 2017. He is responsible for managing the Group's property development projects in Singapore and overseas. He also explores new opportunities in Singapore and regionally.

Mr Ow has more than 35 years of industry experience in property development consultancy and investment. Prior to joining Lum Chang, Mr Ow was in Knight Frank for 23 years, where he last held the position of Managing Director for Residential Services.

Mr Ow graduated with a Bachelor of Science degree (Estate Management) from National University of Singapore.

### LIM THIAM HOOI

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

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

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



### FOO YOKE HENG

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

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

# CORPORATE DATA

## BOARD OF DIRECTORS

Raymond Lum Kwan Sung  
*Executive Chairman*

David Lum Kok Seng  
*Managing Director*

Tony Fong  
*Executive Director*

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

Peter Sim Swee Yam  
*Lead Independent Director*

Dr Willie Lee Leng Ghee  
*Independent Director*

Daniel Soh Chung Hian  
*Independent Director*

Andrew Chua Thiam Chwee  
*Independent Director*

Clement Leow Wee Kia  
*Independent Director*

## REGISTERED OFFICE

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

## REGISTRARS & TRANSFER OFFICE

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

## COMPANY REGISTRATION NO.

198203949N

## AUDIT AND RISK COMMITTEE

Daniel Soh Chung Hian  
*Chairman*

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

## NOMINATING COMMITTEE

Dr Willie Lee Leng Ghee  
*Chairman*

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

## REMUNERATION COMMITTEE

Peter Sim Swee Yam  
*Chairman*

Dr Willie Lee Leng Ghee  
Andrew Chua Thiam Chwee

## COMPANY SECRETARIES

Tony Fong  
Tan Eng Chan Gerald

## INDEPENDENT AUDITOR

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

## PRINCIPAL BANKERS

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

# NETWORK OF OPERATIONS

## SINGAPORE

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

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

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

- Lum Chang Interior Pte Ltd

438 Alexandra Road  
#21-00, Alexandra Point  
Singapore 119958  
Tel: (65) 6318 9393  
Fax: (65) 6271 0811

- FCL Admiralty Pte Ltd
- FCL Compassvale Pte Ltd

## WEST MALAYSIA

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

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

## JERSEY, CHANNEL ISLANDS

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

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

## UNITED KINGDOM

30 Charles II Street  
London SW1Y 4AE  
Tel: 44 20 7205 7100

- Lum Chang Development Services Limited



# CHAIRMAN'S STATEMENT

## REVIEW OF BUSINESS OPERATIONS

On behalf of the Board of Directors, I am pleased to present the financial report of Lum Chang for the financial year ended 30 June 2018.

While Singapore's economy grew by 3.6% in 2017, it remained a challenging year for the construction industry, which continued to grapple with manpower shortage and rising operational costs. The industry shrank by 8.4% last year, a reversal of 1.9% growth in the previous year, due to weak private sector activities and the rescheduling of a few major public sector infrastructure projects, including the North-South Corridor.

Despite the challenging operating environment, the Group managed to achieve profitability through strict capital discipline and concerted efforts to build competitiveness. For FY2018, the Group managed to turn in a revenue of \$260.7 million, down 29% from \$369.0 million. Net profit attributable to shareholders increased 33% to \$24.9 million compared to \$18.7 million from the previous financial year. The successful year can be attributed to higher profits achieved from both the Construction and Property Divisions.



## DIVIDENDS

To express our appreciation to shareholders for their continued support given to the Group over the years, I am pleased to announce that the Board has recommended a final dividend payout of 1.5 cents per share to be approved by Shareholders in the forthcoming Annual General Meeting. Taking into account the 0.3 cents per share paid out in March 2018, the total dividend paid out for the financial year is 1.8 cents per share.

## PROPERTY & INVESTMENT

Construction for the Group's joint venture redevelopment project at Serangoon Road, Tekka Place, is well underway and progressing according to schedule. The integrated development comprises 320 serviced residences and a retail mall with approximately 70,000 square feet of net lettable area. Leasing activities for the retail mall has commenced and the integrated development is expected to be completed in the second half of 2019.

The Group has recently started construction for its prestigious residential project - One Tree Hill Collection. Comprising 12 semi-detached and two bungalows, the development is located at the junction of One Tree Hill and Jalan Arnap. To date, two units have been sold and the landed homes are scheduled to be completed in the first half of 2020.

In Malaysia, affordability and oversupply issues continue to hinder recovery and the market is expected to remain lacklustre. During the year under review, 22 units at Twin Palms, Sungai Long were sold. To date, 404 out of 573 units at Twin Palms, Sungai Long have been launched, with a total of 97% units sold.

Meanwhile, the development components for the mixed-use development at Petaling Jaya are being fine-tuned and will be adjusted to meet market requirements. It will offer residential apartments for sale, serviced residences to let and a two-level commercial podium that will offer F&B and conveniences for the residents of the property and its surrounding areas.

The Group just recently entered into a sale and purchase agreement to dispose part of the land of Kelaty House, intended to accommodate the student hostel component of the development. Upon completion, the transaction will yield a gain of approximately \$8.2 million in the current financial year. The Group will continue its plan to develop the serviced residences component at the same site and construction is targeted to begin in early 2019. Kelaty House is located in London's Wembley Regeneration Area.

Our Malaysian developments continue to garner industry recognition by winning yet another two awards for Excellence in Construction Quality from the Construction Industry Development Board (CIDB). The agency conferred the awards on Twin Palms, Sungai Long's Westiara Bungalows Phase 3A(1) and Twin Palms, Kemensah's Calypso Bungalows Phase 2.

On the investment front, the Group acquired a stake in Daehan Rehabilitation Services, a provider of integrated healthcare services in Malaysia, as part of our strategy to venture into new businesses for recurring income. The company has plans to run a private rehabilitation hospital in IOI Resort City in Putrajaya, which will commence operations in the first quarter of 2019. Capitalising on an opportunity to invest in our first European property outside the United Kingdom, we also took on a minority stake in CapitaLand's acquisition of Main Airport Centre, a freehold multi-tenanted office building in Frankfurt.

## CONSTRUCTION

The Construction Division continued to be our largest revenue contributor, reporting revenue of \$243.3 million, a decrease of 31% from the previous financial year.

During the year under review, our construction order book was boosted by the building work contract for the Group's Serangoon integrated development, the construction of PSA's Singapore corporate headquarters contract, and a contract from JTC for the building of its new industrial development at Woodlands North Coast. With these new awards, the Group's outstanding order book was \$648.3 million as at 30 June 2018.

Construction for ongoing projects including Tanah Merah Station (Contract T315), are progressing according to schedule. Phase 1A of Northpoint City and its retail complex were completed during the year under review, while Mapletree Industrial Trust's industrial building at Kallang Place received its TOP.

In February this year, we set up a new division, Lum Chang Interior (LCI), to capitalise on new business opportunities and take on specialised projects. LCI specialises in interior-retrofitting, conservation, additions and alterations projects, and has already started contributing to the revenue of the Group.

To cap off an exciting year, LCBC also brought home several of BCA's Building Information Modelling (BIM) Awards, namely for Northpoint City (GoldPlus) and a Gold award each for Kampung Admiralty and

The Glades. Kampung Admiralty also bagged the Outstanding and Excellence Awards for a communal facility, at the Skyrise Greenery Awards 2017.

Our efforts to promote workplace safety were also recognised both internationally and locally. The international Royal Society for the Prevention of Accidents (RoSPA) awarded LCBC with yet another Gold Award in the Occupational Health & Safety Awards 2018, while in Singapore they also took home the Silver Award at the Workplace Safety and Health (WSH) Awards 2018.

## SHARE BUY-BACK AND EMPLOYEE SHARE OPTION SCHEME

The Company did not purchase any of its own shares during the financial year ended 30 June 2018. In addition, no further share options were granted to employees as the scheme had expired last October after being in place for a decade. To date, 950,000 share options out of a total of 36,632,000 share options granted since 2007 remain outstanding and will lapse by 20 September 2018 if not exercised by then.

## THE BOARD AND MANAGEMENT

The Board members and I are pleased to welcome our new Independent Non-Executive Director, Mr Clement Leow, who was appointed to the Board in May 2018. He brings with him a wealth of experience in the finance industry and we look forward to his contribution to the Board.

We also welcome Mr Lim Thiam Hooi, who is Managing Director of our new division, LCI. Mr Lim has more than three decades of experience in the building industry, with nearly 20 years managing projects in this specialised field.

## SUSTAINABILITY REPORT

In affirmation of our commitment to sustainability, I am proud to introduce our maiden sustainability report guided by the Global Reporting Initiative (GRI) standards. The report documents our consideration of and approach towards sustainability issues including our environmental footprint, social and governance efforts.

## CONCLUSION

Singapore's economic outlook for 2018 remains positive for the rest of the year, despite global trade risks. Initial expectations for an improvement in the private sector's construction demand, boosted by the redevelopment of en-bloc sale sites, was however dampened, due to the latest round of property cooling measures in July 2018. And the Ministry of Trade and Industry, in a report dated 13 August 2018, anticipates that the construction sector is likely to stay lacklustre for the rest of the year.

That said, we are nonetheless encouraged by the Government's continued investment in infrastructure projects like the Jurong Region and Cross Island Lines, Rapid Transit System and various developments for Changi Airport Terminal 5. We are acutely aware that we operate within a highly competitive market. The depth of our capability to deliver complex contracts and proven track record, puts LCBC in a strong position to pursue viable projects and we will continue to tender for these selectively.

We will also continue to monitor the market, exercising financial prudence together with strong business acumen to ensure our operational and investment strategies further our aim of growth and returns for the Group.

On behalf of the Board, my heartfelt appreciation goes out to our shareholders, clients, business associates and suppliers for the unwavering support they have shown our company over the years. A big thank you also to my fellow Board colleagues for their invaluable counsel and also to our Management team and all employees for their continued dedication and commitment over the past year.



**Raymond Lum Kwan Sung**

Executive Chairman

14 September 2018



## PROPERTY



### CREATING QUALITY LIFE SPACES AND BROADENING OUR INVESTMENT PORTFOLIO

Through the years, the Group focused on growing its investment and development properties portfolio which today, includes a myriad of prominent and remarkable developments. These range from luxurious homes to premium condominiums, from prime commercial properties to integrated retail to serviced residences in Singapore, Malaysia and the United Kingdom.

In Singapore, the Group's upcoming integrated development, Tekka Place, capitalising on the rich heritage and culture of Little India, is poised to deliver a fresh and unique retail and lifestyle experience. Its prestigious residential development in District 10, One Tree Hill Collection, started construction in September.

Marketing activities for the Group's Malaysian luxury gated residences, Twin Palms, Sungai Long, continue, while development plans for the mixed-use project at Petaling Jaya are being realigned with market requirements.

Recently, to realise a significant portion of its United Kingdom investment, the Group disposed part of the land of Kelaty House, its commercial property in London. This portion of the land was intended to house the student hostel component of the development.

To broaden our investments base, the Group took a minority stake in CapitaLand's acquisition of Main Airport Centre, a freehold multi-tenanted office building in Frankfurt, Germany.

## SINGAPORE



### TEKKA PLACE

Tekka Place is a redevelopment of the former The Verge, located in Serangoon. Jointly developed with LaSalle Investment Management, Tekka Place is located at the doorstep of Singapore's vibrant Little India precinct, on the fringe of the Central Business District. The integrated development is easily accessible via North East and Downtown MRT Lines, with the Little India, Rochor, and Jalan Besar Stations, all within walking distance.

The development comprises a retail mall and serviced residences. Citadines Rochor, the 320-unit serviced residence will feature studio and one-bedroom units with facilities that include a residents' lounge, gym, laundrette, and swimming pool.

The retail podium will offer approximately 70,000 square feet of net lettable area spread across 80 shops in the basement and first two floors of the main block. Tekka Place also has a mezzanine level and rooftop deck.

Leasing activities for the retail mall recently commenced and the integrated development is expected to be completed in the second half of 2019.

### ONE TREE HILL

The One Tree Hill Collection is a prestigious residential development located at the junction of One Tree Hill and Jalan Arnep. Nestled within a private enclave of an affluent residential estate, just minutes away from bustling Orchard Road, this freehold property offers both convenience and a tranquil living environment.

Comprising 12 semi-detached and two bungalows, all homes offer thoughtful and well planned interior layouts combined with sleek quality finishes and fittings.

Construction of the landed homes has started and is scheduled to be completed in the first half of 2020.





## UNITED KINGDOM

### KELATY HOUSE

Kelaty House, is a freehold commercial property located in London, near the iconic Wembley Stadium and within the Wembley Regeneration Area. There are plans to redevelop the property into a 300-key serviced residence and 599-bed student accommodation.

The project is a joint venture with the Sin Heng Chan Group. The Group recently entered into a sale and purchase agreement to dispose part of the land, intended to house the student accommodation component.

The Group will continue its plan to develop the serviced residences and construction is targeted to begin in early 2019.



### 130 WOOD STREET

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

The building comprises Grade A offices, a basement wine bar, and retail and storage units let out on long leases.





## MALAYSIA

### TWIN PALMS, SUNGAI LONG

Twin Palms, Sungai Long is a luxurious residential development sprawled over 126 acres of undulating countryside, located strategically beside the SILK Highway, with easy access to the Sungai Besi and Besraya Highways. With much of the natural topography preserved, the landscape is a canvas of rolling hills, lush greenery and charming streams and parks that play host to 573 spacious Superlink Homes, stylish Semi-detached Villas and elegant Bungalows.

Developed in nine phases, the estate offers a full suite of recreational and sports facilities including a clubhouse, an infinity pool, wading and children's pool, gymnasium, sauna, activity hall with badminton, table tennis and basketball courts, a multipurpose hall, children's playroom, convenience kiosk, poolside café, BBQ place and an observation deck that commands scenic view of the neighbourhood and surrounding area of Bandar Sungai Long.

For the year under review, the remaining 16 Latania semi-detached homes were launched. In total, 22 units at Twin Palms, Sungai Long were sold. To date, 404 out of 573 units at Twin Palms, Sungai Long have been launched, with a total of 97% units sold.

The development was awarded the Qlassic Excellence Award by CIDB Malaysia, in recognition of high standards in construction.



### DEVELOPMENT AT PETALING JAYA, KUALA LUMPUR

Jointly developed with Tien Wah Properties Sdn Bhd, plans are currently being fine-tuned and adjusted to meet market requirements for the mixed-use development at Petaling Jaya.

The development will offer residential apartments for sale, serviced residences to let and a two-level commercial podium that will offer F&B and conveniences for the residents of the property and its surrounding areas.



# CONSTRUCTION



## BUILDING ON OUR STRENGTHS FOR SUSTAINABLE VALUE CREATION AND CAPITALISING ON NEW BUSINESS OPPORTUNITIES

The Group's construction division managed to achieve profitability even though challenging conditions prevailed for the construction industry. During the year under review, LCBC managed to secure three new construction projects and continued to work on a number of on-going projects.

The new construction projects include a mixed development at Tekka Place, PSA Singapore's corporate headquarters, and JTC's new light industrial development at Woodlands North Coast.

Construction for LTA's Tanah Merah MRT project (T315) is progressing well, while Northpoint City is expected to be completed on schedule by the end of the year. Building works for the high-specification industrial building at Kallang, was also completed during the financial year.

Kampung Admiralty, despite being completed more than a year ago, continued to garner accolades. The project won the BCA BIM Gold award and the WSH Award. The project was also recognised for its green initiatives with the BCA Green Mark Platinum Award and the Skyrise Greenery Outstanding Awards. And just recently, LCBC was also honoured with the HDB Construction Award for demonstrating construction innovation and quality for the project.

To date, LCBC has built an impressive construction portfolio valued at more than \$9.5 billion, consisting of many signature projects spanning the entire spectrum of the construction industry in Singapore and overseas.

During the financial year, the Group also set up LCI, an interior-retrofitting business to capitalise on new business opportunities. The division has since been awarded a contract for structural demolition works of the Sands theatre at Marina Bay Sands (MBS), and an interior works contract for Black Tap, a restaurant also located at MBS.

In parallel with continuous efforts to drive construction excellence and productivity, the Group will continue to tender for new projects selectively, aligning itself to new technologies and investing in our people.



## JTC NEW LIGHT INDUSTRIAL DEVELOPMENT

LCBC was awarded a contract for the construction of a new industrial development at Woodlands North Coast. The contract, valued at \$147.5 million, is awarded by Aedas Pte Ltd, on behalf of JTC Corporation.

The contract comprises the construction of a new nine-storey light industrial building with one level of basement car park and two roof floors, and a covered walkway to Republic Polytechnic. The first to fifth floors are envisaged to house offices, shops and restaurants.

The date of completion is expected to be in 2020.



## PSA LIVEABLE CITY

LCBC has secured a tender for the construction of PSA Singapore's corporate headquarters, including some additions and alteration works at the existing Pasir Panjang Terminal Building 3. The contract valued at \$136.9 million was awarded by PSA Corporation.

The scope of work for PSA Liveable City includes the construction of a new 20-storey intelligent, smart and green Class "A" office tower and an adjacent four-storey block with recreational amenities. Besides offices, the main 20-storey tower will house a viewing gallery, training rooms and an innovation centre. Works for the four-storey ancillary building will include facilities for the PSA Recreation Club as well as a viewing deck for the public. Other building works include the addition and alteration works to the existing Pasir Panjang Terminal Building 3 which comprise landscape enhancement and a new covered linkway for seamless connectivity within the buildings.

The date of completion is expected to be in 2020.

## TEKKA PLACE

LCBC has undertaken the construction of Tekka Place for a contract sum of \$85.7 million.

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

The development is expected to be completed in the second half of 2019.



## BLACK TAP CRAFT BURGERS & BEER

In mid-June 2018, LCI secured a contract for the interior works of Black Tap Craft Burgers & Beer's first Asian outlet at Marina Bay Sands (MBS). The New York-based restaurant founded by Michelin-starred chef, Joe Isidori, is designed by the Rockwell Group.

The scope of works include interior fitting-out, M&E and structural works. The more than 150-seater restaurant, will take diners back in time with the casual, classic American luncheonette design, jazzed up with '80s and '90s hip hop grooves and splashes of colour.

The project was completed in the third quarter of 2018.

## TANAH MERAH STATION (CONTRACT T315)

The \$325.0 million contract by LTA for the addition and alteration works to the existing Tanah Merah MRT Station and existing viaducts, is in progress.

Expected to complete by 2024, the scope of works comprises an additional platform and concourse in Tanah Merah Station along with two entrances linked by an underpass near the Tanah Merah Kechil Avenue intersection, and related road and drainage works.

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



Image : LTA



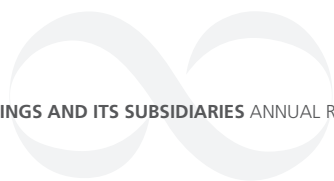


Image : Frasers Centrepoint Limited

## NORTHPOINT CITY

Awarded by North Gem Development Pte Ltd and FC North Gem Trustee Pte Ltd, as trustee-manager of North Gem Trust, Northpoint City is a \$487.0 million mixed development located in Yishun Central.

Northpoint City boasts six floors with over 400 retail and dining outlets. In addition, the new underground retail link between Northpoint City, the Yishun bus interchange and Yishun MRT Station, features over 30 retail and quick-serve concepts for added convenience to commuters. Besides its retail outlets, the mall is also home to an air-conditioned bus interchange, a revamped public library, a community club, a town square, and the 920-unit North Park Residences.

Developed in three phases, works for the retail complex was completed during the year under review and the rest of the development is slated to be completed in the second half of 2018.

In recognition of LCBC's BIM and Virtual Design and Construction technologies in projects implementation during its design, construction, and facility management stages, the project was awarded the BCA BIM GoldPlus Award, Projects category, in October 2017.

## HIGH-SPECIFICATION INDUSTRIAL BUILDING AT BOON KENG ROAD AND KALLANG PLACE

The industrial development was completed and obtained TOP in February 2018.

The \$60.8 million contract from DBS Trustee Limited as Trustee of Mapletree Industrial Trust, covers the construction of a fourteen-storey multi-user high-specification building with two-storey carpark. The contract also includes asset enhancement works for lift lobbies and corridors, including modernisation of lifts and lift car replacements for three existing buildings.



# LUM CHANG'S SUSTAINABILITY STORY

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

In the Group's first sustainability report, we have established reporting mechanisms that will broaden the scope of future reports. This report, in conjunction with the Corporate Governance Report (pages 46 to 61), provides details to the Environmental, Social and Governance (ESG) factors that the Group considers material to its sustainable development.

## SUSTAINABILITY TARGETS

The economic landscape for property development and construction markets remain competitive. We will exercise financial prudence and adopt a disciplined approach to bid for and secure new business.

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

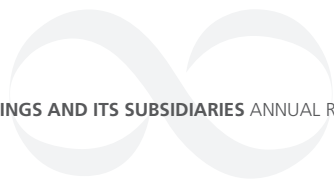
As we strive towards being an employer of choice, we will continue to nurture qualified and experienced personnel, and ensure the provision of equal opportunities for all staff. The Group also recognises the importance of occupational health and safety and will continue to aim for zero fatality and injuries at our work sites.

## SIGNIFICANT AWARDS AND ACCREDITATION

Our residential developments in Malaysia have garnered various design and construction awards ranging from:

- **Malaysian Landscape Architecture Awards, Honour Award for Best Landscape Development, 2016**  
Twin Palms, Sungai Long
- **Construction Industry Development Board (CIDB) Qlassic Excellence Award 2016**  
Sierra at Twin Palms, Sungai Long (Malaysia)
- **Construction Industry Development Board (CIDB) Qlassic Excellence Award 2014**  
Chrysalis at Twin Palms, Kemensah (Malaysia)





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

- **BCA Construction Productivity Award - Projects (Platinum), 2017**  
Downtown Line Stage 2 Contract 912 (Bukit Panjang Station)
- **BCA Construction Excellence Award, Civil Engineering Projects Category, 2017**  
Downtown Line Stage 2 Contract 912 (Bukit Panjang Station)
- **BCA BIM Awards 2017 (Project Category - GoldPlus)**  
Northpoint City
- **BCA BIM Awards 2017 (Project Category - Gold)**  
Kampung Admiralty
- **BCA BIM Awards 2017 (Project Category - Gold)**  
The Glades
- **BCA BIM Awards 2016 (Project Category - GoldPlus)**  
Mapletree Logistics Hub - Toh Guan
- **BCA Green Mark Gold Award, 2016**  
Mapletree Logistics Hub - Toh Guan
- **BCA Green Mark Gold Plus Award, 2016**  
Kampung Admiralty (Residential)
- **BCA Green Mark Gold Plus Award, 2016**  
North Park Residences
- **LTA Excellence Awards 2016 (Best Managed Rail/Road Infrastructure - Project Partner Category)**  
Downtown Line Stage 2 Contract 912 (Bukit Panjang Station)

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

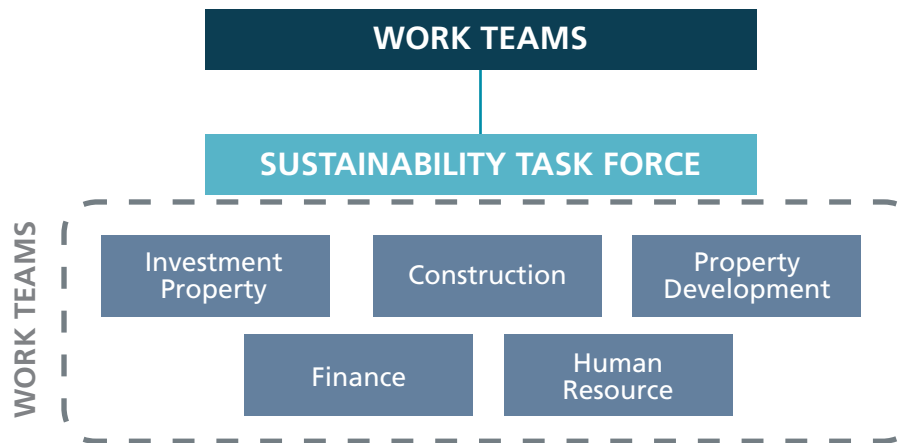
Our efforts to promote workplace safety were also recognised by the international **RoSPA** and the **WSH** when we took home the RoSPA Health & Safety Awards Gold for three years running (2016 through 2018) and the WSH Performance (SHARP) award in 2017. Our Occupational Health and Safety Management System is also internationally recognised under the OHSAS 18001.

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

## GOVERNANCE

### Statement of the Board

Established to drive Lum Chang's sustainability efforts, the Group's Sustainability Task Force which comprises key management personnel and representatives from different business units is responsible for formulating the sustainability framework, spearheading initiatives and monitoring its sustainability performance.

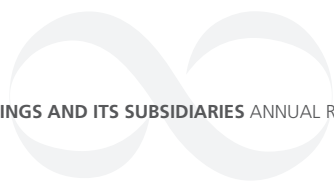


The task force reviews the Group's sustainability objectives, challenges, targets and progress to align with strategic direction of the Group, and supervises the work teams in implementing and tracking sustainability data and progress. The Board oversees the process to engage stakeholders and identify material topics. The Board has considered sustainability issues as part of our strategic formulation, approved the material environmental, social and economic topics identified and overseen that the factors identified are managed and monitored. The Group also adopts a precautionary approach in strategic decision and day-to-day operation by implementing a comprehensive risk management framework.

Please refer to the Corporate Governance Report for more information.

### Stakeholder Engagement

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



Stakeholders	Engagement Platforms	Issues of Concern	Read more in the following sections
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Open annual performance appraisal system to link performance with remuneration</li> <li>• Trainings</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration and benefits</li> <li>• Training and development</li> <li>• Ethics and conduct</li> </ul>	<ul style="list-style-type: none"> <li>• People and Community</li> <li>• Health and Safety</li> </ul>
<b>Suppliers and Subcontractors</b>	<ul style="list-style-type: none"> <li>• Updates from contractors on occurrence of accidents</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Environmental compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Managing our Suppliers</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Ongoing dialogues</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of delivered products</li> <li>• Data privacy</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Privacy and Data</li> <li>• Property development</li> </ul>
<b>Governments and Regulators</b>	<ul style="list-style-type: none"> <li>• SGX quarterly announcements</li> <li>• Annual Reports</li> <li>• Sustainability Reporting</li> <li>• Ongoing dialogues</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental compliance with NEA</li> <li>• Regulatory and Industrial requirements under BCA and MOM</li> </ul>	<ul style="list-style-type: none"> <li>• Fines or Penalty</li> <li>• Health and Safety</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Community services engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Social development</li> <li>• Noise management</li> <li>• Vector controls</li> </ul>	<ul style="list-style-type: none"> <li>• Responsibility towards Society</li> <li>• Construction</li> </ul>
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>• Financial results, company announcements and Annual Reports</li> <li>• Investor relations management</li> </ul>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-corruption</li> <li>• Health and Safety</li> </ul>

### Ethics and Integrity

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

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

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

There have been no incidents of corruption and no public legal cases brought against the organisation or its employees. We remain vigilant in ensuring that our employees conduct themselves with highest integrity.

**REPORTING PRACTICE**

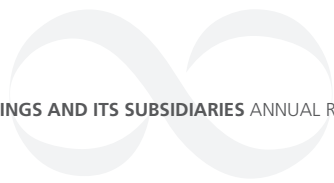
Our first sustainability report is produced in accordance to the GRI standards "Core" option covering our Group's performance from 1 July 2017 to 30 June 2018.

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

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

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

Lum Chang's material topics are identified based on their impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section. We have recently diversified into the interior design business and will cover this in the report when it becomes material.



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

## ENVIRONMENT (GRI 301-2, 302-1 302-3, 302-4, 302-5, 303-1, 303-3, 305-1, 305-4, 305-5, 306-1, 306-2, 416-1)

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

### Minimising Our Environmental Impact

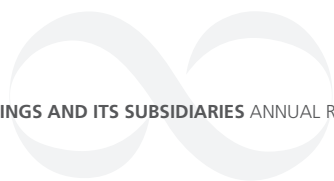
- Train and promote environmental awareness amongst staff
- Use of natural resources efficiently, e.g. using energy efficient lighting and air-conditioning, and water recycling in our construction site offices
- Work with subcontractors and suppliers who are environmental partners
- Ensure work site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

### Investment Property

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

	Actual Consumption ('000)		Intensity Ratio (per m <sup>2</sup> )	
	2018	2017	2018	2017
<b>Lum Chang Building</b>				
Energy (kWh)	800.4	773.8	107.9	104.3
CO <sub>2</sub> (kg)	595.7	575.9	80.3	77.6
Water (m <sup>3</sup> )	7.2	6.9	1.0	0.9
<b>130 Wood Street</b>				
Energy (kWh)	1,405.9	1,569.6	233.6	260.8
CO <sub>2</sub> (kg)	1,046.3	1,168.1	173.8	194.1
Water (m <sup>3</sup> )	4.0	4.1	0.7	0.7





## Property Development

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

Key features of our properties include:

	Energy Management	Water Management	Waste Management
<b>One Tree Hill, Singapore</b>	<ul style="list-style-type: none"> <li>• Installation of energy-efficient equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Water efficient fittings</li> </ul>	<ul style="list-style-type: none"> <li>• Usage of materials with green labels</li> </ul>
<b>Tekka Place, Singapore</b>	<ul style="list-style-type: none"> <li>• Use of daylighting for common areas</li> <li>• Meters to monitor energy and water consumption of water and cooling systems</li> <li>• Energy efficient systems for air conditioning, lighting, car park systems</li> </ul>	<ul style="list-style-type: none"> <li>• Water efficient fittings with minimum 2 ticks rating</li> <li>• Water efficient irrigation system with rain sensor</li> <li>• Provide smart remote monitoring system with alert features for leak detection</li> </ul>	<ul style="list-style-type: none"> <li>• Wastewater discharge to PUB sewers/discharge points</li> <li>• Provide facilities for collection and storage of different common recyclables</li> </ul>
<b>Kelaty House, London</b>	<ul style="list-style-type: none"> <li>• Efficient glazing and building fabric to reduce solar gains and reduce energy needed to keep interior cool</li> <li>• Photovoltaic panels used to generate electricity using solar cells</li> </ul>	<ul style="list-style-type: none"> <li>• Installation of water-efficient basins, dishwashers, toilets, showers and washing machines, as well as a leak detection system</li> <li>• Implementation of greywater recycling system to collect water from the showers to meet 75% of water chamber's flushing demand</li> </ul>	<ul style="list-style-type: none"> <li>• Use of environmentally sustainable materials with BRE Green Guide Rating system of A or A+</li> </ul>
<b>Petaling Jaya, Malaysia</b>	<ul style="list-style-type: none"> <li>• Roof insulation for minimal penetration of sun's radiation</li> <li>• Use of Variable Speed Drives (VSD) to improve chilled water plant system for Service suite</li> </ul>	<ul style="list-style-type: none"> <li>• Use of Water efficient fittings</li> <li>• Use of rainwater harvesting system for irrigation</li> </ul>	<ul style="list-style-type: none"> <li>• Provide facilities for collection and storage of different common recyclables</li> <li>• Wastewater discharge to IWK sewers/discharge points</li> </ul>
<b>Twin Palms, Sungai Long (Phase 4A) and Twin Palms, Kemensah, (Malaysia)</b>	<ul style="list-style-type: none"> <li>• Use of Solar panel Hot water system</li> </ul>	<ul style="list-style-type: none"> <li>• Use of Rain water harvesting system for irrigation</li> </ul>	<ul style="list-style-type: none"> <li>• Wastewater discharge to IWK sewers/discharge points</li> </ul>

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

## Construction

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

Notably, we have also harnessed renewable energy technologies and installed solar panels on site to supplement our electricity consumption at Contract T315. We adhere to BCA guidelines with respect to managing consumption levels at construction sites.

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

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

## Managing our Suppliers *(GRI 308-1, 308-2, 414-1, 414-2)*

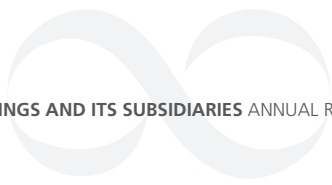
Lum Chang endeavours to ensure that suppliers engaged and products used throughout the supply chain satisfy the eco-friendly, health and safety standards held by the Group.

New suppliers are screened based on environmental criteria such as Green Mark. Suppliers are assessed based on their product range, such as their use of low volatile organic compound (VOC) paints and Persistent Bio-Toxic (PBT) free lighting. Only selected supplier products with green certification are considered unless otherwise stated in project tender documents. Based on our records since Jan 2018, all of our 28 new suppliers and subcontractors have not been involved in any environmental fines and thus have no negative social impact.

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

All work done at the site is monitored closely by site personnel, architect and consultants to ensure accountability. The assessment will cover the deliverables and the ethical conducts of the supplier.

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



## HEALTH AND SAFETY (GRI 403-1, 403-2, 403-3, 403-4)

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

### Lum Chang Safety Culture

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

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

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

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

### **Fines or Penalty** (GRI 307-1, 416-2, 419-1)

Following isolated incidents of noise and mosquito breeding in 2018, we reviewed internal processes to ensure that there was mindful planning, communication and effective implementation of mitigating measures against environmental non-compliance, noise, mosquito breeding in our projects, to prevent such recurrences.

### **Injury and Incidents**

Our Accident Frequency and Accident Severity Rates remain low, well below the Singapore National Construction average.

Description	2018	2017	2016
<b>Number of Accidents</b>	<b>1</b>	7	4
<b>Number of Lost Days</b>	<b>30</b>	170	53

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

### **INNOVATION AND EXCELLENCE** (GRI 203-2)

Moving forward with the transformation of Singapore's construction industry, Lum Chang has proactively adopted prefabrication and modularisation construction methods in our projects to ensure quality, cost efficiency and minimise wastage at construction sites.

At our Tekka Place project, we adopted prefabrication and modularisation for structural, mechanical, electrical and plumbing (MEP) systems. Prefabrication of complicated MEP systems can help reduce the space required for the assembly on-site and improve housekeeping considerably. In addition, off-site fabrication can improve the overall project schedule and increase safety on-site, by reducing risk on site as well as construction waste. Our prefabrication methods have improved productivity.

We are also implementing a drone inspection system on-site, which will utilise a camera-equipped drone to document the building's exterior conditions through video and still photography. Facade inspection can be completed safely on the ground and provide close-up views of difficult-to-access areas. This is more efficient than conventional building facade inspections and greatly minimises risk to the safety of the project team.



## PEOPLE AND COMMUNITY

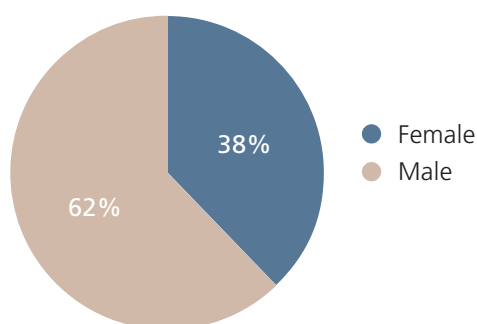
Our employees are our greatest assets to the success and long-term sustainability of our business. We strive to create an empowering and nurturing workplace environment, committed to mutual respect for all our staff and workers. We are committed to investing in our people and retain a diverse and robust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

### Diversity and Equal Opportunities (GRI 405-1, GRI 401-1)

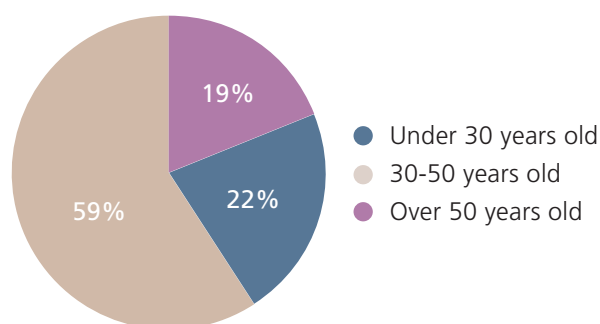
Lum Chang employs 297 people in 2018. We are a fair and non-discriminatory employer with a diverse work force. We continuously forge a culture of trust and respect between the various groups of people, irrespective of nationality, race and religion.

The profile of our employees in 2018 are as follows. Over the past year, 92 employees had joined us and 74 employees had resigned.

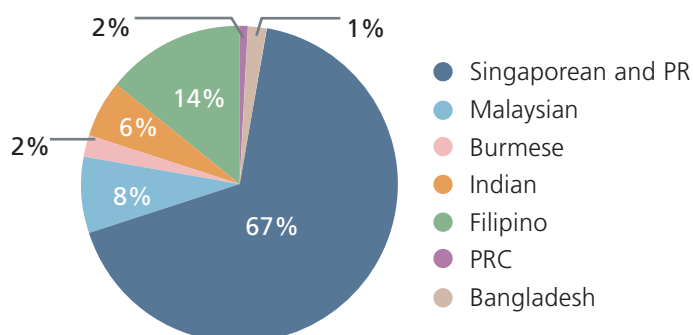
**Employees by Gender**



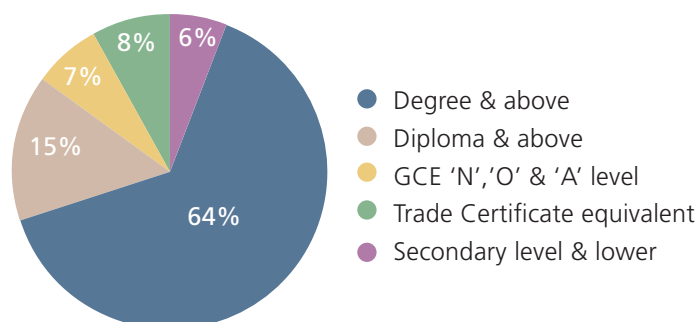
**Employees by Age Band**



**Employees by Nationality**



**Employees by Educational Qualification**



### Employee Welfare (GRI 401-2, 401-3)

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

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

### Enhancing Staff Well-Being

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

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

Get Active, a programme to encourage employees to stay fit and healthy is in its second year running. As motivation, staff are rewarded for engaging in and completing an exercise. This year, activities like zumba, badminton and jogging were organised at all project sites to get everyone moving.



Baking Class



Bowling Tournament





Lum Chang Malaysia Team Building



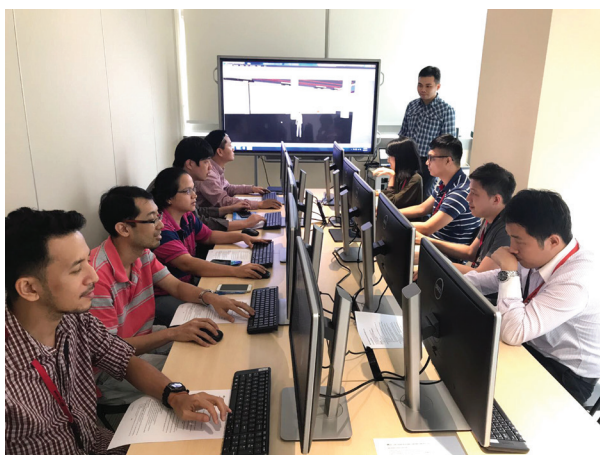
Project Site Team Building

### Training and Education (GRI 404-1, 404-2, 404-3)

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

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

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



BIM Training

Total hours of staff training	
2018	2017
14,821 hours	10,374 hours

### Responsibility towards Society (GRI 413-1)

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

During the year, we supported community outreach programmes organised by various citizens' consultative committees including Siglap, West Coast and Braddell Heights. We also donated to numerous other community organisations such as the Society for the Physically Disabled, Singapore Island Country Club May Day Charity, All Saints Home and the Compassion Fund. In addition, we also support our business partners including BCA & LTA, in various charity golf tournaments and other fund-raising events.

The Group together with personal donations by Mr Raymond Lum (LCH Chairman) and Mr David Lum (LCH Managing Director) also made a significant contribution to Kwong Wai Shiu Hospital (KWSH). The funds went towards the hospital's redevelopment and patient care programmes.

For our annual year-end charity drive in November last year, we partnered with The People's Association to support their Project We Care Jalan With Your Buddy Event. The initiative invited 200 low income households to each shop for sponsored household essentials. Sponsored necessities included household items such as appliances, bedding and kitchenware. Lum Chang staff contributed about \$5,000 worth of home appliances for this event. Our staff volunteers were also given responsibilities as Booth Managers, Shopping Buddies or Shopping Assistants during the event.

Since 2011, the Company has been taking part in the BCA-Industry Built Environment Undergraduate Scholarship Scheme which aims to attract high calibre students from the National University of Singapore and the Nanyang Technological University (NTU) to take up challenging and fulfilling careers in the built environment. In 2018, the Group granted \$28,000 to four second-year Civil Engineering students from NUS and NTU under the BCA-Lum Chang Built Environment Undergraduate Scholarship Scheme.



People's Association Project We Care Jalan With Your Buddy Event



BCA-Industry Built Environment Scholarship Scheme 2017

**Customer Privacy and Data** *(GRI 418-1)*

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

There have been no reported breaches in 2018. Lum Chang continues to improve our processes in place to ensure greater data privacy to maintain the confidence of our customers.

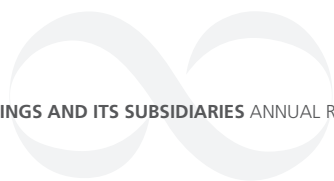
## SGX FIVE PRIMARY COMPONENTS INDEX

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

## GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Annual Report 2018
102-2	Activities, brands, products, and services	Annual Report 2018
102-3	Location of headquarters	Annual Report 2018
102-4	Location of operations	Annual Report 2018
102-5	Ownership and legal form	Annual Report 2018
102-6	Markets served	Annual Report 2018
102-7	Scale of the organisation	Annual Report 2018
102-8	Information on employees and other workers	Annual Report 2018
102-9	Supply chain	Annual Report 2018
102-10	Significant changes to the organisation and its supply chain	Annual Report 2018
102-11	Precautionary principle or approach	Annual Report 2018
102-12	External initiatives	Annual Report 2018
102-13	Membership of associations	Annual Report 2018





GRI Standards	Disclosure Content	Section Reference
<b>102-14</b>	Statement from senior decision-maker	Chairman's Message
<b>102-15</b>	Key impacts, risks, and opportunities	Chairman's Message, Lum Chang's Sustainability Story
<b>102-16</b>	Values, principles, standards, and norms of behaviour	Ethics and Integrity
<b>102-17</b>	Mechanisms for advice and concerns about ethics	Ethics and Integrity
<b>102-18</b>	Governance structure	Governance
<b>102-40</b>	List of stakeholder groups	Stakeholder Engagement
<b>102-42</b>	Identifying and selecting stakeholders	Stakeholder Engagement
<b>102-43</b>	Approach to stakeholder engagement	Stakeholder Engagement
<b>102-44</b>	Key topics and concerns raised	Stakeholder Engagement
<b>102-46</b>	Defining report content and topic boundaries	Reporting Practice
<b>203-2</b>	Significant Indirect economic impacts	Innovation and Excellence
<b>205-1</b>	Operations assessed for risks related to corruption	Anti-corruption
<b>205-2</b>	Communication and training about anti-corruption policies and procedures	Anti-corruption
<b>205-3</b>	Confirmed incidents of corruption and actions taken	Anti-corruption
<b>301-2</b>	Recycled input materials used	Input Materials
<b>302-1</b>	Energy consumption within the organisation	Environment
<b>302-3</b>	Energy intensity	Environment
<b>302-4</b>	Reduction of energy consumption	Environment
<b>302-5</b>	Reductions in energy requirements of products and services	Environment
<b>303-1</b>	Water withdrawal by source	Environment
<b>303-3</b>	Water recycled and reused	Environment
<b>305-1</b>	Direct GHG emissions (Scope 1)	Environment
<b>305-4</b>	Greenhouse Gas Emissions Intensity	Environment
<b>305-5</b>	Reductions in GHG Emissions	Environment
<b>306-1</b>	Total water discharged by quality and destination	Environment
<b>306-2</b>	Waste by type and disposal method	Environment
<b>307-1</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Fines or Penalty

GRI Standards	Disclosure Content	Section Reference
<b>308-1</b>	Percentage of new suppliers that were screened using environmental criteria	Managing our Suppliers
<b>308-2</b>	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Managing our Suppliers
<b>401-1</b>	New employee hires and employee turnover	Diversity and Equal Opportunities
<b>401-2</b>	Benefits provided to full time employees that are not provided to temporary or part-time employees	Employee Welfare
<b>401-3</b>	Parental leave	Employee Welfare
<b>403-1</b>	Formal joint management-worker health and safety committee	Health and Safety
<b>403-2</b>	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and Safety
<b>403-3</b>	Workers with high incidence or high risk of diseases related to her occupation	Health and Safety
<b>403-4</b>	Health and safety topics covered in formal agreements with trade union	Health and Safety
<b>404-1</b>	Average hours of training per year per employee	Training and Education
<b>404-2</b>	Programs for upgrading employee skills and transition assistance programs	Training and Education
<b>404-3</b>	Regular performance and career development Review	Training and Education
<b>405-1</b>	Diversity of governance bodies and employees	Diversity and Equal Opportunities
<b>413-1</b>	Operations with local community engagement, impact assessments, and development programs	Responsibility towards Society
<b>414-1</b>	New suppliers that were screened using social criteria	Managing our Suppliers
<b>414-2</b>	Negative social impacts in the supply chain and actions taken	Managing our Suppliers
<b>416-1</b>	Assessment of the health and safety impacts of product and service categories	Environment
<b>416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	Fines or Penalty
<b>418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy and Data
<b>419-1</b>	Non-compliance with laws and regulations in the social and economic area	Fines or Penalty

# CORPORATE GOVERNANCE

## INTRODUCTION

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

## BOARD MATTERS

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

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

Board committees have been constituted in order to assist the Board in the discharge of its oversight function. All Board committees are actively engaged and play an important role in ensuring good corporate governance in the Group.

The Board schedules regular meetings but *ad hoc* meetings are held as and when required. Otherwise, approvals from the Board are sought by way of circular board resolutions. Meetings by telephone and video conferencing are also allowed under the Company’s Constitution (“Company’s Constitution”).

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

Details of the attendance of the Board members at Board meetings and meetings of the various Board committees for the period 1 July 2017 to 30 June 2018 (FY2018) are set out in Table 1.

Table 1

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

**Notes:** \*1 Mr Clement Leow Wee Kia was appointed as an Independent Non-executive Director of the Company on 3 May 2018.

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

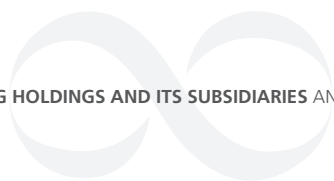
New directors undergo a tailored induction programme upon joining the Board, which include, *inter alia*, briefings on the business activities, policies and internal controls of the Group, site visits to the Group's various projects in Singapore and overseas. New directors are also issued a formal letter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

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

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

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





## BOARD MATTERS (CONTINUED)

### Board Composition and Guidance (Principle 2)

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

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

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

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

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

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

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

The Company progressively and staggers refreshing of the Board composition as needed. The Board, after due and careful consideration of his credentials and experience, appointed Mr Clement Leow Wee Kia as its newest member on 3 May 2018, on an independent, non-executive basis.

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

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

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

## BOARD MATTERS (CONTINUED)

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

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

Table 2

BOARD MEMBERS	EXECUTIVE COMMITTEE	AUDIT AND RISK COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE	DATE OF INITIAL APPOINTMENT TO THE BOARD	DATE OF LAST RE-ELECTION TO THE BOARD
Raymond Lum Kwan Sung	C		M		18.09.1982	27.10.2017
David Lum Kok Seng	M				18.09.1982	27.10.2017
Tony Fong	M				02.07.2012	27.10.2017
Kelvin Lum Wen Sum					10.11.2016	27.10.2017
Peter Sim Swee Yam		M	M	C	30.11.2001	28.10.2016
Dr Willie Lee Leng Ghee		M	C	M	28.02.2006	27.10.2017
Daniel Soh Chung Hian		C	M		09.01.2013	30.10.2015
Andrew Chua Thiam Chwee		M		M	21.12.2015	28.10.2016
Clement Leow Wee Kia		M			03.05.2018	-

C – Chairman  
M – Member

**Executive Committee**

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

## Nominating Committee

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

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

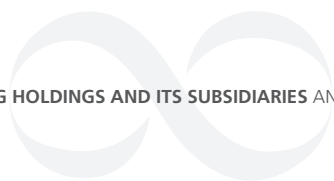
- (a) the review of board succession plans for directors;
- (b) the development of a process for evaluation of the performance of the Board, its committees and directors;
- (c) the review of training and professional development programs for the Board;
- (d) assessing the effectiveness of the Board as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

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

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

Before making its recommendation to the Board for the re-appointment of a retiring director, the Nominating Committee takes into consideration the director's contribution and performance which are determined by factors such as attendance, preparedness, participation and candour (as well as contribution to the effectiveness of the Board). The director is also assessed based on his ability to adequately carry out the duties expected while performing his roles in other companies or in other appointments. Messrs Peter Sim Swee Yam, Daniel Soh Chung Hian and Andrew Chua Thiam Chwee will be seeking re-election as directors pursuant to Article 107(2) of the Company's Constitution, and Mr Clement Leow Wee Kia will be seeking re-election as director pursuant to Article 89 of the Company's Constitution at the FY2018 AGM. The Nominating Committee has reviewed and is satisfied with their contribution as directors, and has therefore endorsed their respective nominations for re-election.





## BOARD MATTERS (CONTINUED)

### Nominating Committee (continued)

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

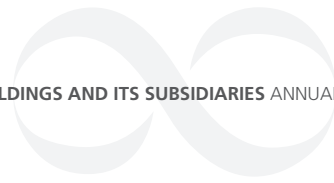
On the basis set out above and on the basis of the checklist provided by each independent director, the Nominating Committee examined the different relationships identified by the Code that might impair the independent directors' independence and objectivity, and determined that all the independent directors were independent within the meaning of the Code. In particular, Nominating Committee considered whether each of the independent directors had demonstrated an appropriate level of independence of character and judgement in the discharge of his responsibilities as a director of the Company, and is satisfied that each of them acted with independent judgement. The Board therefore considers that there is nothing to indicate that their ability and willingness to act independently has been compromised in any way. It should be noted that all directors, including independent directors, are required to recuse themselves from any transactions that might give rise to a conflict of interest.

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

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

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

Key information on the Board; in particular, all the directorships in listed companies held by the directors, both current and those held over the preceding three years is found in pages 6 to 11 of this annual report.



### **Share Purchase Committee**

At the AGM on 27 October 2017, the shareholders of the Company had granted a renewal of the mandate to the Company to carry out share buybacks as permitted by the Companies Act, Cap. 50 (“Share Purchase Mandate”).

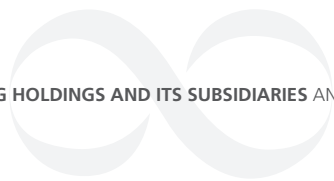
The Share Purchase Committee, comprising Messrs Raymond Lum Kwan Sung, David Lum Kok Seng and Tony Fong, was authorised to purchase shares of the Company at such time as it deems suitable subject to the prescribed conditions in the Share Purchase Mandate. The Company did not purchase any of its own shares during FY2018.

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

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

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

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



## REMUNERATION MATTERS

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

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

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

#### **Remuneration Committee**

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

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

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

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

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

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

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

A breakdown showing the level and mix of each individual director's remuneration payable for FY2018, is set out in Table 3.

Table 3

	FEES	SALARY	BONUS	OTHER BENEFITS
	(%)	(%)	(%)	(%)
<b>\$2,326,000</b>				
David Lum Kok Seng	-	38	60	2
<b>\$2,318,000</b>				
Raymond Lum Kwan Sung	-	38	60	2
<b>\$775,000</b>				
Tony Fong	-	36	62	2
<b>Below \$100,000</b>				
Kelvin Lum Wen Sum	100	-	-	-
Peter Sim Swee Yam	100	-	-	-
Dr Willie Lee Leng Ghee	100	-	-	-
Daniel Soh Chung Hian	100	-	-	-
Andrew Chua Thiam Chwee	100	-	-	-
Clement Leow Wee Kia	100	-	-	-

The Remuneration Committee and the Board are of the view that the remuneration of the directors is adequate and not excessive.

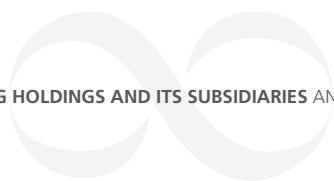
The remuneration of the Group's top 5 key executives for FY2018 is set out in Table 4.

Table 4

	FEES	SALARY	BONUS	OTHER BENEFITS
	(%)	(%)	(%)	(%)
<b>\$1,750,000 to \$2,000,000</b>	-	23	76	1
<b>1</b>				
<b>\$500,000 to \$750,000</b>	-	35	60	5
<b>1</b>				
<b>\$250,000 to \$499,999</b>	-	69	27	4
<b>3</b>				

The two employees who are immediate family members of a director or the Managing Director whose remuneration exceeds \$50,000 during the financial year ended 30 June 2018 are:

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



## REMUNERATION MATTERS (CONTINUED)

### **Remuneration Committee** (continued)

For FY2018, the aggregate total remuneration paid to key management personnel, excluding the three executive directors, is \$3,646,000.

As the information on the remuneration of directors and key executives has already been disclosed, the Board is of the view that a separate Remuneration Report is not required.

### **LCH Share Option Scheme 2007**

The LCH Share Option Scheme 2007 ("Scheme") was approved by the shareholders on 26 October 2007 and expired on 26 October 2017. During the term of the scheme, 36,632,000 options had been granted and to date, 950,000 options remain outstanding, which same will lapse if not exercised by 20 September 2018. The Scheme will continue to be administered by the Employee Share Option Committee (comprising the standing Remuneration Committee) until the remaining options lapse or are sooner exercised.

The purpose of the Scheme was to provide the opportunity for employees of the Group, who have contributed significantly to its growth and performance, to participate in the equity of the Company and to motivate them to greater dedication, loyalty and better performance. The Scheme also aims to attract the right talent, encourage loyalty and incentivise employees, and to align the interests of the employees with the interests of shareholders.

Employees had to satisfy certain criteria before being allowed to participate in the Scheme. The controlling shareholders, Mr Raymond Lum Kwan Sung (the Executive Chairman), Mr David Lum Kok Seng (the Managing Director) and their associate, Mr Adrian Lum Wen Hong were eligible to participate and the independent shareholders of the Company had approved their participation in the Scheme.

## ACCOUNTABILITY AND AUDIT

### **Accountability (Principle 10)**

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

For FY2018, the Executive Directors of the Company and the Finance Director provided written representations to the Board on the integrity of the quarterly financial statements announcements covering the Company and its subsidiaries. Pursuant to Rule 705(5) of the Listing Manual issued by Singapore Exchange Securities Trading Limited, the Board provided a negative assurance confirmation on the Group's quarterly financial statements announcements.



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

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

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

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

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

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

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

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

## ACCOUNTABILITY AND AUDIT (CONTINUED)

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

The Group has complied with Rules 712 and Rule 715 or 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

The Audit and Risk Committee held 4 meetings during FY2018. During these meetings and in the course of FY2018, the Audit and Risk Committee carried out its functions set out above and in doing so reviewed the whistle-blowing policy, the interested person transactions and material contracts, amongst other activities.

For FY2018, the Board has received assurance from the Managing Director and Executive Director, Finance by way of a representation letter:

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

## Whistle-Blowing Policy

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

## Interested Person Transactions

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

Name of Interested Person	Aggregate value of all IPTs during FY2018 (excluding transactions less than \$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<b>Consultancy service rendered</b>	\$'000	\$'000
Kelvin Lum Wen Sum	\$180	NIL
<b>Interest paid and/or payable for the Company's term notes held</b>		
Raymond Lum Kwan Sung	\$138	NIL
David Lum Kok Seng <sup>(1)</sup>	\$138	NIL

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

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



## Material Contracts

Other than disclosed elsewhere in the Annual Report, there were no other material contracts and loans entered into by the Company or any of its subsidiaries involving the interests of any director and/or the controlling shareholders and their associates, either still subsisting at the end of FY2018 or if not subsisting, which were entered into during FY2018.

## Internal Controls (Principle 12)

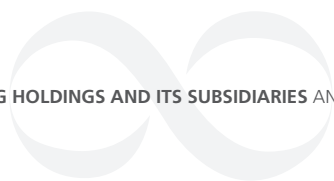
### Internal Audit (Principle 13)

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

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

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

The Audit and Risk Committee regards the systems of internal control and risk management as necessary components to safeguard the Shareholders' investments and the Company's assets. The Audit and Risk Committee reviews and assesses the internal audit function based on the Group's adoption of the IIA Standards on a regular basis (but in any event not less than annually) and is satisfied with the adequacy and the overall effectiveness of the internal audit function as at 30 June 2018.



## ACCOUNTABILITY AND AUDIT (CONTINUED)

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

#### Risk Management

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

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

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

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

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the management, the Board, with the concurrence of the Audit and Risk Committee, are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems were effective and adequate as at 30 June 2018.



### **Communication With Shareholders (Principle 14)**

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

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

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

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

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

### **DEALINGS IN SECURITIES**

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

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

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



# GROUP FINANCIAL HIGHLIGHTS

	2018 \$'000	2017 \$'000	%
<b>For the Year:</b>			
<b>Revenue</b>	<b>260,671</b>	369,022	-29
<b>Profit</b>			
Before income tax	<b>32,482</b>	23,785	37
After income tax	<b>27,130</b>	19,367	40
Attributable to equity holders of the Company	<b>24,851</b>	18,697	33
Profit attributable to equity holders of the Company as a percentage of:			
Total revenue	<b>9.53%</b>	5.07%	
Average shareholders' equity	<b>10.68%</b>	8.63%	
<b>At 30 June:</b>			
Shareholders' equity	<b>244,273</b>	220,938	11
Total equity	<b>263,076</b>	237,385	11
Total assets	<b>614,103</b>	576,968	6
<b>Per share:</b>			
Earnings attributable to equity holders of the Company (Note 1)	<b>6.51¢</b>	4.91¢	33
Net asset value (Note 2)	<b>\$0.64</b>	\$0.58	10
<b>Dividends paid &amp; proposed (Note 3):</b>			
Interim dividend	<b>0.3¢</b>	0.3¢	
Final dividend	<b>1.5¢</b>	1.2¢	

**Notes:**

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

# FIVE-YEAR FINANCIAL SUMMARY

	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
<b>Consolidated Income Statement</b>					
Revenue	260,671	369,022	426,119	312,394	276,605
Profit before income tax	32,482	23,785	36,101	34,194	30,275
Profit after income tax	27,130	19,367	29,448	29,713	27,949
Profit attributable to equity holders of the Company	24,851	18,697	29,522	29,811	25,144
<b>Consolidated Balance Sheet</b>					
Property, plant and equipment & investment properties	206,047	198,167	251,180	235,809	219,353
Investments in associated companies & joint ventures	10,387	13,531	17,015	4,762	13,358
Other assets	397,669	365,270	287,097	283,496	311,196
Total assets	614,103	576,968	555,292	524,067	543,907
Total borrowings	199,239	128,674	160,893	81,858	133,350
Other liabilities	151,788	210,909	180,901	230,238	203,825
Total liabilities	351,027	339,583	341,794	312,096	337,175
<b>Net assets</b>	<b>263,076</b>	<b>237,385</b>	<b>213,498</b>	<b>211,971</b>	<b>206,732</b>
Share capital	86,574	86,579	86,596	86,604	84,311
Treasury shares	(1,025)	(1,273)	(1,585)	(253)	(1,324)
Capital and other reserves	888	(3,080)	1,299	20,163	25,209
Retained profits	157,836	138,712	125,917	104,098	86,926
<b>Shareholders' equity</b>	<b>244,273</b>	<b>220,938</b>	<b>212,227</b>	<b>210,612</b>	<b>195,122</b>
Non-controlling interests	18,803	16,447	1,271	1,359	11,610
<b>Total equity</b>	<b>263,076</b>	<b>237,385</b>	<b>213,498</b>	<b>211,971</b>	<b>206,732</b>
<b>Ratios</b>					
<b>Profit attributable to equity holders of the Company as a percentage of:</b>					
Total revenue	9.53%	5.07%	6.93%	9.54%	9.09%
Average shareholders' equity	10.68%	8.63%	13.96%	14.69%	13.72%
<b>Per share:</b>					
Earnings attributable to the equity holders of the Company (Note 1)	6.51¢	4.91¢	7.73¢	7.80¢	6.73¢
Net asset value (Note 2)	\$0.64	\$0.58	\$0.56	\$0.55	\$0.52
<b>Dividends paid &amp; proposed (Note 3):</b>					
Interim dividend	0.30¢	0.30¢	0.75¢	0.75¢	0.75¢
Final dividend	1.50¢	1.20¢	1.25¢	1.25¢	1.25¢

**Notes:**

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

# DIRECTORS' STATEMENT

for the Financial Year Ended 30 June 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2018 and the balance sheet of the Company as at 30 June 2018.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 77 to 179 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

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

Mr Raymond Lum Kwan Sung

Mr David Lum Kok Seng

Mr Tony Fong

Mr Kelvin Lum Wen Sum

Mr Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Mr Daniel Soh Chung Hian

Mr Andrew Chua Thiam Chwee

Mr Clement Leow Wee Kia

(appointed on 3 May 2018)

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" on pages 66 to 68 in this statement.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

Holdings registered in name of director or nominee			Holdings in which a director is deemed to have an interest		
At 21.7.2018	At 30.6.2018	At 1.7.2017	At 21.7.2018	At 30.6.2018	At 1.7.2017

The Company:

**Lum Chang Holdings Limited**

(Ordinary shares)

Raymond Lum Kwan Sung	15,528,397	15,528,397	14,701,397	59,839,742	59,839,742	59,839,742
David Lum Kok Seng	10,938,436	10,938,436	10,938,436	68,357,100	68,357,100	65,722,100
Tony Fong	300,000	300,000	300,000	17,000	17,000	17,000
Peter Sim Swee Yam	10,000	10,000	10,000	-	-	-

**Lum Chang Holdings Limited**

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

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

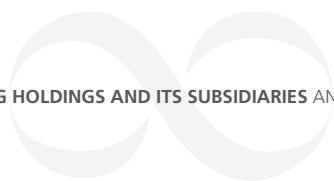
Subsidiary of Lum Chang Holdings Limited:

**UK Property Investment Pte Ltd**

(Ordinary shares)

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

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



## SHARE OPTIONS

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

The Option Scheme 2007 for key management personnel and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 26 October 2007.

The Scheme provides a means to retain and give recognition to employees who have contributed to the success and development of the Group.

The Option Scheme 2007 is administered by the Employee Share Option Committee comprising the following members from the standing Remuneration Committee:

Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Andrew Chua Thiam Chwee

Under the Option Scheme 2007, options to subscribe for the ordinary shares of the Company are granted to key management personnel and employees with more than 12 months of service with the Group. The exercise price of the options is determined at the Market Price or a price which is set at a discount to the Market Price, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price. The Market Price is defined as the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. Options granted with the exercise price set at the Market Price are exercisable by the key management personnel or employees after another one year of service to the Group and once vested are exercisable during a period of four years. Options granted with the exercise price set at a discount to the Market Price are exercisable by the key management personnel or employees after another two years of service to the Group and once vested are exercisable during a period of three years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding the date of the grant.

The Option Scheme 2007 became operative upon the Company granting options to subscribe for 8,151,000 ordinary shares of the Company on 25 July 2008 (“2008 Options”). The Company also granted options to subscribe for 9,196,000, 4,495,000, 4,460,000, 5,000,000 and 5,330,000 ordinary shares of the Company on 10 September 2009 (“2009 Options”), 23 July 2010 (“2010 Options”), 21 July 2011 (“2011 Options”), 27 July 2012 (“2012 Options”) and 20 September 2013 (“2013 Options”) respectively. Particulars of the 2008 Options, 2009 Options, 2010 Options, 2011 Options, 2012 Options and 2013 Options were set out in the Directors' Statement for the financial years ended 30 June 2009, 30 June 2010, 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014 respectively.

The Company did not grant any options during the financial years ended 30 June 2018 and 30 June 2017.



## SHARE OPTIONS (CONTINUED)

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

Details of the options granted to the directors of the Company and/or controlling shareholders and their associate are as follows:

Name of participant	No. of unissued ordinary shares of the Company under option			
	Granted in financial year ended 30.6.2018	Aggregate granted since commencement of scheme to 30.6.2018	Aggregate exercised since commencement of scheme to 30.6.2018	Aggregate outstanding as at 30.6.2018
<b>Controlling shareholders and associate</b>				
Raymond Lum Kwan Sung	-	5,000,000	5,000,000	-
David Lum Kok Seng	-	5,000,000	5,000,000	-
Adrian Lum Wen Hong	-	125,000	125,000	-
<b>Director of the Company</b>				
Tony Fong	-	1,200,000	1,200,000	-

Apart from the options disclosed above, no participant under the Option Scheme 2007 has received 5% or more of the total number of shares under option available under the Option Scheme 2007.

During the financial year, 670,000 treasury shares of the Company were reissued upon the exercise of the options by:

Holders of	No. of ordinary shares	Exercise price
		\$
2013 Options	<b>670,000</b>	0.32

## SHARE OPTIONS (CONTINUED)

**(b) Share options outstanding**

The number of unissued ordinary shares of the Company under option in relation to the Option Scheme 2007 outstanding at the end of the financial year was as follows:

	<b>No. of unissued ordinary shares under option at 30.6.2018</b>	<b>Exercise price</b>	<b>Exercise period</b>
		<b>\$</b>	
2013 Options	<b>1,390,000</b>	0.32	21 September 2015 - 20 September 2018

## AUDIT AND RISK COMMITTEE

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

Daniel Soh Chung Hian, Chairman

Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Andrew Chua Thiam Chwee

Clement Leow Wee Kia (appointed on 3 May 2018)

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2018 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

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

## INDEPENDENT AUDITOR

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

On behalf of the directors

Raymond Lum Kwan Sung  
Director

David Lum Kok Seng  
Director

14 September 2018

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

## Report on the Audit of the Financial Statements

### ***Our Opinion***

In our opinion, the accompanying consolidated financial statements of Lum Chang Holdings Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

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

The financial statements of the Company and the Group comprise:

- the balance sheet of the Group as at 30 June 2018;
- the balance sheet of the Company as at 30 June 2018;
- the consolidated income statement of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

### ***Basis for Opinion***

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

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

### ***Independence***

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

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

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

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

Key audit matters are those matter that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Accounting for construction contracts</b></p> <p><i>Refer to Note 3 (Critical accounting estimates, assumptions and judgements) and Note 13 (Construction Contract Work-in-Progress) to the financial statements.</i></p> <p>During the financial year ended 30 June 2018, revenue from construction contracts amounted to \$242.4 million and it represented 93.0% of the total revenue of the Group.</p> <p>The Group accounts for its contract revenue and contract costs by reference to the stage of completion of the contract activity at the end of each financial year ("percentage-of-completion method") in accordance with FRS 11 Construction Contracts.</p>	<p>We have performed the following audit procedures to address the key audit matter:</p> <p>We have obtained an understanding of the projects under construction through discussions with management and examination of project documentation (including contracts and correspondences with customers).</p> <p>In relation to total contract revenue, our audit procedures include the following:</p> <ol style="list-style-type: none"> <li>Traced total contract sums to contract and variation orders entered into by the Group and its customer;</li> <li>Traced value of work performed to the surveyor/architect certification and assessed the competence of the surveyor/architect;</li> <li>Recomputed the percentage of completion;</li> <li>Assessed the adequacy of provision for liquidated damages to be net off against contract revenue recognised (where relevant); and</li> <li>Assessed the reasonableness of the revenue recognised via discussion with the project teams, obtaining corroborating evidence such as correspondences with the customer.</li> </ol>

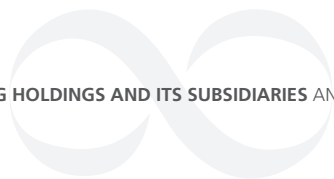


**Our Audit Approach** (continued)**Key Audit Matters** (continued)

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

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

Key audit matter	How our audit addressed the key audit matter
<b>Valuation of investment properties</b>	
<i>Refer to Note 3 (Critical accounting estimates, assumptions and judgements) and Note 22 (Investment Properties) to the financial statements.</i>	
The Group's investment properties carried at fair value amount to \$180.7 million at 30 June 2018 and account for 29.4% of the Group's total assets. The disclosures relating to these investment properties are included in notes to the financial statements.	We considered the objectivity, independence and expertise of the external valuers used by management. We assessed the appropriateness of the valuation techniques used against our understanding of the industry, and found them to be appropriate for the relevant investment properties.
Management uses external valuers to support its determination of the individual fair value of its investment properties annually.	We challenged management about the key assumptions and estimated inputs used in the valuation model. The key assumptions and estimated inputs included adopted value, estimated rental value, yield rate, total gross development value, and total estimated cost to completion. Our work done included consideration of externally derived data. We found the explanations provided to us by management to be satisfactory.
The valuation of investment properties is considered a key audit matter due to the complexity involved in the valuation which involves assumption and estimates in light of current market conditions.	We have also assessed the adequacy of the disclosures relating to the assumptions, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.



## Other Information

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

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

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lam Hock Choon.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants

Singapore, 14 September 2018



# CONSOLIDATED INCOME STATEMENT

for the Financial Year Ended 30 June 2018

		Group	
	Note	2018 \$'000	2017 \$'000
Revenue	4	260,671	369,022
Cost of sales		(207,716)	(318,964)
Gross profit		52,955	50,058
Other income	5(a)	2,841	3,162
Other gains - net	5(b)	5,103	3,400
Expenses			
- Distribution and marketing		(1,035)	(1,556)
- Administrative and general		(29,539)	(25,522)
- Finance	8	(5,406)	(5,651)
Share of profits of associated companies	20	176	1,012
Share of profits/(losses) of joint ventures	19	7,387	(1,118)
Profit before income tax		32,482	23,785
Income tax expense	9	(5,352)	(4,418)
Net profit		27,130	19,367
<b>Net profit attributable to:</b>			
Equity holders of the Company		24,851	18,697
Non-controlling interests		2,279	670
		27,130	19,367
<b>Earnings per ordinary share attributable to the equity holders of the Company (cents per share)</b>	10		
- Basic		6.51	4.91
- Diluted		6.50	4.90

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Financial Year Ended 30 June 2018

	Note	Group	
		2018 \$'000	2017 \$'000
<b>Net profit</b>		<b>27,130</b>	19,367
<b>Other comprehensive income/(loss):</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains/(losses)	28(e)	<b>3,702</b>	(4,745)
- Reclassification	28(e)	<b>513</b>	158
Available-for-sale financial assets			
- Fair value (losses)/gains	28(d)	<b>(262)</b>	282
Share of other comprehensive income of associated companies	20	<b>22</b>	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>3,975</b>	(4,305)
<b>Total comprehensive income for the year</b>		<b>31,105</b>	15,062
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>28,849</b>	14,362
Non-controlling interests		<b>2,256</b>	700
		<b>31,105</b>	15,062

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

# BALANCE SHEET - GROUP

As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	94,225	130,760
Trade and other receivables	12(a)	78,147	79,075
Tax recoverable	9(b)	1,214	1,174
Properties held for sale	14	1,372	4,289
Development properties	15	137,560	57,073
Other current assets	17(a)	1,150	7,384
		<b>313,668</b>	<b>279,755</b>
<b>Non-current assets</b>			
Trade and other receivables	12(b)	74,116	75,251
Club memberships	18	321	342
Available-for-sale financial assets	16	7,383	7,642
Investments in joint ventures	19	8,478	1,989
Investments in associated companies	20	1,909	11,542
Investment properties	22	180,658	171,383
Property, plant and equipment	23	25,389	26,784
Deferred income tax assets	9(c)	1,224	1,153
Other non-current assets	17(b)	957	1,127
		<b>300,435</b>	<b>297,213</b>
<b>Total assets</b>		<b>614,103</b>	<b>576,968</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	24(a)	121,867	175,963
Current income tax liabilities	9(b)	5,498	4,784
Borrowings	25	50,992	23,661
		<b>178,357</b>	<b>204,408</b>
<b>Non-current liabilities</b>			
Trade and other payables	24(b)	23,869	29,500
Borrowings	25	148,247	105,013
Deferred income tax liabilities	9(c)	554	662
		<b>172,670</b>	<b>135,175</b>
<b>Total liabilities</b>		<b>351,027</b>	<b>339,583</b>
<b>NET ASSETS</b>		<b>263,076</b>	<b>237,385</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	27	86,574	86,579
Treasury shares	27	(1,025)	(1,273)
Capital and other reserves	28(a)	888	(3,080)
Retained profits	30(a)	157,836	138,712
		<b>244,273</b>	<b>220,938</b>
<b>Non-controlling interests</b>		<b>18,803</b>	<b>16,447</b>
<b>Total equity</b>		<b>263,076</b>	<b>237,385</b>

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

# BALANCE SHEET - COMPANY

As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	7,027	38,717
Trade and other receivables	12(a)	64,007	50,529
Other current assets	17(a)	154	555
		<b>71,188</b>	89,801
<b>Non-current assets</b>			
Trade and other receivables	12(b)	136,846	117,645
Club memberships	18	225	228
Investments in associated companies	20	-	2,011
Investments in subsidiaries	21	71,796	66,111
Property, plant and equipment	23	1,263	1,103
		<b>210,130</b>	187,098
<b>Total assets</b>		<b>281,318</b>	276,899
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	24(a)	116,134	127,667
Current income tax liabilities	9(b)	69	1
Borrowings	25	49,916	26
		<b>166,119</b>	127,694
<b>Non-current liabilities</b>			
Borrowings	25	-	49,838
		<b>-</b>	49,838
<b>Total liabilities</b>		<b>166,119</b>	177,532
<b>NET ASSETS</b>		<b>115,199</b>	99,367
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	27	86,574	86,579
Treasury shares	27	(1,025)	(1,273)
Capital and other reserves	28(a)	3,194	3,224
Retained profits	30(b)	26,456	10,837
<b>Total equity</b>		<b>115,199</b>	99,367

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2018

←Attributable to equity holders of the Company→								
		Share capital	Treasury shares	Capital and other reserves	Retained profits	Total	Non-controlling interests	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>								
<b>Balance as at 1 July 2017</b>		<b>86,579</b>	<b>(1,273)</b>	<b>(3,080)</b>	<b>138,712</b>	<b>220,938</b>	<b>16,447</b>	<b>237,385</b>
Net profit		-	-	-	24,851	24,851	2,279	27,130
Other comprehensive income/(loss)		-	-	3,998	-	3,998	(23)	3,975
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>3,998</b>	<b>24,851</b>	<b>28,849</b>	<b>2,256</b>	<b>31,105</b>
Employee share option scheme	27,28(c)							
- Treasury shares reissued		(5)	248	(30)	-	213	-	213
Incorporation of a subsidiary with non-controlling interest	29	-	-	-	-	-	300	300
Interim dividend for FY2018	31	-	-	-	(1,145)	(1,145)	(200)	(1,345)
Final dividend for FY2017	31	-	-	-	(4,582)	(4,582)	-	(4,582)
<b>Total transactions with owners, recognised directly in equity</b>		<b>(5)</b>	<b>248</b>	<b>(30)</b>	<b>(5,727)</b>	<b>(5,514)</b>	<b>100</b>	<b>(5,414)</b>
<b>Balance as at 30 June 2018</b>		<b>86,574</b>	<b>(1,025)</b>	<b>888</b>	<b>157,836</b>	<b>244,273</b>	<b>18,803</b>	<b>263,076</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the Financial Year Ended 30 June 2018

		←Attributable to equity holders of the Company→						
		Share capital	Treasury shares	Capital and other reserves	Retained profits	Total	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Note								
<b>2017</b>								
	<b>Balance as at 1 July 2016</b>	<b>86,596</b>	<b>(1,585)</b>	<b>1,299</b>	<b>125,917</b>	<b>212,227</b>	<b>1,271</b>	<b>213,498</b>
	Net profit	-	-	-	18,697	18,697	670	19,367
	Other comprehensive (loss)/income	-	-	(4,335)	-	(4,335)	30	(4,305)
	<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(4,335)</b>	<b>18,697</b>	<b>14,362</b>	<b>700</b>	<b>15,062</b>
	Employee share option scheme 27,28(c)							
	- Treasury shares reissued	(17)	312	(44)	-	251	-	251
	Capital contribution by a non-controlling interest of a subsidiary	29	-	-	-	-	14,476	14,476
	Interim dividend for FY2017	31	-	-	(1,141)	(1,141)	-	(1,141)
	Final dividend for FY2016	31	-	-	(4,761)	(4,761)	-	(4,761)
	<b>Total transactions with owners, recognised directly in equity</b>	<b>(17)</b>	<b>312</b>	<b>(44)</b>	<b>(5,902)</b>	<b>(5,651)</b>	<b>14,476</b>	<b>8,825</b>
	<b>Balance as at 30 June 2017</b>	<b>86,579</b>	<b>(1,273)</b>	<b>(3,080)</b>	<b>138,712</b>	<b>220,938</b>	<b>16,447</b>	<b>237,385</b>

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

for the Financial Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
Net profit		27,130	19,367
Adjustments for:			
Income tax expense	9(a)	5,352	4,418
Share of (profits)/losses of associated companies and joint ventures		(7,563)	106
Amortisation of club memberships	6	31	42
Allowance for impairment of receivables	6	9	-
Depreciation of property, plant and equipment	6	3,796	5,267
Dividend income from available-for-sale financial assets	4	(161)	(172)
Fair value (gains)/losses on investment properties – net	5(b)	(5,426)	300
Gain on disposal of subsidiaries	5(b)	-	(4,687)
Gain on disposal of available-for-sale financial assets	5(b)	-	(1)
Loss/(gain) on disposal of club memberships	5(b)	3	(62)
Gain on disposal of property, plant and equipment – net	5(b)	(162)	(25)
Write-back of impairment loss on club memberships	6	(12)	-
Interest income	5(a)	(758)	(526)
Finance expense	8	5,406	5,651
Property, plant and equipment written off	6	20	2
Operating cash flow before working capital changes		27,665	29,680
Change in working capital, net of effects from acquisition of a subsidiary:			
- Trade and other receivables		29,723	(7,074)
- Other current assets		957	(5,813)
- Development properties/properties held for sale		(67,505)	4,674
- Trade and other payables		(53,692)	35,597
- Unrealised currency translation differences		(23)	1,534
Cash (used in)/generated from operations		(62,875)	58,598
Income tax paid	9(b)	(4,749)	(3,481)
<b>Net cash (used in)/provided by operating activities</b>		<b>(67,624)</b>	<b>55,117</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

(CONTINUED)

for the Financial Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from investing activities</b>			
Acquisition of interest in a joint venture	19	-	(321)
Dividends received from an associated company	20	7,500	4,500
Dividends received from available-for-sale financial assets		161	172
Expenditure on investment property	22	(4,030)	(2,723)
Interest income received		721	572
Proceeds from disposal of subsidiaries, net of selling expenses	11	-	23,497
Proceeds from disposal of available-for-sale financial assets		-	81
Proceeds from disposal of club memberships		2	84
Proceeds from disposal of property, plant and equipment		1,113	32
Purchase of club memberships		(3)	(73)
Purchase of property, plant and equipment		(3,133)	(917)
Purchase of available-for-sale financial assets	16	(3)	-
Advances and repayment from associated companies		-	8,111
Advances and repayment to associated companies		(4,706)	(106)
Advances to a joint venture		(26,602)	(45,000)
<b>Net cash used in investing activities</b>		<b>(28,980)</b>	<b>(12,091)</b>
<b>Cash flows from financing activities</b>			
Cash and cash equivalents (pledged)/released from pledge		(44)	373
Dividends paid		(5,727)	(5,902)
Bank facility fees		(191)	(31)
Interest paid		(5,948)	(5,308)
Proceeds from bank loans		106,135	9,130
Proceeds from re-issuance of treasury shares	27	213	251
Repayment of bank loans		(35,899)	(11,303)
Repayment of finance lease liabilities		(93)	(75)
Advance from a non-controlling shareholder of a subsidiary		1,093	1,865
Repayment to a non-controlling shareholder of a subsidiary		(63)	(64)
<b>Net cash provided by/(used in) financing activities</b>		<b>59,476</b>	<b>(11,064)</b>
<b>Net change in cash and cash equivalents</b>		<b>(37,128)</b>	<b>31,962</b>
Cash and cash equivalents at beginning of financial year		130,223	99,048
Effect of changes in currency translation rates on cash and cash equivalents		549	(787)
<b>Cash and cash equivalents at end of financial year</b>	11	<b>93,644</b>	<b>130,223</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

(CONTINUED)

for the Financial Year Ended 30 June 2018

## Reconciliation of liabilities arising from financing activities

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

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

## 1. GENERAL INFORMATION

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

#### ***Interpretations and amendments to published standards effective in 2018***

On 1 July 2017, the Group adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application from that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

#### **FRS 7 Statement of cash flows**

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the Financial Statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and the specific criteria for each of the Group's activities are met as follows:

(a) *Construction contracts*

Revenue and profits from construction are recognised based on the percentage-of-completion method. Please refer to the paragraph "Construction contracts" for the accounting policy on revenue from construction contracts.

(b) *Development properties*

Revenue and profits from development properties within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 – *Agreements for the Construction of Real Estate* continues to be recognised on a percentage-of-completion method. Revenue and profits from other properties is recognised only upon completion of construction. Please refer to the paragraph "Development properties" for the accounting policy on revenue from development properties.

(c) *Properties held for sale*

Revenue from sale of completed properties is recognised upon completion of the sales and purchase agreements, which essentially means that the risks and rewards of the completed properties have passed from the Group to the customers, the customers have accepted taking over the titles of the completed properties and collectability of the related receivables is reasonably assured.

(d) *Rendering of services*

Management and technical assistance fees are recognised over the period in which these services are rendered.

(e) *Rental income*

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

(f) *Dividend income*

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

(g) *Interest income*

Interest income is recognised using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting

#### (a) Subsidiaries

##### (i) Consolidation

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

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

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

##### (ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 **Group accounting** (continued)

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

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

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

##### (i) Acquisitions

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

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

##### (iii) Disposals

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

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

### 2.4 Property, plant and equipment

#### (a) Measurement

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

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

#### (b) Depreciation

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

	Useful lives
Leasehold buildings	14 to 40 years
Plant and machinery	5 to 10 years
Furniture, office equipment and fittings	2 to 5 years
Motor vehicles	5 years

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (c) *Subsequent expenditure*

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

#### (d) *Disposal*

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

### 2.5 **Properties held for sale**

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

### 2.6 **Development properties**

Development properties are properties being constructed or developed for sale. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties.

Unsold development properties:

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

Sold development properties:

Sales of development properties under construction in respect of sale and purchase agreements entered into prior to completion of construction are recognised when the properties are delivered to the buyers, except for in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

For sales of development properties of the Group that are within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 - *Agreements for the Construction of Real Estate*, the Group recognises revenue for sales of such development properties by reference to the stage of completion of the properties.

The stage of completion is measured by reference to the development costs incurred to date to the estimated total costs for the property. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Development properties (continued)

The aggregated costs incurred and the profit/(loss) recognised in each development property that has been sold are compared against progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers on development properties, within "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on development properties, within "trade and other payables".

### 2.7 Intangible assets

#### *Goodwill*

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

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

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

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

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

### 2.8 Borrowing costs

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

The actual borrowing costs incurred during the period up to the completion of construction projects or the issuance of the temporary occupation permit are capitalised in the construction project costs or the cost of the property under development respectively. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings, where applicable.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Contract costs are recognised when incurred.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the value of work performed relative to the total contract value as determined by surveys of work performed. If the surveys of work performed is not a reliable measure of the work performed due to the nature of the construction contract, the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts, within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts, within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received and retention sums payable are included within "trade and other payables".



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Investment properties

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

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

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

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

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

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

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

### 2.12 Impairment of non-financial assets

#### (a) Goodwill

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (b) Club memberships

*Property, plant and equipment*

*Investments in subsidiaries, associated companies and joint ventures*

*Available-for-sale financial assets stated at cost*

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

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

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

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

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

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

### 2.13 Financial assets

#### (a) Classification

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

#### (i) Loans and receivables

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Financial assets (continued)

#### (a) Classification (continued)

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

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

#### (b) Recognition and derecognition

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

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

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

#### (c) Initial measurement

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

#### (d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Available-for-sale financial assets that do not have a quoted market price in an active market are measured at cost less impairment [Note 2.12(b)]. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

#### (e) Impairment

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Financial assets (continued)

#### (e) Impairment (continued)

##### (i) Loans and receivables

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

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

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

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

In addition to the objective evidence of impairment described in Note 2.13(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

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

### 2.14 Financial guarantees

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Financial guarantees (continued)

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

Intra-group transactions are eliminated on consolidation.

### 2.15 Club memberships

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

### 2.16 Borrowings

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

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

### 2.17 Trade and other payables

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

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

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

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Leases

#### (a) When the Group is the lessee:

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

##### (i) Lessee - Finance leases

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

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

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

##### (ii) Lessee - Operating leases

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

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

#### (b) When the Group is the lessor:

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

##### Lessor - Operating leases

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

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

### 2.21 Provisions

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Provisions (continued)

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

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

### 2.22 Employee compensation

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

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

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

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

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

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

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

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Currency translation

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.24 Segment reporting

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

### 2.25 Cash and cash equivalents

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

### 2.26 Share capital and treasury shares

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

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

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

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

### 2.27 Dividends to Company's shareholders

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

### 2.28 Government grants

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

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



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

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

#### (a) *Construction contracts*

The Group uses the percentage-of-completion method to account for its revenue from construction contracts where it is probable that contract costs are recoverable. The stage of completion is measured by reference to the value of work performed relative to the total contract value as determined by surveys of work performed. If the surveys of work performed is not a reliable measure of the stage of completion due to the nature of the construction contract, the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant assumptions and judgements are also required to estimate the total contract costs, as well as the recoverable variation works and liquidated damages that will affect the stage of completion and the revenue from these construction contracts. In making these estimates, management has relied on past experience and the work of specialists.

If the total contract value for uncompleted contracts as at balance sheet date had increased/decreased by 1% (2017: 1%), the Group's revenue and gross profit before income tax would have been higher/lower by \$5,101,000 (2017: \$3,347,000).

If the remaining estimated contract costs for uncompleted contracts as at balance sheet date increased/decreased by 1% (2017: 1%), the Group's gross profit before income tax would decrease/increase by approximately \$794,000 (2017: \$1,105,000).

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

Investment properties (Note 22) are stated at fair value based on valuation primarily by independent professional valuers. The fair values are based on highest and best use basis. The valuers have considered valuation techniques including the direct market comparison method, income and comparison method and residual valuation method where appropriate (Note 22). The fair value of investment properties as at 30 June 2018 amounts to approximately \$180,658,000 (2017: \$171,383,000).

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 4. REVENUE

	Group	
	2018	2017
	\$'000	\$'000
Revenue from construction contracts		
- Non-related parties	236,060	349,245
- Joint venture	6,307	-
Revenue from sale of properties	11,721	12,284
Management and technical assistance fees from		
- Related parties	47	-
- Non-related parties	205	108
- Joint ventures	228	208
Rental income	5,942	7,005
Dividend income from available-for-sale financial assets	161	172
	<b>260,671</b>	<b>369,022</b>

## 5(a). OTHER INCOME

	Group	
	2018	2017
	\$'000	\$'000
Interest income		
- Advances to associated companies	-	11
- Bank deposits	707	515
- Others	51	-
	<b>758</b>	<b>526</b>
Government grants	776	658
Maintenance fees from development properties	568	745
Write back of retention sums payable	-	589
Others - net	739	644
	<b>2,841</b>	<b>3,162</b>



## 5(b). OTHER GAINS - NET

	Group	
	2018	2017
	\$'000	\$'000
Currency translation losses – net	(482)	(1,537)
Fair value gain/(loss) on investment properties – net (Note 22)	5,426	(300)
Fair value gain on derivative financial instrument	-	462
Gain on disposal of subsidiaries (Note 11)	-	4,687
Gain on disposal of available-for-sale financial assets	-	1
Gain on disposal of property, plant and equipment – net	162	25
(Loss)/gain on disposal of club memberships	(3)	62
	<b>5,103</b>	<b>3,400</b>

## 6. EXPENSES BY NATURE

	Group	
	2018	2017
	\$'000	\$'000
Subcontractor and other construction costs	183,903	297,246
Depreciation of property, plant and equipment (Note 23)	3,796	5,267
Employee compensation (Note 7)	41,028	34,511
Directors' fees	326	247
Auditors fees:		
Fees on audit services paid/payable to:		
- Auditor of the Company	302	304
- Other auditors	133	128
Fees on non-audit services paid/payable to:		
- Auditor of the Company	28	73
- Other auditors	23	16
Legal and professional fees	881	1,347
Rental on operating leases	177	171
Amortisation of club memberships	31	42
Write back of impairment loss on club memberships	(12)	-
Property, plant and equipment written off	20	2
Allowance for impairment of receivables	9	-
Other	7,645	6,688
Total cost of sales, distribution and marketing, and administrative and general expenses	<b>238,290</b>	<b>346,042</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 7. EMPLOYEE COMPENSATION

	Group	
	2018	2017
	\$'000	\$'000
Wages and salaries	<b>38,419</b>	34,111
Employer's contribution to defined contribution plans including Central Provident Fund	<b>2,416</b>	2,132
Other benefits	<b>416</b>	400
	<b>41,251</b>	36,643
Less: Government grant – Jobs Credit Scheme	<b>(135)</b>	(180)
	<b>41,116</b>	36,463
Less: Staff costs capitalised in construction contract work-in-progress	<b>(88)</b>	(1,952)
Staff costs recognised in profit or loss (Note 6)	<b>41,028</b>	34,511

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

## 8. FINANCE EXPENSES

	Group	
	2018	2017
	\$'000	\$'000
Interest expense:		
- Bank borrowings	<b>3,120</b>	2,541
- Finance lease liabilities	<b>6</b>	6
- Other	<b>333</b>	326
- Medium term notes	<b>2,750</b>	2,748
	<b>6,209</b>	5,621
Bank facility fees	<b>191</b>	31
	<b>6,400</b>	5,652
Less: Amount capitalised in:		
- Development properties	<b>(994)</b>	-
- Construction contract work-in-progress	-	(1)
Finance expenses recognised in profit or loss	<b>5,406</b>	5,651

## 9. INCOME TAXES

## (a) Income tax expense

	Group	
	2018	2017
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	5,235	4,536
- Foreign	164	119
	5,399	4,655
Deferred income tax	(119)	161
	5,280	4,816
Under/(over) provision in prior financial years		
- Current income tax	85	(411)
- Deferred income tax	(13)	13
	5,352	4,418

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

	Group	
	2018	2017
	\$'000	\$'000
Profit before income tax	32,482	23,785
Share of (profits)/losses of associated companies and joint ventures	(7,563)	106
	24,919	23,891
Tax calculated at tax rate of 17% (2017: 17%)	4,236	4,061
Effects of:		
- Statutory stepped income exemption	(96)	(27)
- Different tax rates in other countries	17	116
- Tax incentives	(25)	(266)
- Income not subject to tax	(1,211)	(1,420)
- Expenses not deductible for tax purposes	2,382	2,319
- Utilisation of previously unrecognised deferred tax assets	(27)	-
- Deferred tax assets not recognised	4	33
- Under/(over) provision of tax	72	(398)
	5,352	4,418

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 9. INCOME TAXES (CONTINUED)

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

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	3,610	2,827	1	22
Currency translation differences	(61)	38	-	-
Income tax paid	(4,749)	(3,481)	(3)	(20)
Tax expense	5,399	4,655	70	-
Disposal of subsidiaries (Note 11)	-	(18)	-	-
Under/(over) provision in prior financial years	85	(411)	1	(1)
End of financial year	4,284	3,610	69	1
Representing:				
Current income tax liabilities	5,498	4,784	69	1
Tax recoverable	(1,214)	(1,174)	-	-
	4,284	3,610	69	1

### (c) Deferred income taxes

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

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	(491)	(713)	-	-
Currency translation differences	(47)	48	-	-
(Credited)/charged to profit or loss	(119)	161	-	-
(Over)/under provision in prior financial years	(13)	13	-	-
End of financial year	(670)	(491)	-	-

## 9. INCOME TAXES (CONTINUED)

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Deferred income tax assets</b>				
- to be recovered within one year	<b>(1,078)</b>	(964)	-	-
- to be recovered after one year	<b>(146)</b>	(189)	-	-
	<b>(1,224)</b>	(1,153)	-	-
<b>Deferred income tax liabilities</b>				
- to be settled within one year	<b>7</b>	7	-	-
- to be settled after one year	<b>547</b>	655	-	-
	<b>554</b>	662	-	-

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

	<b>Accelerated tax depreciation</b>	<b>Profits on sale of development properties</b>	<b>Tax losses and others</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>				
<b>2018</b>				
Beginning of financial year	420	(673)	(238)	(491)
Currency translation differences (Credited)/charged to profit or loss	-	(37)	(10)	(47)
	(104)	(57)	29	(132)
End of financial year	<b>316</b>	<b>(767)</b>	<b>(219)</b>	<b>(670)</b>
<b>2017</b>				
Beginning of financial year	839	(760)	(792)	(713)
Currency translation differences (Credited)/charged to profit or loss	-	30	18	48
	(419)	57	536	174
End of financial year	<b>420</b>	<b>(673)</b>	<b>(238)</b>	<b>(491)</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 9. INCOME TAXES (CONTINUED)

### (c) Deferred income taxes (continued)

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

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

	Group	
	2018	2017
	\$'000	\$'000
Unutilised tax losses	39,919	39,836
Unabsorbed capital allowances	137	130
	<b>40,056</b>	39,966

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

## 10. EARNINGS PER SHARE

	Group	
	2018	2017
Net profit attributable to equity holders of the Company (\$'000)	<b>24,851</b>	18,697
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	<b>381,845</b>	380,889
Adjustments for share options ('000)	<b>236</b>	435
Weighted average number of ordinary shares for diluted earnings per share ('000)	<b>382,081</b>	381,324
Earnings per share (in cents per share)		
- Basic	<b>6.51</b>	4.91
- Diluted	<b>6.50</b>	4.90

## 10. EARNINGS PER SHARE (CONTINUED)

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

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 30 June 2018 and 30 June 2017, the Company has one category of dilutive potential ordinary shares in the form of share options under the Option Scheme 2007.

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

## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	<b>57,621</b>	64,414	<b>7,025</b>	8,711
Short-term bank deposits	<b>36,604</b>	66,346	<b>2</b>	30,006
	<b>94,225</b>	130,760	<b>7,027</b>	38,717

Included in cash and cash equivalents of the Group is an amount of approximately \$197,000 (2017: \$877,000) held under the Malaysia's Housing Developers (Control and Licensing) Act 1966, withdrawals from which are restricted to payments for expenditure incurred on the project.

As at 30 June 2018, short-term bank deposits of \$581,000 (2017: \$537,000) were pledged as security for bank facilities.

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

	Group	
	2018	2017
	\$'000	\$'000
Cash and bank balances (as above)	<b>94,225</b>	130,760
Less: Cash and cash equivalents pledged	<b>(581)</b>	(537)
Cash and cash equivalents per consolidated statement of cash flows	<b>93,644</b>	130,223



# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 11. CASH AND CASH EQUIVALENTS (CONTINUED)

### Acquisition and disposal of subsidiaries

On 23 December 2016, the Group disposed its entire interest in Pembridge Palace Holdco Limited ("PPHL") to a third party for a cash consideration of \$24.1 million. PPHL in turn holds the entire interest in Pembridge Palace Propco Limited ("PPPL"). Following the disposal, PPHL and PPPL ceased to be subsidiaries of the Group. The effects of the disposal on the cash flows of the Group were:

	<b>Group 2017 \$'000</b>
<u>Carrying amounts of assets and liabilities disposed of</u>	
Cash and cash equivalents	128
Investment property	47,925
Trade and other receivables	42
Total assets	<u>48,095</u>
Trade and other payables	410
Current income tax liabilities	18
Borrowings	28,786
Total liabilities	<u>29,214</u>
Net assets disposed of	<u>18,881</u>

The aggregate cash inflows arising from the disposal of PPHL and PPPL were:

	<b>Group 2017 \$'000</b>
Net assets disposed of (as above)	18,881
Reclassification of currency translation reserve	57
	<u>18,938</u>
Gain on disposal [Note 5(b)]	4,687
Cash proceeds from disposal	23,625
Less: Cash and cash equivalents in subsidiaries disposed off	<u>(128)</u>
Net cash inflows on disposal as reflected in the consolidated statement of cash flows	23,497
Add: Professional fee incurred	648
Total cash consideration	<u>24,145</u>

## 12. TRADE AND OTHER RECEIVABLES

## (a) Current

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	<b>21,806</b>	32,081	-	-
- Joint venture and associated companies	<b>5</b>	6	-	1
	<b>21,811</b>	32,087	-	1
Less: Allowance for impairment of receivables				
- Non-related parties	<b>(9)</b>	-	-	-
Trade receivables - net	<b>21,802</b>	32,087	-	1
<u>Construction contracts (Note 13)</u>				
Due from customers				
- Non-related parties	<b>11,846</b>	27,829	-	-
- Joint venture	<b>2,003</b>	-	-	-
Retention sums receivable				
- Non-related parties	<b>24,900</b>	17,948	-	-
Advances to subsidiaries (i)	-	-	<b>91,271</b>	77,702
Less: Allowance for impairment	-	-	<b>(27,267)</b>	(27,195)
	-	-	<b>64,004</b>	50,507
<u>Development contracts</u>				
Due from customers				
- Non-related parties	<b>3,107</b>	-	-	-
Interest receivable	<b>4</b>	18	-	13
Other receivables	<b>1,554</b>	90	<b>3</b>	8
Accrued income	<b>655</b>	1,103	-	-
Advances to a joint venture (ii)	<b>12,276</b>	-	-	-
	<b>78,147</b>	79,075	<b>64,007</b>	50,529

(i) The advances to subsidiaries are unsecured, repayable on demand and interest-free except for an amount of \$250,000 (2017: \$315,000) which bears interest at an effective interest rate of 0.5% (2017: 0.5%) per annum at the balance sheet date.

(ii) The advances to a joint venture are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (b) Non-current

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Construction contracts (Note 13)				
Retention sums receivable				
- Non-related parties	13,522	31,028	-	-
- Joint venture	1,061	-	-	-
Advance to a joint venture (i)	59,427	45,000	-	-
Less: Allowance for impairment	-	(883)	-	-
	59,427	44,117	-	-
Advances to subsidiaries (ii)	-	-	136,846	117,645
Advance to an associated company (iii)	106	106	-	-
	74,116	75,251	136,846	117,645

(i) The advance to a joint venture of \$59,427,000 (2017: \$45,000,000) is unsecured, interest-free and have no fixed terms of repayment. Settlement of the advance is neither planned nor likely to occur in the foreseeable future. As a result, management considers the advance to be in substance part of the Group's net investment in the joint venture. As at 30 June 2018, the Group has made an allowance for impairment of the advance to a joint venture (Note 19) amounting to \$Nil (2017: \$883,000).

(ii) The advances to subsidiaries amounting to \$136,846,000 (2017: \$117,645,000) are unsecured, interest-free and have no fixed terms of repayment. Settlement of these advances is neither planned nor likely to occur in the foreseeable future. As a result, management considers these advances to be in substance part of the Company's net investment in the subsidiaries.

Included in the advances to subsidiaries is an amount of \$27,042,000 (2017: \$27,065,000) that has been subordinated to a bank loan of a subsidiary.

(iii) The advance to an associated company amounting to \$106,000 (2017: \$106,000) is unsecured, interest-free and have no fixed terms of repayment. Settlement of this advance is neither planned nor likely to occur in the foreseeable future. As a result, management considers this advance to be in substance part of the Group's net investment in the associated company.

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

## 13. CONSTRUCTION CONTRACT WORK-IN-PROGRESS

	Group	
	2018	2017
	\$'000	\$'000
Aggregate contract costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	<b>515,903</b>	349,691
Less: Progress billings	<b>(502,054)</b>	(321,862)
	<b>13,849</b>	27,829
Presented as:		
Due from customers on construction contracts (Note 12)		
- Non-related parties	<b>11,846</b>	27,829
- Joint venture	<b>2,003</b>	-
	<b>13,849</b>	27,829
Advances received on construction contracts [Note 24(a)]	-	12,188
Retention sums receivable (Note 12):		
- Current	<b>24,900</b>	17,948
- Non-current	<b>14,583</b>	31,028
Retention sums payable (Note 24):		
- Current	<b>11,950</b>	7,201
- Non-current	<b>8,745</b>	14,963

Borrowing costs of approximately \$Nil (2017: \$1,000) arising from finance leases specifically entered into for the construction projects were capitalised during the financial year and are included in aggregated contract costs recognised.

## 14. PROPERTIES HELD FOR SALE

	Group	
	2018	2017
	\$'000	\$'000
Properties held for sale – at cost	<b>1,372</b>	4,289

Details of the properties held for sale are set out in Note 15.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 15. DEVELOPMENT PROPERTIES

	Group	
	2018	2017
	\$'000	\$'000
Properties under construction	<b>137,560</b>	57,073

Sale and purchase agreements on certain properties under construction have been signed.

(a) Details of the development properties as of 30 June 2018 are as follows:

Location	Description of development	Tenure/ Group's interest in property	Site area sq.m.	Estimated gross floor area sq.m.	Stage of completion/ Expected date of completion
2 parcels of land at Lot No. 990 and 1308 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia	Residential development	Freehold/ 100%	622,703	227,120	64%/ December 2021
GM7799 Lot 62391 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia	Residential development <sup>#</sup>	Freehold/ 100%	11,767	-#	-#
One Tree Hill, Singapore <sup>^</sup>	Residential development <sup>^</sup>	Freehold/ 100%	3,831	6,938	0% <sup>^</sup> / May 2020

<sup>#</sup> Management has not yet commenced the development of the development property as at year end.

<sup>^</sup> The development property was charged as security for a bank loan as disclosed in Note 25 to the financial statements. Construction on the project is scheduled to start in September 2018.

(b) Borrowing costs of \$994,000 (2017: \$Nil) arising on financing specifically entered into for the development properties were capitalised during the financial year and are included in development expenditure.

## 16. AVAILABLE-FOR-SALE FINANCIAL ASSETS (NON-CURRENT)

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	<b>7,642</b>	7,440
Fair value (losses)/gains recognised in other comprehensive income [Note 28(d)]	<b>(262)</b>	282
Addition	<b>3</b>	-
Disposal	-	(80)
End of financial year	<b>7,383</b>	7,642

At the balance sheet date, available-for-sale financial assets include the following:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Unlisted equity investments</b>		
<i>At cost</i>		
- Singapore	<b>4,684</b>	4,684
<i>At fair value</i>		
- British Virgin Islands	<b>2,699</b>	2,958
	<b>7,383</b>	7,642

Certain unlisted equity investments of the Group are measured at cost. The directors are of the view that the fair values of these investments cannot be reliably measured. There are no active markets and limited recent transactions for these unlisted equity investments and their fair values cannot currently be estimated within a reasonable range using valuation techniques.

**Fair value measurements**

The following table presents available-for-sale financial assets measured at fair value and classified by level of the following fair value measurement hierarchy.

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 16. AVAILABLE-FOR-SALE FINANCIAL ASSETS (NON-CURRENT) (CONTINUED)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2018</b>				
Available-for-sale financial assets	-	-	2,699	2,699
<b>2017</b>				
Available-for-sale financial assets	-	-	2,958	2,958

### Level 3 fair value measurement

The following table presents the information about fair value measurements using significant unobservable inputs:

Description	Fair value at 30 June 2018 (\$'000)	Valuation technique	Unobservable input	Range of unobservable input
<b>Available-for-sale financial assets</b>				
Unquoted equity security	2,699 (2017: 2,958)	Net asset value*	Net asset value*	Not Applicable

\* Fair value of unquoted equity instruments is determined by reference to the underlying asset value of the investee companies, which comprise mainly financial assets at fair value through profit or loss stated at fair value.

The following table presents the changes in Level 3 instruments:

	Unquoted equity investments \$'000
<b>2018</b>	
Beginning of financial year	2,958
Additions	3
Fair value losses recognised in other comprehensive income	(262)
End of financial year	2,699
<b>2017</b>	
Beginning of financial year	2,756
Disposals	(80)
Fair value gains recognised in other comprehensive income	282
End of financial year	2,958



## 17. OTHER ASSETS

(a) **Current**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Deposits	<b>934</b>	7,115	<b>154</b>	555
Prepayments	<b>216</b>	269	-	-
	<b>1,150</b>	7,384	<b>154</b>	555

(b) **Non-current**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Prepayments	<b>957</b>	1,127	-	-

## 18. CLUB MEMBERSHIPS

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>				
Beginning of financial year	<b>1,152</b>	1,178	<b>812</b>	847
Additions	<b>3</b>	73	<b>3</b>	20
Disposals	<b>(84)</b>	(99)	-	(55)
End of financial year	<b>1,071</b>	1,152	<b>815</b>	812
<b>Accumulated amortisation</b>				
Beginning of financial year	<b>712</b>	729	<b>554</b>	558
Amortisation charge	<b>31</b>	42	<b>18</b>	23
Disposals	<b>(33)</b>	(59)	-	(27)
End of financial year	<b>710</b>	712	<b>572</b>	554
<b>Accumulated impairment</b>				
Beginning of financial year	<b>98</b>	116	<b>30</b>	37
Reversal of impairment charge	<b>(12)</b>	-	<b>(12)</b>	-
Disposals	<b>(46)</b>	(18)	-	(7)
End of financial year	<b>40</b>	98	<b>18</b>	30
<b>Net book value</b>	<b>321</b>	342	<b>225</b>	228

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 19. INVESTMENTS IN JOINT VENTURES

	Group	
	2018	2017
	\$'000	\$'000
Beginning of financial year	1,989	1,971
Currency translation differences	83	(68)
Additions	-*	321
Share of results, net of tax	6,406	(235)
End of financial year	8,478	1,989

During the financial year ended 30 June 2018, the Group invested a 50% interest in CLI CP (Netherlands) Pte Ltd ("CLI") pursuant to a shareholders' agreement entered into for the purpose of investing in an office building in Germany. Under the shareholders' agreement, both parties have joint control over CLI, and accordingly, this investment has been accounted for as a joint venture.

During the financial year ended 30 June 2017, the Group entered into a shareholders' agreement with LAO V Serangoon Pte Ltd in relation to a joint venture in Dorado Holdings Pte Ltd ("DHPL"). Under the shareholders' agreement, both parties have joint control over DHPL, and accordingly, this investment has been accounted for as a joint venture.

\* The additions to investment in joint ventures during the financial year ended 30 June 2018 amounted to \$1.

During the financial year ended 30 June 2018, the share of profits of joint ventures amounted to \$7,387,000 of which \$6,406,000 is credited to investments in joint ventures, \$883,000 relates to write-back of allowance for impairment on a loan to a joint venture [Note 12(b)] and \$98,000 is credited to unrealised profit from the transaction between a subsidiary and a joint venture.

During the financial year ended 30 June 2017, the share of losses of joint ventures amounted to \$1,118,000 of which \$235,000 is charged to investments in joint ventures and \$883,000 is charged to allowance for impairment on a loan to a joint venture [Note 12(b)] as settlement of the loan is neither planned nor likely to occur in the foreseeable future and management considers the loan to be in substance part of the Company's investment in the joint venture.

The Group has \$31,772,000 (2017: \$30,193,000) of commitments to provide funding if called, relating to its joint venture. There are no contingent liabilities relating to the Group's interest in the joint venture.

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Set out below are the joint ventures of the Group as at 30 June 2018, which, in the opinion of the directors, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2018 %	2017 %
<b>Held by subsidiaries</b>				
Dorado Holdings Pte Ltd and its subsidiaries (“Dorado Group”)	Property investment	Singapore	<b>50</b>	50
Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	<b>50</b>	50
CLI CP (Netherlands) Pte Ltd and its subsidiary (“CLI Group”)	Property investment	Singapore	<b>50</b>	-

Dorado Group's principal activity is property investment. Dorado Group is re-developing its existing commercial property into a mixed-use development comprising serviced apartments and retail units.

Lum Chang Tien Wah Property Sdn Bhd is a property development company in Malaysia. The principal activity of the company is to develop a mixed-use development in Malaysia.

CLI Group's principal activity is property investment. CLI Group has invested in an office building in Germany.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

### *Summarised financial information for joint ventures*

Set out below is the summarised financial information for Dorado Group, Lum Chang Tien Wah Property Sdn Bhd and CLI Group.

### *Summarised balance sheet*

	<b>Dorado Holdings Pte Ltd and its subsidiaries \$'000</b>	<b>Lum Chang Tien Wah Property Sdn Bhd \$'000</b>	<b>CLI CP (Netherlands) Pte Ltd and its subsidiary \$'000</b>
<b>As at 30 June 2018</b>			
<b>Current assets</b>	8,696	2,169	25,986
Includes:			
- Cash and cash equivalents	8,325	581	-
- Other current assets	3	-	-
<b>Current liabilities</b>	(2,221)	(20,521)	(25,892)
Includes:			
- Financial liabilities (excluding trade payables)	(2,167)	(20,521)	(25,892)
- Other current liabilities (including trade payables)	(54)	-	-
<b>Non-current assets</b>	309,616	21,423	13,854
<b>Non-current liabilities</b>	(302,654)	-	(13,854)
Includes:			
- Financial liabilities	(302,654)	-	(13,854)
<b>Net assets</b>	13,437	3,071	94

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

*Summarised balance sheet (continued)*

	<b>Dorado Holdings Pte Ltd and its subsidiaries \$'000</b>	<b>Lum Chang Tien Wah Property Sdn Bhd \$'000</b>
<b>As at 30 June 2017</b>		
<b>Current assets</b>	6,303	2,129
Includes:		
- Cash and cash equivalents	5,935	1,510
- Other current assets	135	-
<b>Current liabilities</b>	(1,449)	(63)
Includes:		
- Financial liabilities (excluding trade payables)	(1,416)	(63)
- Other current liabilities (including trade payables)	(33)	-
<b>Non-current assets</b>	273,358	1,340
<b>Non-current liabilities</b>	(279,978)	-
Includes:		
- Financial liabilities	(279,978)	-
<b>Net (liabilities)/assets</b>	(1,766)	3,406

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

*Summarised statement of comprehensive income*

	<b>Dorado Holdings Pte Ltd and its subsidiaries \$'000</b>	<b>Lum Chang Tien Wah Property Sdn Bhd \$'000</b>	<b>CLI CP (Netherlands) Pte Ltd and its subsidiary \$'000</b>
<b>For the year ended 30 June 2018</b>			
Revenue	-	-	-
Other gains	15,767	-	-
Other income	116	928	-
Interest income	11	11	163
Expenses	(692)	(1,440)	(69)
Includes:			
- Depreciation	(2)	(444)	-
- Interest expense	-	(900)	-
<b>Total comprehensive income/(loss)</b>	<b>15,202</b>	<b>(501)</b>	<b>94</b>
<b>For the year ended 30 June 2017</b>			
Revenue	5,031	-	-
Other income	-	669	-
Interest income	18	7	-
Expenses	(6,815)	(1,126)	-
Includes:			
- Depreciation	(12)	(324)	-
- Interest expense	(3,432)	(646)	-
<b>Total comprehensive loss</b>	<b>(1,766)</b>	<b>(450)</b>	<b>-</b>

The following table summarises, in aggregate, the Group's share of loss and other comprehensive loss of the Group's individually immaterial joint venture accounted for using the equity method:

	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Net loss	<b>10</b>	10
Total comprehensive loss	<b>10</b>	10

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

*Reconciliation of summarised financial information*

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint ventures, is as follows:

	<b>Dorado Holdings Pte Ltd and its subsidiaries \$'000</b>	<b>Lum Chang Tien Wah Property Sdn Bhd \$'000</b>	<b>CLI CP (Netherlands) Pte Ltd and its subsidiary \$'000</b>	<b>Total \$'000</b>
<b>As at 30 June 2018</b>				
<b>Net Assets</b>				
<b>Beginning of financial year</b>	-	3,406	-	3,406
Shares issued	-	-	- <sup>^</sup>	- <sup>^</sup>
Profit/(loss) for the year	15,202	(501)	94	14,795
Foreign exchange differences	-	166	(1)	165
<b>End of financial year</b>	<b>15,202</b>	<b>3,071</b>	<b>93</b>	<b>18,366</b>
Interest in joint venture (50%)	7,601	1,536	46	9,183
Write-back of allowance for impairment on a loan to joint venture	(883) <sup>#</sup>	-	-	(883)
<b>Carrying value</b>	<b>6,718</b>	<b>1,536</b>	<b>46</b>	<b>8,300</b>
<b>Carrying value of individually immaterial joint venture</b>				<b>276</b>
Elimination				(98)
<b>Carrying value of Group's interest in joint ventures</b>				<b>8,478</b>



# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

*Reconciliation of summarised financial information (continued)*

	<b>Dorado Holdings Pte Ltd and its subsidiaries \$'000</b>	<b>Lum Chang Tien Wah Property Sdn Bhd \$'000</b>	<b>CLI CP (Netherlands) Pte Ltd and its subsidiary \$'000</b>	<b>Total \$'000</b>
<b>As at 30 June 2017</b>				
<b>Net Assets</b>				
<b>Beginning of financial year</b>	-	3,349	-	3,349
Shares issued	-*	642	-	642
Loss for the year	-#	(450)	-	(450)
Foreign exchange differences	-	(135)	-	(135)
<b>End of financial year</b>	-	3,406	-	3,406
Interest in joint venture (50%)	-	1,703	-	1,703
<b>Carrying value</b>	-	1,703	-	1,703
<b>Carrying value of individually immaterial joint venture</b>				286
<b>Carrying value of Group's interest in joint ventures</b>				<b>1,989</b>

<sup>^</sup> The Group along with its joint venture partner incorporated CLI CP (Netherlands) Pte Ltd and its subsidiary with share capital of \$2 during the financial year ended 30 June 2018 of which the Group contributed \$1 and the joint venture partner contributed \$1.

<sup>\*</sup> The Group along with its joint venture partner incorporated Dorado Holdings Pte Ltd and its subsidiaries with share capital of \$100 during the financial year ended 30 June 2017 of which the Group contributed \$50 and the joint venture partner contributed \$50.

<sup>#</sup> The share of losses of Dorado Holdings Pte Ltd and its subsidiaries amount to \$883,000 during the financial year ended 30 June 2017 of which \$50 is charged to investment in joint ventures and remaining amount of \$882,950 is charged to allowance for impairment on a loan to a joint venture [Note 12(b)]. The allowance for impairment amounting to \$882,950 is written back during the financial year ended 30 June 2018.

## 20. INVESTMENTS IN ASSOCIATED COMPANIES

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	<b>11,542</b>	15,044
Share of profits, net of tax	<b>176</b>	1,012
Share of other comprehensive income	<b>22</b>	-
Return of investment arising from liquidation	<b>(1,766)</b>	-
Dividend recognised	<b>(8,035)</b>	(4,500)
Currency translation differences	<b>(30)</b>	(14)
End of financial year	<b>1,909</b>	11,542

Included in dividend recognised during the financial year ended 30 June 2018 is an amount of \$7,500,000 received in cash and an amount of \$535,000 which was set off against advances from an associated company.

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Equity investment at cost	-	2,011

Set out below are the associated companies of the Group as at 30 June 2018, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

<b>Name</b>	<b>Principal activities</b>	<b>Place of incorporation and business</b>	<b>Effective equity interest held by Group</b>	
			<b>2018</b>	<b>2017</b>
			<b>%</b>	<b>%</b>
<b>Held by the Company</b>				
<b>Unquoted equity shares</b>				
Faith Global Ventures Inc	Investment holding	British Virgin Islands	-	22.73
<b>Held by subsidiaries</b>				
<b>Unquoted equity shares</b>				
FCL Compassvale Pte Ltd	Property development	Singapore	<b>20</b>	20
FCL Admiralty Pte Ltd	Property development	Singapore	<b>30</b>	30

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Faith Global Ventures Inc is a dormant investment holding company and it has been liquidated during the financial year ended 30 June 2018.

FCL Compassvale Pte Ltd and FCL Admiralty Pte Ltd are property development companies in Singapore. The principal activities of the companies are the development of executive condominium housing units for sale in Singapore. FCL Compassvale Pte Ltd and FCL Admiralty Pte Ltd are strategic partnerships for the Group, providing the Group with access to construction contracts and the development of executive condominiums in Singapore.

There are no contingent liabilities relating to the Group's interest in the associated companies.

### *Summarised financial information for associated companies*

Set out below are the summarised financial information for FCL Compassvale Pte Ltd, FCL Admiralty Pte Ltd and Faith Global Ventures Inc.

### *Summarised balance sheet*

	FCL Compassvale Pte Ltd		FCL Admiralty Pte Ltd		Faith Global Ventures Inc		Total	
	As at 30 June		As at 30 June		As at 30 June		As at 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>	<b>3,095</b>	3,059	<b>10,466</b>	49,228	-	9,707	<b>13,561</b>	61,994
Includes:								
- Cash and cash equivalents	<b>3,095</b>	3,059	<b>10,464</b>	25,703	-	226	<b>13,559</b>	28,988
<b>Current liabilities</b>	<b>(531)</b>	(1,029)	<b>(5,864)</b>	(19,718)	-	(10,054)	<b>(6,395)</b>	(30,801)
Includes:								
- Financial liabilities (excluding trade payables)	<b>(1)</b>	(1)	<b>(3)</b>	-	-	-	<b>(4)</b>	(1)
<b>Non-current assets</b>	-	-	-	-	-	10,400	-	10,400
<b>Non-current liabilities</b>	-	-	-	-	-	-	-	-
<b>Net assets</b>	<b>2,564</b>	2,030	<b>4,602</b>	29,510	-	10,053	<b>7,166</b>	41,593

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

*Summarised statement of comprehensive income*

	FCL Compassvale Pte Ltd		FCL Admiralty Pte Ltd		Faith Global Ventures Inc		Total	
	For the year ended 30 June		For the year ended 30 June		For the year ended 30 June		For the year ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	-	-	-	3,442	-	-	-	3,442
Interest income	-	-	127	61	-	-	127	61
Expenses								
Includes:								
- Interest expense	-	-	-	(36)	-	-	-	(36)
<b>(Loss)/profit before income tax</b>	<b>(64)</b>	818	<b>92</b>	618	<b>207</b>	2,956	<b>235</b>	4,392
Income tax credit/(expense)	<b>598</b>	-	-	(27)	-	-	<b>598</b>	(27)
<b>Total comprehensive income</b>	<b>534</b>	818	<b>92</b>	591	<b>207</b>	2,956	<b>833</b>	4,365
<b>Dividends distributed</b>	-	-	<b>(25,000)</b>	(15,000)	<b>(2,354)</b>	-	<b>(27,354)</b>	(15,000)

The following table summarises, in aggregate, the Group's share of loss and other comprehensive income of the Group's individually immaterial associated companies accounted for using the equity method:

	2018 \$'000	2017 \$'000
Loss from continuing operations	(5)	(2)
Other comprehensive income	22	-
Total comprehensive income/(loss)	17	(2)

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

### *Reconciliation of summarised financial information*

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associated companies.

	FCL Compassvale Pte Ltd		FCL Admiralty Pte Ltd		Faith Global Ventures Inc		Total	
	As at 30 June		As at 30 June		As at 30 June		As at 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net Assets</b>								
<b>Beginning of financial year</b>	<b>2,030</b>	1,212	<b>29,510</b>	43,919	<b>10,053</b>	7,160	<b>41,593</b>	52,291
Return of investment arising from liquidation	-	-	-	-	(7,770)	-	(7,770)	-
Profit for the year	<b>534</b>	818	<b>92</b>	591	<b>207</b>	2,956	<b>833</b>	4,365
Foreign exchange differences	-	-	-	-	(136)	(63)	(136)	(63)
Dividends distributed	-	-	(25,000)	(15,000)	(2,354)	-	(27,354)	(15,000)
<b>End of financial year</b>	<b>2,564</b>	2,030	<b>4,602</b>	29,510	-	10,053	<b>7,166</b>	41,593
Interest in associated companies [20%; 30%; 0% (2017: 20%; 30%; 22.73%)]	<b>513</b>	406	<b>1,381</b>	8,853	-	2,285	<b>1,894</b>	11,544
<b>Carrying value</b>	<b>513</b>	406	<b>1,381</b>	8,853	-	2,285	<b>1,894</b>	11,544
<b>Add:</b>								
Carrying value of individually immaterial associated companies, in aggregate							<b>15</b>	(2)
<b>Carrying value of Group's interest in associated companies</b>							<b>1,909</b>	11,542

## 21. INVESTMENTS IN SUBSIDIARIES

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Equity investment at cost	<b>97,173</b>	97,173
Less: Allowance for impairment losses	<b>(25,377)</b>	(31,062)
	<b>71,796</b>	66,111

The movement in allowance for impairment losses is as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	<b>31,602</b>	31,865
Write-back of allowance for impairment losses	<b>(5,685)</b>	(803)
End of financial year	<b>25,377</b>	31,062

Details of subsidiaries are provided in Note 40.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

*Summarised financial information of subsidiaries with non-controlling interests*

Set out below are the summarised financial information for each subsidiary that has non-controlling interests. These are presented before inter-company eliminations.

*Summarised balance sheet*

	<b>UK Property Investment Pte Ltd and its subsidiaries \$'000</b>	<b>Wembley Properties Pte Ltd and its subsidiaries \$'000</b>	<b>Lum Chang (Suzhou) Investments Pte Ltd \$'000</b>	<b>Lum Chang Interior Pte Ltd \$'000</b>
<b>As at 30 June 2018</b>				
<b>Current</b>				
Assets	6,583	3,328	22	4,124
Liabilities	(2,969)	(399)	(496)	(2,724)
Total current net assets/(liabilities)	3,614	2,929	(474)	1,400
<b>Non-current</b>				
Assets	94,791	58,478	3,184	145
Liabilities	(92,756)	(9,837)	-	-
Total non-current net assets	2,035	48,641	3,184	145
<b>Net assets</b>	5,649	51,570	2,710	1,545
<b>Non-controlling interests' share of net assets in subsidiaries (30%; 30%; 49%; 20%)</b>	<b>1,695</b>	<b>15,471</b>	<b>1,328</b>	<b>309</b>
<b>As at 30 June 2017</b>				
<b>Current</b>				
Assets	5,667	4,254	28	-
Liabilities	(2,679)	(524)	(624)	-
Total current net assets/(liabilities)	2,988	3,730	(596)	-
<b>Non-current</b>				
Assets	95,944	48,010	3,184	-
Liabilities	(93,813)	(6,265)	-	-
Total non-current net assets	2,131	41,745	3,184	-
<b>Net assets</b>	5,119	45,475	2,588	-
<b>Non-controlling interests' share of net assets in subsidiaries (30%; 30%; 49%; 0%)</b>	<b>1,536</b>	<b>13,643</b>	<b>1,268</b>	<b>-</b>



## 21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

*Summarised income statement*

	<b>UK Property Investment Pte Ltd and its subsidiaries \$'000</b>	<b>Wembley Properties Pte Ltd and its subsidiaries \$'000</b>	<b>Lum Chang (Suzhou) Investments Pte Ltd \$'000</b>	<b>Lum Chang Interior Pte Ltd \$'000</b>
<b>For the year ended 30 June 2018</b>				
Revenue	3,652	416	131	3,997
<b>Profit before income tax</b>	634	6,183	122	1,210
Income tax expense	(94)	(20)	-	(165)
<b>Post-tax profit</b>	540	6,163	122	1,045
Other comprehensive loss	(10)	(68)	-	-
<b>Total comprehensive income</b>	<b>530</b>	<b>6,095</b>	<b>122</b>	<b>1,045</b>
Total comprehensive income allocated to non-controlling interests	<b>159</b>	<b>1,828</b>	<b>60</b>	<b>209</b>
Dividends paid to non-controlling interests	-	-	-	<b>200</b>
<b>For the year ended 30 June 2017</b>				
Revenue	3,730	406	138	-
<b>Profit/(loss) before income tax</b>	2,679	(437)	129	-
Income tax expense	(122)	(96)	-	-
<b>Post-tax profit/(loss)</b>	2,557	(533)	129	-
Other comprehensive (loss)/ income	(7)	105	-	-
<b>Total comprehensive income/ (loss)</b>	<b>2,550</b>	<b>(428)</b>	<b>129</b>	<b>-</b>
Total comprehensive income/ (loss) allocated to non- controlling interests	765	(128)	63	-

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

*Summarised cash flows*

	UK Property Investment Pte Ltd and its subsidiaries \$'000	Wembley Properties Pte Ltd and its subsidiaries \$'000	Lum Chang (Suzhou) Investments Pte Ltd \$'000	Lum Chang Interior Pte Ltd \$'000
<b>For the year ended 30 June 2018</b>				
Cash flows from operating activities				
Cash generated from/(used in) operations	5,137	(209)	(6)	1,540
Income tax paid	(180)	(60)	-	-
<b>Net cash generated from/ (used in) operating activities</b>	<b>4,957</b>	<b>(269)</b>	<b>(6)</b>	<b>1,540</b>
<b>Net cash (used in)/generated from investing activities</b>	<b>-</b>	<b>(4,030)</b>	<b>131</b>	<b>(150)</b>
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,529)</b>	<b>3,642</b>	<b>(131)</b>	<b>500</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,428</b>	<b>(657)</b>	<b>(6)</b>	<b>1,890</b>
Cash and cash equivalents at beginning of year	3,074	3,942	28	-
<b>Cash and cash equivalents at end of year</b>	<b>5,502</b>	<b>3,285</b>	<b>22</b>	<b>1,890</b>

## 21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

*Summarised cash flows (continued)*

	<b>UK Property Investment Pte Ltd and its subsidiaries \$'000</b>	<b>Wembley Properties Pte Ltd and its subsidiaries \$'000</b>	<b>Lum Chang (Suzhou) Investments Pte Ltd \$'000</b>	<b>Lum Chang Interior Pte Ltd \$'000</b>
<b>For the year ended 30 June 2017</b>				
Cash flows from operating activities				
Cash generated from/(used in) operations	1,910	122	(6)	-
Income tax paid	(158)	(34)	-	-
<b>Net cash generated from/ (used in) operating activities</b>	<b>1,752</b>	<b>88</b>	<b>(6)</b>	<b>-</b>
<b>Net cash (used in)/generated from investing activities</b>	<b>-</b>	<b>(2,723)</b>	<b>138</b>	<b>-</b>
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,487)</b>	<b>6,265</b>	<b>(133)</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(735)</b>	<b>3,630</b>	<b>(1)</b>	<b>-</b>
Cash and cash equivalents at beginning of year	3,809	312	29	-
<b>Cash and cash equivalents at end of year</b>	<b>3,074</b>	<b>3,942</b>	<b>28</b>	<b>-</b>

## 22. INVESTMENT PROPERTIES

	<b>Group</b>	
	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Beginning of financial year	<b>171,383</b>	220,028
Capitalisation of expenditure for re-development of investment property	<b>4,030</b>	2,723
Disposal of subsidiary (Note 11)	-	(47,925)
Fair value gain/(loss) recognised in profit or loss [Note 5(b)]	<b>5,426</b>	(300)
Currency translation differences	<b>(181)</b>	(3,143)
End of financial year	<b>180,658</b>	171,383

# NOTES TO THE FINANCIAL STATEMENTS

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## 22. INVESTMENT PROPERTIES (CONTINUED)

- (a) At the balance sheet date, the investment properties of the Group are leased out for rental income for uses as stated:

- (i) Located in Singapore:

	Description/Existing use	Tenure of land
8 Kim Tian Road	Ground floor shop unit	9,999-year lease from 1960
14 Kung Chong Road	Light industrial building*	99-year lease from 1954

\* A portion of the building which is designated to house the Group's corporate offices is classified as property, plant and equipment.

- (ii) Located in the United Kingdom:

	Description/Existing use	Tenure of land
130 Wood Street	Office building	Freehold
Kelaty House, Wembley	Warehouse*	Freehold

\* The Group has obtained planning consent to redevelop the investment property into student accommodation and serviced apartment.

- (b) At 30 June 2018, certain investment properties with total carrying value of \$118,859,000 (2017: \$120,013,000) are charged by way of mortgages in favour of banks for bank loans as disclosed in Note 25 to the financial statements.

- (c) The following amounts are derived from investment properties and recognised in profit or loss:

	Group	
	2018	2017
	\$'000	\$'000
Rental income	5,326	6,228
Fair value gains/(losses) recognised in profit or loss	5,426	(300)
Direct operating expenses arising from:		
- Investment properties that generated rental income	(869)	(846)

## 22. INVESTMENT PROPERTIES (CONTINUED)

## (d) Fair value hierarchy

Description	Fair value measurements using significant unobservable inputs (Level 3) \$'000
<b>Recurring fair value measurements 30 June 2018</b>	
Singapore:	
- Light industrial building	24,069
- Ground floor shop unit	3,360
United Kingdom:	
- Office building	94,790
- Warehouse	58,439
<b>Recurring fair value measurements 30 June 2017</b>	
Singapore:	
- Light industrial building	24,069
- Ground floor shop unit	3,360
United Kingdom:	
- Office building	95,944
- Warehouse	48,010

**Valuation processes of the Group**

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties annually based on the properties' highest and best use.

Changes in Level 3 fair values as assessed at each reporting date by the external valuers are reviewed by the Directors.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 22. INVESTMENT PROPERTIES (CONTINUED)

### (d) Fair value hierarchy (continued)

#### **Valuation techniques used to derive Level 3 fair values**

Level 3 fair values of the Group's completed investment properties have been generally derived using one or more of the following valuation approaches:

- (i) the Direct Market Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant inputs to the valuation approach would be the adopted value per square meter of net lettable area, adopted value per square meter of gross floor area and adopted value per acre of site area.
- (ii) the Income and Comparison Method where the approach is to capitalise the rental income for the property by an appropriate market based yield taken from the analysis of comparable transactions. The most significant inputs to the valuation approach would be the estimated rental value per square feet of net lettable area and the yield rate.
- (iii) the Residual Valuation Method where the property is valued in its existing partially completed state of construction taking into account the cost of work done by deducting estimated cost to complete and other relevant costs from gross development value of the proposed development, assuming satisfactory completion.

## 22. INVESTMENT PROPERTIES (CONTINUED)

## (d) Fair value hierarchy (continued)

**Valuation techniques and inputs used in Level 3 fair value measurements**

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy at 30 June 2018:

Description	Fair value at 30 June 2018 (\$'000)	Fair value at 30 June 2017 (\$'000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
<b>Singapore</b>						
Light industrial building	24,069	24,069	Direct Market Comparison Method	Adopted value per square meter of net lettable area	\$6,780 per sq. m. (2017: \$6,780 per sq. m.)	The higher the adopted value, the higher the fair value
Ground floor shop unit	3,360	3,360	Direct Market Comparison Method	Adopted value per square meter of gross floor area	\$26,880 per sq. m. (2017: \$26,880 per sq. m.)	The higher the adopted value, the higher the fair value
<b>United Kingdom</b>						
Office building	94,790	95,944	Income and Comparison Method	Estimated rental value per square feet of net lettable area	\$97 to \$101 per square feet (2017: \$98 to \$103 per square feet)	The higher the estimated rental value, the higher the fair value
				Yield rate	4.85% (2017: 4.85%)	The lower the yield rate, the higher the fair value

\* There were no significant inter-relationships between unobservable inputs.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 22. INVESTMENT PROPERTIES (CONTINUED)

### (d) Fair value hierarchy (continued)

#### Valuation techniques and inputs used in Level 3 fair value measurements (continued)

Description	Fair value at 30 June 2018 (\$'000)	Fair value at 30 June 2017 (\$'000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
<b>United Kingdom</b>						
Warehouse	58,439	48,010	Residual Valuation Method	Total gross development value	\$247,153,000 (2017: \$238,063,000)	The higher the total gross development value, the higher the fair value
				Total estimated cost to completion	\$160,546,000 (2017: \$165,420,000)	The lower the total estimated cost to completion, the higher the fair value
<b>Total</b>	<b>180,658</b>	<b>171,383</b>				

\* There were no significant inter-relationships between unobservable inputs.



## 23. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings \$'000	Plant and machinery \$'000	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Total \$'000
<b>Group</b>					
<b>2018</b>					
<b>Cost</b>					
Beginning of financial year	23,004	18,538	7,287	5,683	54,512
Currency translation differences	-	-	15	18	33
Additions	-	96	576	2,694	3,366
Disposals	-	(864)	(81)	(2,219)	(3,164)
End of financial year	23,004	17,770	7,797	6,176	54,747
<b>Accumulated depreciation</b>					
Beginning of financial year	4,562	14,292	6,085	2,789	27,728
Currency translation differences	-	-	15	12	27
Depreciation charge (Note 6)	938	1,302	908	648	3,796
Disposals	-	(690)	(81)	(1,422)	(2,193)
End of financial year	5,500	14,904	6,927	2,027	29,358
<b>Net book value</b>					
End of financial year	<b>17,504</b>	<b>2,866</b>	<b>870</b>	<b>4,149</b>	<b>25,389</b>
<b>2017</b>					
<b>Cost</b>					
Beginning of financial year	23,004	18,405	7,173	5,425	54,007
Currency translation differences	-	-	(13)	(15)	(28)
Additions	-	263	231	423	917
Disposals	-	(130)	(104)	(150)	(384)
End of financial year	23,004	18,538	7,287	5,683	54,512
<b>Accumulated depreciation</b>					
Beginning of financial year	3,623	11,857	5,036	2,339	22,855
Currency translation differences	-	-	(11)	(8)	(19)
Depreciation charge (Note 6)	939	2,558	1,163	607	5,267
Disposals	-	(123)	(103)	(149)	(375)
End of financial year	4,562	14,292	6,085	2,789	27,728
<b>Net book value</b>					
End of financial year	<b>18,442</b>	<b>4,246</b>	<b>1,202</b>	<b>2,894</b>	<b>26,784</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Total \$'000
<b>Company</b>			
<b>2018</b>			
<b>Cost</b>			
Beginning of financial year	414	1,904	2,318
Additions	5	668	673
Disposals	(12)	(575)	(587)
End of financial year	407	1,997	2,404
<b>Accumulated depreciation</b>			
Beginning of financial year	343	872	1,215
Depreciation charge	52	201	253
Disposals	(12)	(315)	(327)
End of financial year	383	758	1,141
<b>Net book value</b>			
End of financial year	<b>24</b>	<b>1,239</b>	<b>1,263</b>
<b>2017</b>			
<b>Cost</b>			
Beginning of financial year	393	1,904	2,297
Additions	21	-	21
End of financial year	414	1,904	2,318
<b>Accumulated depreciation</b>			
Beginning of financial year	276	657	933
Depreciation charge	67	215	282
End of financial year	343	872	1,215
<b>Net book value</b>			
End of financial year	71	1,032	1,103

- (a) Included in additions of the Group are motor vehicles acquired under finance leases (Note 26) amounting to \$233,000 (2017: \$Nil). As at 30 June 2018, the Group has motor vehicles acquired under finance leases with a net book value of \$358,000 (2017: \$138,000).

As at 30 June 2018, the Company has motor vehicles under finance leases with a net book value of approximately \$Nil (2017: \$83,000).

## 23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (b) An amount of \$1,771,000 (2017: \$2,966,000) included in the Group's depreciation charge for leasehold buildings, plant and machinery, furniture, office equipment and fittings, and motor vehicles has been included in direct construction costs during the financial year.
- (c) One of the leasehold buildings with carrying amount of approximately \$13,484,000 (2017: \$13,873,000) as at 30 June 2018 is charged by way of a mortgage in favour of a bank for a bank loan as disclosed in Note 25 to the financial statements.

## 24. TRADE AND OTHER PAYABLES

## (a) Current

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	<b>67,253</b>	108,380	<b>151</b>	112
<u>Construction contracts (Note 13)</u>				
- Retention sums payable	<b>11,950</b>	7,201	-	-
- Advances received on construction contracts	-	12,188	-	-
<u>Development projects</u>				
- Non-related parties	<b>2,416</b>	-	-	-
- Retention sums payable	<b>1,527</b>	1,472	-	-
- Advances received on development projects	<b>46</b>	-	-	-
Loans and advances from:				
- Subsidiaries (c)	-	-	<b>114,039</b>	123,316
- Non-controlling shareholders of subsidiaries (d)	<b>240</b>	303	-	-
- Associated company (c)	-	7,007	-	2,207
Accruals for development costs	<b>134</b>	150	-	-
Accruals for operating expenses	<b>8,185</b>	6,493	<b>924</b>	1,016
Provision for other liabilities	<b>25,255</b>	29,076	-	-
Other payables	<b>1,064</b>	677	<b>258</b>	258
Deposits received	<b>1,522</b>	822	-	-
Rent received in advance	<b>1,314</b>	1,202	-	-
Loan interest payable	<b>915</b>	950	<b>716</b>	716
Unclaimed dividends	<b>46</b>	42	<b>46</b>	42
	<b>121,867</b>	175,963	<b>116,134</b>	127,667

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 24. TRADE AND OTHER PAYABLES (CONTINUED)

### (a) Current (continued)

Provision for other liabilities relates to provision for warranty, costs and foreseeable losses.

The movement in provision for other liabilities is as follows:

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	29,076	18,668	-	-
Provision made	2,203	12,031	-	-
Provision utilised	(1,324)	(900)	-	-
Provision written back	(4,700)	(723)	-	-
End of financial year	25,255	29,076	-	-

### (b) Non-current

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Deposits received	-	296	-	-
Construction contracts (Note 13)				
- Retention sums payable	8,745	14,963	-	-
Development projects				
- Retention sums payable	584	762	-	-
Loans from non-controlling shareholders of subsidiaries (e)	14,540	13,479	-	-
	23,869	29,500	-	-

- (c) Loans and advances from subsidiaries and associated companies are unsecured, interest-free and repayable on demand.
- (d) The loans from the non-controlling shareholders of subsidiaries are unsecured and interest-free, except for an amount of \$240,000 (2017: \$303,000) which bears interest at an effective interest rate of 0.5% (2017: 0.5%) per annum at the balance sheet date. The loans are repayable on demand.
- (e) The loans from the non-controlling shareholders of subsidiaries are unsecured, interest-free and are not expected to be repaid within the next financial year. Settlement of the loans is neither planned nor likely to occur in the foreseeable future. As a result, management considers these loans to be in substance part of the non-controlling shareholders' net investment in the subsidiaries. Accordingly, they are deemed to be a quasi-equity loans provided to the subsidiaries.
- (f) The fair values of the financial liabilities included in non-current trade and other payables approximate their carrying amounts as at the balance sheet date.

## 25. BORROWINGS

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Bank loans	1,022	23,621	-	-
Finance lease liabilities (Note 26)	54	40	-	26
Medium term notes, net of transaction costs (b)	49,916	-	49,916	-
	<b>50,992</b>	23,661	<b>49,916</b>	26
<b>Non-current</b>				
Bank loans	148,058	55,149	-	-
Finance lease liabilities (Note 26)	189	62	-	36
Medium term notes, net of transaction costs (b)	-	49,802	-	49,802
	<b>148,247</b>	105,013	-	49,838
<b>Total borrowings</b>	<b>199,239</b>	128,674	<b>49,916</b>	49,864

Refer to Note 34(c)(ii) for the exposure of borrowings to interest rate risk.

(a) **Security granted**

Total borrowings as at 30 June 2018 included the following:

Certain revolving and term loans amounting to \$149,081,000 (2017: \$78,770,000) are secured by one of the Group's development properties (Note 15), an investment property (Note 22), a leasehold building (Note 23), the assignment of sales and rental proceeds and insurance policies relating to the properties, and a corporate guarantee from the Company.

(b) **Medium term notes**

On 31 March 2014, the Company established a \$300,000,000 Multicurrency Medium Term Note Programme (the "Programme"). Under the Programme, the Company may, subject to compliance with all relevant laws and regulations and directives, from time to time issue notes in series or tranches. The notes may be in Singapore dollars or in other currencies, in various amounts and tenors, and may bear interest at a fixed, floating, variable or hybrid rate, or may not bear interest, as agreed between the Company and the relevant dealer.

On 28 March 2016, the Company issued Medium Term Notes amounting to \$50,000,000, with transaction costs amounting to \$332,000. The notes will mature on 28 March 2019 and bears a fixed interest of 5.50% per annum which is payable semi-annually.

(c) **Fair value of non-current borrowings**

At the balance sheet date, the carrying amounts of borrowings approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 26. FINANCE LEASE LIABILITIES

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments due:				
- not later than 1 year	65	83	-	64
- between 1 and 5 years	205	25	-	-
	270	108	-	64
Less: Future finance charges	(27)	(6)	-	(2)
Present value of lease liabilities	243	102	-	62
The present value of finance lease liabilities are analysed as follows:				
- not later than 1 year (Note 25)	54	40	-	26
- between 1 and 5 years (Note 25)	189	62	-	36
	243	102	-	62

Finance leases are in respect of motor vehicles (2017: motor vehicles).

## 27. SHARE CAPITAL AND TREASURY SHARES

	← No. of ordinary shares →		← Amount →	
	Issued share capital	Treasury shares	Issued share capital	Treasury shares
	'000	'000	\$'000	\$'000
<b>Group and Company</b>				
<b>2018</b>				
Beginning of financial year	385,030	(3,489)	86,579	(1,273)
Treasury shares reissued	-	670	(5)	248
End of financial year	385,030	(2,819)	86,574	(1,025)
<b>2017</b>				
Beginning of financial year	385,030	(4,339)	86,596	(1,585)
Treasury shares reissued	-	850	(17)	312
End of financial year	385,030	(3,489)	86,579	(1,273)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares (except treasury shares) carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company did not issue any ordinary shares during the financial years ended 30 June 2018 and 30 June 2017.

## 27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(a) **Treasury shares**

The Company did not purchase any of its ordinary shares during the financial years ended 30 June 2018 and 30 June 2017.

During the financial year ended 30 June 2018, 670,000 (2017: 850,000) treasury shares of the Company were reissued pursuant to the Option Scheme 2007 for a total cash consideration of \$213,000 (2017: \$251,000) upon the exercise of options by:

Holders of	No. of ordinary shares		Exercise price
	2018	2017	\$
2011 Options	-	25,000	0.29
2012 Options	-	415,000	0.27
2013 Options	<b>670,000</b>	410,000	0.32
	<b>670,000</b>	850,000	

The cost of treasury shares reissued amounted to \$248,000 (2017: \$312,000). The gain/(loss) on reissue of the treasury shares is recognised directly in share capital account.

(b) **Share options**

Share options were granted to key management personnel and employees with more than 12 months of service with the Group under the Option Scheme 2007 which became operative on 26 October 2007.

The exercise price of the options is determined at the Market Price or a price which is set at a discount to the Market Price, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price. The Market Price is defined as the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant.

Options granted with the exercise price set at the Market Price are exercisable by the key management personnel or employees after another one year of service to the Group and once vested are exercisable during a period of four years. Options granted with the exercise price set at a discount to the Market Price are exercisable by the key management personnel or employees after another two years of service to the Group and once vested are exercisable during a period of three years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The Company did not grant any options during the financial years ended 30 June 2018 and 30 June 2017.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

### (b) Share options (continued)

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

	No. of ordinary shares under option					Exercise price	Exercise Period
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year		
<b>Group and Company</b>							
<b>2018</b>							
2013 Options	2,235,000	-	(175,000)	(670,000)	1,390,000	\$0.32	21.09.2015 to 20.09.2018
2012 Options	400,000	-	(400,000)	-	-	\$0.27	28.07.2014 to 27.07.2017
	<u>2,635,000</u>	<u>-</u>	<u>(575,000)</u>	<u>(670,000)</u>	<u>1,390,000</u>		
<b>2017</b>							
2013 Options	2,675,000	-	(30,000)	(410,000)	2,235,000	\$0.32	21.09.2015 to 20.09.2018
2012 Options	815,000	-	-	(415,000)	400,000	\$0.27	28.07.2014 to 27.07.2017
2011 Options	360,000	-	(335,000)	(25,000)	-	\$0.29	23.07.2012 to 21.07.2016
	<u>3,850,000</u>	<u>-</u>	<u>(365,000)</u>	<u>(850,000)</u>	<u>2,635,000</u>		

Out of the unexercised options for 1,390,000 (2017: 2,635,000) shares, options for 1,390,000 (2017: 2,635,000) shares are exercisable at the balance sheet date. Options exercised during the financial year ended 30 June 2018 resulted in nil (2017: 25,000), nil (2017: 415,000) and 670,000 (2017: 410,000) treasury shares being reissued at the exercise price of \$0.29, \$0.27 and \$0.32 per share respectively. The weighted average share price during the year was \$0.37 (2017: \$0.36) per share.

There were no options granted during the financial years ended 30 June 2018 and 30 June 2017.



## 28. CAPITAL AND OTHER RESERVES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a) <b>Composition</b>				
Capital reserves	19,131	19,131	2,800	2,800
Share option reserve	394	424	394	424
Fair value reserve	42	282	-	-
Foreign currency translation reserve	(18,908)	(23,146)	-	-
Capital redemption reserve	229	229	-	-
	<b>888</b>	<b>(3,080)</b>	<b>3,194</b>	<b>3,224</b>
(b) <b>Movement in capital reserves</b>				
Beginning and end of financial year	<b>19,131</b>	<b>19,131</b>	<b>2,800</b>	<b>2,800</b>

The capital reserves arise mainly from negative goodwill on the acquisition of subsidiaries and capitalisation of retained profits of subsidiaries.

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(c) <b>Movement in share option reserve</b>				
Beginning of financial year	424	468	424	468
Employee share option scheme				
- Treasury shares reissued on exercise of share options	(30)	(44)	(30)	(44)
End of financial year	<b>394</b>	<b>424</b>	<b>394</b>	<b>424</b>
(d) <b>Movement in fair value reserve</b>				
Beginning of financial year	282	-	-	-
Fair value (losses)/gains (Note 16)	(262)	282	-	-
Share of an associated company's fair value gains on available-for-sale financial assets, net of tax	22	-	-	-
End of financial year	<b>42</b>	<b>282</b>	<b>-</b>	<b>-</b>
(e) <b>Movement in foreign currency translation reserve</b>				
Beginning of financial year	(23,146)	(18,529)	-	-
Net currency translation differences of financial statements of foreign subsidiaries, joint ventures and associated companies	3,702	(4,745)	-	-
Reclassification on repayment of quasi-equity loans	513	158	-	-
Less: Non-controlling interests	23	(30)	-	-
End of financial year	<b>(18,908)</b>	<b>(23,146)</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 28. CAPITAL AND OTHER RESERVES (CONTINUED)

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
(f) <b>Movement in capital redemption reserve</b>				
Beginning and end of financial year	<b>229</b>	229	-	-

(g) All capital and other reserves are non-distributable.

## 29. NON-CONTROLLING INTERESTS

	Group	
	2018	2017
	\$'000	\$'000
Beginning of financial year	<b>16,447</b>	1,271
Profit for the financial year	<b>2,279</b>	670
Other comprehensive (loss)/income	<b>(23)</b>	30
Capital contribution by a non-controlling interest	<b>300</b>	14,476
Dividends paid to a non-controlling interest	<b>(200)</b>	-
End of financial year	<b>18,803</b>	16,447

During the financial year ended 30 June 2018, the Company along with the non-controlling shareholder of a subsidiary proportionately increased their paid-up share capital by \$1,200,000 and \$300,000 respectively in accordance with their shareholding of the subsidiary via capital injection.

During the financial year ended 30 June 2017, the Company along with the non-controlling shareholder of a subsidiary proportionately increased their paid-up share capital by \$33,776,000 and \$14,476,000 respectively in accordance with their shareholding of the subsidiary by way of converting their loan to the subsidiary to share capital.

### 30. RETAINED PROFITS

#### (a) Group

Retained profits of the Group are distributable except for the retained profits of associated companies and joint venture amounting to \$7,849,000 (2017: \$9,304,000). Retained profits of the Company are distributable.

#### (b) Company

Movements in retained profits of the Company are as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	<b>10,837</b>	16,977
Profit/(loss) for the financial year	<b>21,346</b>	(238)
Dividends paid (Note 31)	<b>(5,727)</b>	(5,902)
End of financial year	<b>26,456</b>	10,837

### 31. DIVIDENDS

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Interim dividend of 0.3 cents (2017: 0.3 cents) per ordinary share, paid in respect of the financial year ended 30 June 2018 (2017: 30 June 2017)	<b>1,145</b>	1,141
Final dividend of 1.2 cents (2017: 1.25 cents) per ordinary share, paid in respect of the financial year ended 30 June 2017 (2017: 30 June 2016)	<b>4,582</b>	4,761
Total dividends paid	<b>5,727</b>	5,902

The directors have proposed a final dividend for 2018 of 1.5 cents per share, amounting to approximately \$5,733,000. These financial statements do not reflect these proposed dividends, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2019.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 32. CONTINGENCIES

### Guarantees (unsecured)

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial guarantees given to banks and finance companies in connection with facilities given to subsidiaries	-	-	128,881	126,186
Financial guarantees given to banks and finance companies in connection with facilities given to joint ventures	98,604	95,265	98,604	95,265

At the date these financial statements are authorised for issue, the directors are of the view that no material liabilities will arise from the guarantees.

## 33. COMMITMENTS

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a) Commitments not provided for in the financial statements excluding those held by associated companies (Note 20) and joint ventures (Note 19) are as follows:				
Development expenditure contracted for development properties	4,033	9,163	-	-
Investment commitments	5,388	5,451	-	-
Purchase of property, plant and equipment	3	280	-	280
	9,424	14,894	-	280

## 33. COMMITMENTS (CONTINUED)

(b) **Operating lease commitments – where the Group is a lessee**

The Group leases office premises and dormitories from non-related parties and the Company leases office premises from a subsidiary under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Not later than 1 year	<b>64</b>	165	<b>330</b>	503
Between 1 and 5 years	<b>62</b>	-	-	330
	<b>126</b>	165	<b>330</b>	833

(c) **Operating lease commitments – where the Group is a lessor**

The Group leases out retail space and office premises to non-related parties under non-cancellable operating leases. The leases have varying terms and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than 1 year	<b>4,613</b>	5,937
Between 1 and 5 years	<b>12,798</b>	14,723
Later than 5 years	<b>6,256</b>	10,135
	<b>23,667</b>	30,795

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

### *Financial risk factors*

The Group is exposed to financial risks arising from its operations and the key financial risks identified include credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance in a timely manner. The Group does not hold or issue derivative financial instruments for speculative purposes.

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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. Credit evaluations are performed on all customers who require credit over a certain amount.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instrument presented on the balance sheet, except for corporate guarantees provided by the Company as disclosed in Note 32.

The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables.

The trade receivables of the Group comprise three debtors (2017: two debtors) that individually represented 12% to 37% (2017: 17% to 57%) of trade receivables.

The construction contracts due from customers of the Group comprise five debtors (2017: three debtors) that individually represented 11% to 41% (2017: 12% to 70%) of construction contract due from customers.

The retention sums receivable of the Group comprise three debtors (2017: three debtors) that individually represented 11% to 62% (2017: 13% to 50%) of retention sums receivable.

The credit risk for trade receivables (net of allowance for impairment), construction contracts due from customers and retention sums receivable based on the information provided to key management is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>By types of customers</b>				
Associated and joint venture companies	<b>3,125</b>	6	-	1
Non-related parties	<b>72,009</b>	108,887	-	-
	<b>75,134</b>	108,893	-	1

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) **Credit risk** (continued)(i) *Financial assets that are neither past due nor impaired*

Bank balances that are neither past due nor impaired are mainly balances with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables, construction contracts due from customers and retention sums receivable that are neither past due nor impaired are substantially companies with a good collection track record with the Group. Advances to associated companies, joint venture and subsidiaries are made to entities with potential profitable growth in the future.

(ii) *Financial assets that are past due and/or impaired*

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Past due less than 3 months	63	908	-	-
Past due 3 to 6 months	6	-	-	-
Past due over 6 months	-	-	-	-

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<i>Trade receivables</i>				
Gross amount	9	-	-	-
Less: Allowance for impairment	(9)	-	-	-
	-	-	-	-
<i>Other receivables</i>				
Gross amount	-	-	27,267	27,195
Less: Allowance for impairment	-	-	(27,267)	(27,195)
	-	-	-	-
Total	-	-	-	-
<i>Allowance for impairment</i>				
Beginning of financial year	-	9	27,195	27,453
Allowance made/(utilised)	9	(9)	72	-
Allowance written back	-	-	-	(258)
End of financial year	9	-	27,267	27,195

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

### (a) Credit risk (continued)

#### (ii) Financial assets that are past due and/or impaired (continued)

The impaired trade receivables of the Group mainly relate to customers that are in financial difficulties and whose payments are not forthcoming.

The impaired other receivables of the Company mainly relate to advances to subsidiaries that are in net liabilities positions and whose payments are not forthcoming.

### (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 exposure of the Group and the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage the liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of committed stand-by credit facilities.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Group</b>				
<b>At 30 June 2018</b>				
Trade and other payables	95,252	12,280	11,589	119,121
Borrowings	57,186	158,279	-	215,465
Financial guarantee contracts	98,604	-	-	98,604
<b>At 30 June 2017</b>				
Trade and other payables	133,497	17,900	11,600	162,997
Borrowings	28,415	110,416	-	138,831
Financial guarantee contracts	95,265	-	-	95,265
<b>Company</b>				
<b>At 30 June 2018</b>				
Trade and other payables	116,134	-	-	116,134
Borrowings	52,042	-	-	52,042
Financial guarantee contracts	227,485	-	-	227,485
<b>At 30 June 2017</b>				
Trade and other payables	127,667	-	-	127,667
Borrowings	2,776	52,078	-	54,854
Financial guarantee contracts	221,451	-	-	221,451



## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) **Market risk**(i) *Currency risk*

The Group operates predominantly in Singapore, Malaysia and the United Kingdom and the functional currencies of the entities in each of the countries are the Singapore Dollar ("SGD"), the Malaysian Ringgit ("RM") and Pound Sterling ("GBP") respectively. Entities in the Group transact predominantly in their functional currencies and hold matching currency assets and liabilities to the extent possible to achieve a natural hedging effect.

The currency exposure of the Group and the Company based on the information provided to key management is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>RM</b>	<b>GBP</b>	<b>RM</b>	<b>GBP</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 30 June 2018</b>				
<b>Financial assets</b>				
Cash and cash equivalents	19,697	12,262	38	588
Trade and other receivables	7,345	1,100	-	103
Intercompany receivables	237	73,451	-	-
Other financial assets	441	4	-	-
	<b>27,720</b>	<b>86,817</b>	<b>38</b>	<b>691</b>
<b>Financial liabilities</b>				
Borrowings	(28)	(55,103)	-	-
Trade and other payables, excluding construction contracts and development projects	(8,441)	(16,508)	-	(21)
Intercompany payables	(238)	(73,349)	-	-
	<b>(8,707)</b>	<b>(144,960)</b>	<b>-</b>	<b>(21)</b>
<b>Net financial assets/(liabilities)</b>	<b>19,013</b>	<b>(58,143)</b>	<b>38</b>	<b>670</b>
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(20,839)	61,531	-	-
<b>Currency exposure</b>	<b>(1,826)</b>	<b>3,388</b>	<b>38</b>	<b>670</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

### (c) Market risk (continued)

#### (i) Currency risk (continued)

	Group		Company	
	RM	GBP	RM	GBP
	\$'000	\$'000	\$'000	\$'000
<b>At 30 June 2017</b>				
<b>Financial assets</b>				
Cash and cash equivalents	16,911	10,048	37	2,777
Trade and other receivables	4,597	2,909	-	-
Intercompany receivables	10,151	67,789	-	-
Other financial assets	428	-	-	-
	<u>32,087</u>	<u>80,746</u>	<u>37</u>	<u>2,777</u>
<b>Financial liabilities</b>				
Borrowings	(40)	(56,020)	-	-
Trade and other payables, excluding construction contracts and development projects	(5,436)	(17,737)	-	(2,228)
Intercompany payables	(493)	(67,521)	-	-
	<u>(5,969)</u>	<u>(141,278)</u>	<u>-</u>	<u>(2,228)</u>
<b>Net financial assets/(liabilities)</b>	<b>26,118</b>	<b>(60,532)</b>	<b>37</b>	<b>549</b>
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(16,419)	61,363	-	-
<b>Currency exposure</b>	<b>9,699</b>	<b>831</b>	<b>37</b>	<b>549</b>

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) **Market risk** (continued)(i) *Currency risk* (continued)*Sensitivity analysis for currency risk*

If the RM changes against the SGD by 4% (2017: 4%) and the GBP changes against the SGD by 5% (2017: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	<b>Increase/(decrease)</b>	
	<b>Profit after tax</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>		
RM against SGD		
- strengthened	<b>(61)</b>	322
- weakened	<b>61</b>	(322)
GBP against SGD		
- strengthened	<b>141</b>	34
- weakened	<b>(141)</b>	(34)
<b>Company</b>		
RM against SGD		
- strengthened	<b>1</b>	1
- weakened	<b>(1)</b>	(1)
GBP against SGD		
- strengthened	<b>28</b>	23
- weakened	<b>(28)</b>	(23)

(ii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group is exposed to interest rate risk primarily due to changes in interest rates arising from its interest-bearing assets and debt obligations. The Group manages its interest rate risks by maintaining a mix of fixed and variable rate debt instruments with varying maturities.

The material interest-bearing assets of the Group are short-term bank deposits and advances to associated companies. Short-term bank deposits and advances to associated companies bear interest at the market interest rate. An interest rate movement of 0.5% will not have a substantial impact on the net profit of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

### (c) Market risk (continued)

#### (ii) Cash flow and fair value interest rate risks (continued)

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD and GBP. If the SGD interest rate increases/decreases by 0.5% (2017: 0.5%) and the GBP interest rates increases/decreases by 0.5% (2017: 0.5%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company will be lower/higher by \$351,000 (2017: \$386,000) and \$22,000 (2017: \$7,000) respectively as a result of higher/lower interest expense on these borrowings.

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Variable rates			Fixed rates				Total
	Less than 6 months	6 to 12 months	1 to 5 years	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Group</b>								
<b>At 30 June 2018</b>	<b>149,081</b>	-	-	<b>26</b>	<b>49,943</b>	<b>189</b>	-	<b>199,239</b>
At 30 June 2017	78,770	-	-	21	19	49,864	-	128,674
<b>Company</b>								
<b>At 30 June 2018</b>	-	-	-	-	<b>49,916</b>	-	-	<b>49,916</b>
At 30 June 2017	-	-	-	13	13	49,838	-	49,864

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks and financial institutions to maintain a gearing ratio of not exceeding 150% (2017: 150%). The Group's and the Company's strategies, which were unchanged from 2017, are to maintain gearing ratios within the limits required.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents (excludes pledged cash).

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(d) **Capital risk** (continued)

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net debt	<b>105,595</b>	(1,549)	<b>42,889</b>	11,147
Total equity	<b>263,076</b>	237,385	<b>99,367</b>	99,367
<b>Gearing ratio</b>	<b>40%</b>	(1%)	<b>43%</b>	11%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2018 and 30 June 2017.

(e) **Fair value measurements**

The fair value hierarchy for investment properties is disclosed in Note 22.

The fair values of borrowings, trade and other receivables and trade and other payables as disclosed in Note 25, Note 12 and Note 24 respectively approximate to their carrying amounts.

(f) **Financial instruments by category**

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 16 to the financial statements, except for the following:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Loans and receivables	<b>247,422</b>	292,201	<b>71,188</b>	89,801
Financial liabilities at amortised cost	<b>315,944</b>	291,671	<b>166,050</b>	177,531

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 35. RELATED PARTY TRANSACTIONS

In addition to the related party information shown elsewhere in the financial statements, the following transactions between the Group and related parties took place during the financial year:

### (a) Sales and purchases of goods and services

	Group	
	2018	2017
	\$'000	\$'000
<b>Joint ventures and associated companies</b>		
Revenue from construction contracts	6,307	-
Management services fees	228	208
Project management fees	396	356
Interest income on advances to associated companies	-	11

Outstanding balances at 30 June 2018, arising from sale/purchase of goods and services, are set out in Notes 12 and 24.

### (b) Key management remuneration

The key management remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or the Company did not incur any costs, the value of the benefit. The key management remuneration is as follows:

	Group	
	2018	2017
	\$'000	\$'000
Salaries and other short-term employee benefits	8,954	7,234
Post-employment benefits – contribution to CPF	111	116
	<b>9,065</b>	<b>7,350</b>

Included in above is total remuneration to directors of the Company amounting to \$5,419,000 (2017: \$4,140,000).

### 36. SEGMENT INFORMATION

Management has determined the operating segment based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Executive Chairman, the Managing Director, and the Executive Director of the Company.

The Exco considers the business primarily from a business segment perspective. Revenue from investment holding, provision of management services, construction and property investment are derived mainly from Singapore and the United Kingdom. Revenue from property development are derived mainly from Malaysia.

The trade receivables of the Group comprise of three debtors (2017: two debtors) that individually represented 12% to 37% (2017: 17% to 57%) of trade receivables.

The segment information provided to the Exco for the reportable segments for the financial years ended 30 June 2018 and 30 June 2017 are as follows:

	Construction \$'000	Property development and investment \$'000	Investment holding and others \$'000	Total \$'000
<b>Financial year ended 30 June 2018</b>				
Revenue from external customers	243,328	16,972	371	260,671
Inter-segment revenue	6,307	1,257	26,451	34,015
	249,635	18,229	26,822	294,686
Elimination				(34,015)
Revenue				260,671
<b>Segment results</b>	29,288	14,643	17,090	61,021
Elimination				(23,133)
				37,888
Finance expense				(5,406)
Profit before income tax				32,482
Income tax expense				(5,352)
<b>Net profit</b>				27,130
<b>Segment results include:</b>				
Interest income	387	272	99	758
Depreciation of property, plant and equipment	(2,528)	(1,015)	(253)	(3,796)
Write-back of impairment loss on club membership	-	-	(12)	(12)
Share of (losses)/profits of associated companies and joint ventures	(10)	7,577	(4)	7,563

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 36. SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Property development and investment \$'000	Investment holding and others \$'000	Total \$'000
<b>Financial year ended 30 June 2017</b>				
Revenue from external customers	350,112	18,616	294	369,022
Inter-segment revenue	-	1,219	13,821	15,040
	350,112	19,835	14,115	384,062
Elimination				(15,040)
Revenue				369,022
<b>Segment results</b>	26,278	9,288	4,807	40,373
Elimination				(10,937)
				29,436
Finance expense				(5,651)
Profit before income tax				23,785
Income tax expense				(4,418)
<b>Net profit</b>				19,367
<b>Segment results include:</b>				
Interest income	288	153	85	526
Depreciation of property, plant and equipment	(3,746)	(1,239)	(282)	(5,267)
Share of losses of associated companies and joint venture	(10)	(94)	(2)	(106)



## 36. SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Property development and investment \$'000	Investment holding and others \$'000	Elimination \$'000	Total \$'000
<b>As at 30 June 2018</b>					
Segment assets	143,272	454,353	16,495	(2,455)	611,665
Tax recoverable					1,214
Deferred income tax assets					1,224
Consolidated total assets					614,103
<b>Segment assets include:</b>					
Investment in associates and joint ventures	276	10,095	16	-	10,387
Capital expenditure on property, plant and equipment	2,400	59	674	-	3,133
Segment liabilities	(111,750)	(31,895)	(2,383)	292	(145,736)
Borrowings					(199,239)
Deferred income tax liabilities and current income tax liabilities					(6,052)
Consolidated total liabilities					(351,027)
<b>As at 30 June 2017</b>					
Segment assets	185,145	343,385	48,577	(2,466)	574,641
Tax recoverable					1,174
Deferred income tax assets					1,153
Consolidated total assets					576,968
<b>Segment assets include:</b>					
Investment in associates and joint ventures	286	13,247	(2)	-	13,531
Capital expenditure on property, plant and equipment	693	203	21	-	917
Segment liabilities	(168,918)	(32,154)	(4,672)	281	(205,463)
Borrowings					(128,674)
Deferred income tax liabilities and current income tax liabilities					(5,446)
Consolidated total liabilities					339,583

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 36. SEGMENT INFORMATION (CONTINUED)

The Group is organised into three main business segments:

- |   |   |
|---|---|
| (a) Construction                        | - construction of buildings and building extensions, additions and alterations, refurbishment and restoration of buildings. |
| (b) Property development and investment | - develops property for sale and/or holds properties for its own investment purposes.                                       |
| (c) Investment holding and other        | - holding of investments and provision of management services to the companies within the Group.                            |

The amounts reported to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than tax recoverable and deferred tax assets.

The amounts are provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments other than current and deferred income tax liabilities and borrowings.

Inter-segment pricing is on a "fair value" basis.

### Geographical information

The Group's three business segments operate in three main geographical areas:

- |                |   |
|----------------|---|
| Singapore      | - the country where the headquarters of the Group and the Company is located. The areas of operation are principally investment holding, provision of management services, construction, property development and investment. |
| Malaysia       | - the area of operation is mainly property development.   |
| United Kingdom | - the area of operation is mainly property investment and property development.   |

## 36. SEGMENT INFORMATION (CONTINUED)

**Geographical information** (continued)

Revenue and non-current segment assets are shown by the geographical area where the assets are located.

	<b>Total sales</b>		<b>Non-current assets*</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Singapore	<b>244,883</b>	351,766	<b>53,977</b>	55,541
Malaysia	<b>11,720</b>	12,284	<b>119</b>	141
United Kingdom	<b>4,068</b>	4,972	<b>153,229</b>	143,954
	<b>260,671</b>	369,022	<b>207,325</b>	199,636
Investment in associated companies and joint venture			<b>10,387</b>	13,531
			<b>217,712</b>	213,167

\* Non-current assets exclude financial instruments and deferred tax assets.

## 37. EVENTS OCCURRING AFTER BALANCE SHEET DATE

## (a) Sales and disposal of student accommodation portion of Kelaty House

On 24 August 2018, the Group entered into a sales and purchase agreement with Kelaty House Wembley Limited (the "Purchaser") to dispose of the freehold interest in part of the site at Kelaty House, First Way, Wembley HA9 0JD, London, United Kingdom (the "Land") to the Purchaser (the "Transaction"). The Land consists of two separate components which are undergoing development, these being the serviced residence component and the student accommodation component respectively. The Transaction is in relation to the disposal of the student accommodation component of the Land. Following the Transaction, the Group will continue to own the freehold interest in the serviced residence component and undertake the development thereof.

The carrying value of the student accommodation component of the Land is £20,931,000 (approximately \$36,630,000). The consideration receivable for the Transaction is approximately £28,140,000 (approximately \$49,250,000) and the Group's estimated 70% share of the gain on disposal upon completion of the Transaction will be £4,663,000 (approximately \$8,160,000).

If the Transaction is completed by a development funder nominated by the Purchaser, the consideration will be revised to approximately £28,860,000 (approximately \$50,505,000) and the Group's estimated gain on disposal upon completion of the Transaction will be revised to approximately £5,166,000 (approximately \$9,040,000).

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 37. EVENTS OCCURRING AFTER BALANCE SHEET DATE (CONTINUED)

### (b) Investment in joint venture, Daehan Rehabilitation Services Sdn. Bhd.

On 20 July 2018, the Group entered into the following documents:

- Convertible loan agreement with Daehan Rehabilitation Services Sdn. Bhd. ("Daehan") to grant a term loan of US\$3,500,000 (approximately \$4,781,000) to Daehan, convertible into new ordinary shares in the capital of Daehan which represent 15% of the enlarged share capital of Daehan (the "Conversion Shares");

- Subscription agreement with (i) ACA Rehab Hospital I LP ("ACA"), the sole existing shareholder of Daehan and (ii) Daehan, where the Group agreed to subscribe for new ordinary shares in the capital of Daehan (including the Conversion Shares) in three tranches, which in aggregate represent 50% of the enlarged and issued paid-up ordinary share capital of Daehan, for an aggregate amount of US\$12,500,000 (approximately \$17,075,000).

Daehan's intended principal business activity is to operate a private rehabilitation hospital located at Putrajaya, Malaysia. The hospital is currently under renovation and refurbishment and is expected to commence operations during the financial year ending 30 June 2019. The subscription of the shares are subjected to certain condition precedents which include Daehan obtaining all relevant licenses necessary for it to carry on business, to commence operations of the hospital of not less than 109 beds, and to achieve 50% occupancy on a monthly basis for a period of two consecutive months.

Upon the completion of the 50% share subscription, Daehan will become a joint venture of the Group and the Group will record an investment in joint venture amounting to US\$12,500,000 (approximately \$17,075,000).

### (c) Issuance of new multicurrency medium term note

The Company's existing \$50,000,000 5.50% term notes due 2019 (the "Existing Note") will mature on 28 March 2019. On 30 August 2018, the Group announced that it has commenced the Invitation to holders of Existing Notes (the "Noteholders") to exchange any and all outstanding existing notes for a like principal amount of new notes carrying 5.80% due 2021 (the "New Notes") to be issued under the Company's \$300,000,000 multicurrency medium term note programme, subject to conditions set out in an Exchange Offer Memorandum issued on the same date. The New Notes will bear interest at a rate of 5.80% per annum payable semi-annually in arrear.

The financial effects of the issuance of the New Notes is not disclosed as the issuance and the accounting for the issuance of the New Notes is not completed as at the time these financial statements have been authorised for issue.

## 38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2018 or later periods and which the Group has not early adopted:

### (a) FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

FRS 115 replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an

### 38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

(a) FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018) (continued)

amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 July 2018 (Note 39). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 39.

(b) FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

There is also now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

### (b) FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018) (continued)

The Group is required to adopt a new accounting framework from 1 July 2018 (Note 39). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 39.

### (c) FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 July 2018 (Note 39). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

## 39. ADOPTION OF SFRS(I)s

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS – Identical Financial Reporting Standards' ("SFRS(I)s") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I)s on 1 July 2018 and will be issuing its first set of financial information prepared under SFRS(I)s for the quarter ended 30 September 2018 in October 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalent of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I)s on the Group's financial statements are set out as follows:

### (a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I)s effective at the end of the first SFRS(I) reporting period (financial year ending 30 June 2019), subject to the mandatory exceptions and optional exemptions under IFRS 1. The Group plans to elect relevant optional exemptions and the exemptions resulting in significant adjustments to the Group's financial statements prepared under SFRS are as follows:

#### (i) *Cumulative translation differences*

## 39. ADOPTION OF SFRS(I)s (CONTINUED)

## (a) Application of SFRS(I) equivalent of IFRS 1 (continued)

The Group plans to elect to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I)s on 1 July 2017. As a result, other reserves and retained profits as at 1 July 2017 and 30 June 2018 was increased/reduced by \$23,146,000 respectively.

## (b) Adoption of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent of IFRS 9 on 1 July 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 30 June 2018.

(i) *Classification and measurement*

The Group has assessed the business models that are applicable on 1 July 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) equivalent of IFRS 9. Expected significant adjustments to the Group's balance sheet line items as a result of management's assessment are as follows:

- *Equity investments previously classified as AFS to FVOCI*

The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale in other comprehensive income.

(ii) *Impairment of financial assets*

The following financial assets and contract assets recognised under SFRS(I) equivalent of IFRS 15 will be subject to the expected credit loss model under SFRS(I) equivalent of IFRS 9:

- trade receivables;
- other receivables at amortised cost.

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

## (c) Adoption of SFRS(I) equivalent of IFRS 15

In accordance with the requirements of IFRS 1, the Group will adopt SFRS(I) equivalent of IFRS 15 retrospectively. The main adjustments are as follows:

**Accounting for construction contracts**(i) *Accounting for costs incurred to fulfil a contract*

Under IFRS, costs incurred in fulfilling a contract with a customer are capitalised under amount due from customer arising from construction contracts.

Under SFRS(I) equivalent of IFRS 15, an entity shall recognise an asset from the costs incurred to fulfill a contract only if these costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 39. ADOPTION OF SFRS(I)S (CONTINUED)

### (c) Adoption of SFRS(I) equivalent of IFRS 15 (continued)

costs of designing an asset to be transferred under a specific contract that has not yet been approved);

- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

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

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

Under FRS, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately on a contract-by-contract basis, and is accounted for on the balance sheet in accordance with Note 2.9.

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

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

The Group is expected to change the presentation of certain amounts in the balance sheet to reflect the terminology in SFRS(I) equivalent of IFRS 15:

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

### **Accounting for development properties in Malaysia**

#### (iv) *Recognition of revenue over time*

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

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

#### (v) *Provision for foreseeable losses for affordable housing*



## 39. ADOPTION OF SFRS(I)s (CONTINUED)

## (c) Adoption of SFRS(I) equivalent of IFRS 15 (continued)

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

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

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

## (d) Summary of provisional financial impact

The line items on the Group's financial statements that may be adjusted with significant impact arising from the adoption of SFRS(I)s as described above changes are summarised below:

	<b>As at 30 Jun 2018 reported under SFRS \$'000</b>	<b>(Provisional) As at 1 Jul 2018 reported under SFRS(I)s \$'000</b>	<b>As at 1 Jul 2017 reported under SFRS \$'000</b>	<b>(Provisional) As at 1 Jul 2017 reported under SFRS(I)s \$'000</b>
Trade and other receivables	78,147	68,584	79,075	51,246
Contract assets	-	13,405	-	27,868
Development properties	137,560	125,823	57,073	49,158
Properties held for sale	1,372	1,350	-	-
Deferred income tax assets	1,224	1,624	1,153	1,660
Trade and other payables	121,867	116,063	175,963	158,010
Contract liabilities	-	-	-	12,188
Current income tax liabilities	5,498	5,423	4,784	4,784
Retained profits	157,836	156,198	138,712	137,108

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

## 40. COMPANIES IN THE GROUP

(a) The subsidiaries are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2018 %	2017 %
Held by the Company				
Unquoted equity shares				
<sup>1</sup> Lum Chang Asia Pacific Pte Ltd	Investment holding	Singapore	100	100
<sup>1</sup> Lum Chang Corporation Pte Ltd	Investment holding	Singapore	100	100
<sup>1</sup> Lum Chang Properties Ltd	Investment holding	Singapore	100	100
<sup>1</sup> Lum Chang (Suzhou) Investments Pte Ltd	Investment holding	Singapore	51	51
<sup>2</sup> Nexus Sdn Bhd	Dormant	Malaysia	100	100
<sup>2</sup> Urban Assignment Sdn Bhd	Dormant	Malaysia	100	100
<sup>1</sup> Binjai Holdings Pte Ltd	Investment holding	Singapore	100	100
<sup>1</sup> Kemensah Holdings Pte Ltd	Investment holding	Singapore	100	100
Lum Chang Realty Pte Ltd	Liquidated in 2018	Singapore	-	100
<sup>8</sup> Lum Chang Orion Pte Ltd	In member’s voluntary liquidation	Singapore	100	100
<sup>3</sup> Twin Palms Development Sdn Bhd	Property development	Malaysia	100	100
<sup>1</sup> UK Property Investment Pte Ltd	Investment holding	Singapore	70	70
<sup>1</sup> Wembley Properties Pte Ltd	Investment holding	Singapore	70	70
<sup>1</sup> Tucana Investments Pte Ltd	Investment holding	Singapore	100	100
<sup>1</sup> Sky Real Estate Investment Pte Ltd	Investment holding	Singapore	100	-
<sup>4</sup> Solluna Investments Pte Ltd	Investment holding	Singapore	100	-

## 40. COMPANIES IN THE GROUP (CONTINUED)

(a) The subsidiaries are as follows: (continued)

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2018 %	2017 %
Held by subsidiaries				
Unquoted equity shares				
<sup>1</sup> Lum Chang Auriga Pte Ltd	Property development	Singapore	100	100
<sup>1</sup> Lum Chang Property Investments Pte Ltd	Property investment	Singapore	100	100
<sup>1</sup> Lum Chang Building Contractors Pte Ltd	Building construction	Singapore	100	100
<sup>1</sup> Lum Chang Interior Pte Ltd	Building construction	Singapore	80	-
<sup>2</sup> Lum Chang Sdn Bhd	Dormant	Malaysia	100	100
<sup>2</sup> Uptown Viewpoint Sdn Bhd	Dormant	Malaysia	100	100
<sup>3</sup> Venus Capital Corporation Sdn Bhd	Property development	Malaysia	100	100
<sup>3</sup> Fabulous Range Sdn Bhd	Property development	Malaysia	100	100
<sup>8</sup> Sungei Long Holdings Pte Ltd	In member’s voluntary liquidation	Singapore	-	100
<sup>6</sup> 130 WS Holdings Limited	Investment holding	Jersey, Channel Islands	70	70
<sup>6</sup> 130 WS Investments Limited	Investment holding	Jersey, Channel Islands	70	70
<sup>6</sup> 130 Wood Street Unit Trust	Property investment	Jersey, Channel Islands	70	70
<sup>6</sup> Kelaty Holdings Limited	Investment holding	Jersey, Channel Islands	70	70
<sup>6</sup> Kelaty Propco Limited	Property investment	Jersey, Channel Islands	70	70
<sup>6</sup> Kelaty Leaseco Limited	Property investment	Jersey, Channel Islands	70	70
<sup>6</sup> Lum Chang Development Services Limited	Property management and technical consultancy	England and Wales	100	100

# NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2018

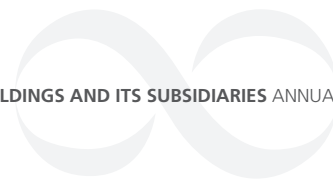
## 40. COMPANIES IN THE GROUP (CONTINUED)

(b) The associated companies are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2018 %	2017 %
Held by the Company				
Unquoted equity shares				
<sup>9</sup> Faith Global Ventures Inc	In members' voluntary liquidation	British Virgin Islands	-	22.73
Held by subsidiaries				
Unquoted equity shares				
<sup>10</sup> FCL Compassvale Pte Ltd	Property development	Singapore	20	20
<sup>10</sup> FCL Admiralty Pte Ltd	Property development	Singapore	30	30
<sup>1</sup> Pavo Holdings Pte Ltd	Investment holding	Singapore	40	40

(c) The joint ventures are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2018 %	2017 %
<b>Held by subsidiaries</b>				
<sup>1</sup> Dorado Holdings Pte Ltd	Investment holding	Singapore	<b>50</b>	50
<sup>11</sup> Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	<b>50</b>	50
<sup>5,7</sup> Nishimatsu – Lum Chang JV	Dormant	Singapore	<b>50</b>	50
<sup>4</sup> CLI CP (Netherlands) Pte Ltd	Investment holding	Singapore	<b>50</b>	-
<b>Subsidiaries held by joint venture Dorado Holdings Pte Ltd</b>				
<sup>1</sup> Columba Holdings Pte Ltd	Investment holding	Singapore	<b>50</b>	50
<sup>1</sup> Corwin Holding Pte Ltd	Property investment	Singapore	<b>50</b>	50
<sup>1</sup> Dorado Retail Holdco Pte Ltd	Investment holding	Singapore	<b>50</b>	50
<sup>1</sup> Dorado Retail Pte Ltd	Dormant	Singapore	<b>50</b>	50
<b>Subsidiaries held by joint venture CLI CP (Netherlands) Pte Ltd</b>				
<sup>4</sup> CLI CP (Netherlands) B.V.	Investment holding	Netherlands	<b>50</b>	-



#### 40. COMPANIES IN THE GROUP (CONTINUED)

- 1 Audited by PricewaterhouseCoopers LLP, Singapore.
- 2 Audited by LT Lim & Associates, Malaysia.
- 3 Audited by PricewaterhouseCoopers, Malaysia.
- 4 Incorporated during the financial year. Audit not required in the financial year.
- 5 Unincorporated jointly – controlled partnerships.
- 6 Audited by PricewaterhouseCoopers LLP, United Kingdom.
- 7 Not required to be audited in 2018 as entity is dormant.
- 8 Not required to be audited in 2018 as entity is in member's voluntary liquidation.
- 9 Audit not required in the country of incorporation.
- 10 Audited by KPMG LLP, Singapore.
- 11 Audited by KPMG, Malaysia.

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit and Risk Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

#### 41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lum Chang Holdings Limited on 14 September 2018.

# STATISTICS OF SHAREHOLDINGS

As at 5 September 2018

Issued and Fully Paid-Up Capital	- \$86,572,744
Class of Shares	- Ordinary Shares
	- 382,420,304 (with voting rights)
Voting Rights	- 1 vote per share

DISTRIBUTION OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	% <sup>(1)</sup>
1 - 99	266	2.44	12,050	0.00
100 - 1,000	1,504	13.80	790,456	0.21
1,001 - 10,000	6,265	57.47	29,878,754	7.81
10,001 - 1,000,000	2,845	26.10	113,192,306	29.60
1,000,001 and above	21	0.19	238,546,738	62.38
<b>TOTAL</b>	<b>10,901</b>	<b>100.00</b>	<b>382,420,304</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

	NO. OF SHARES	% <sup>(1)</sup>
Hong Leong Finance Nominees Pte Ltd	64,000,000	16.74
United Overseas Bank Nominees Pte Ltd	32,313,515	8.45
Four Seas Nominees Pte Ltd	29,000,000	7.58
Citibank Nominees Singapore Pte Ltd	20,904,028	5.47
Lum Kwan Sung	15,531,080	4.06
DBS Nominees Pte Ltd	14,966,712	3.91
Lum Kok Seng	10,944,964	2.86
Beverian Holdings Pte Ltd	8,357,100	2.19
Raffles Nominees (Pte) Ltd	7,250,636	1.90
Lum Chang Investments Pte Ltd	6,839,742	1.79
OCBC Nominees Singapore Pte Ltd	6,081,080	1.59
Leung Kai Fook Medical Co. Pte Ltd	4,591,000	1.20
OCBC Securities Private Ltd	3,618,225	0.95
Phillip Securities Pte Ltd	3,078,481	0.80
Loh Tee Pheng	2,450,000	0.64
Tan Thian Hwee	1,623,000	0.42
UOB Kay Hian Pte Ltd	1,547,475	0.40
Chiam Hock Poh	1,543,400	0.40
Ow Yong Heng Leong	1,482,000	0.39
Tang Woon Ee	1,375,000	0.36
	<b>237,497,438</b>	<b>62.10</b>

## SUBSTANTIAL SHAREHOLDERS (INCLUDING DEEMED INTERESTS)

	NO. OF SHARES	% <sup>(1)</sup>
Raymond Lum Kwan Sung	75,368,139 <sup>(2)</sup>	19.71
Lum Chang Investments Pte Ltd	59,839,742	15.65
David Lum Kok Seng	79,295,536 <sup>(3)</sup>	20.74
Beverian Holdings Pte Ltd	68,357,100	17.88
Edlyn Lum Wen Ee	59,839,742 <sup>(2)</sup>	15.65
Emlyn Lum Wen Yan	59,839,742 <sup>(2)</sup>	15.65

Based on information available to the Company as at 5 September 2018, approximately 60% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

**Notes:** (1) Percentage computed is based on 382,420,304 shares in issue (excluding treasury shares which have no voting rights).  
(2) Raymond Lum Kwan Sung, Edlyn Lum Wen Ee and Emlyn Lum Wen Yan are deemed interested in 59,839,742 shares held directly by Lum Chang Investments Pte Ltd and through its nominee accounts.  
(3) David Lum Kok Seng is deemed interested in 68,357,100 shares held directly by Beverian Holdings Pte Ltd and through its nominee accounts.

# NOTICE OF ANNUAL GENERAL MEETING AND BOOKS CLOSURE

**Lum Chang Holdings Limited** (incorporated in the Republic of Singapore) Company Registration No. 198203949N

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **36<sup>th</sup> Annual General Meeting** of the Company will be held at Orchard Parade Hotel, Antica I & II, Level 2, 1 Tanglin Road, Singapore 247905 on **26 October 2018, Friday** at **10.30 a.m.** to transact the following business:-

### *As Ordinary Business:*

1. To receive and adopt the Audited Financial Statements for the year ended 30 June 2018 and the statement of the Directors and report of the Independent Auditor thereon.
2. To declare a Final tax exempt (one-tier) Dividend of 1.5 cents per share as recommended by the Directors for the year ended 30 June 2018.
3. To approve the amount of S\$326,000 proposed as Directors' fees for the year ended 30 June 2018 (year ended 30 June 2017: S\$293,970).
4. To re-elect the following Directors, retiring by rotation under Article 107(2) of the Company's Constitution and who, being eligible, offer themselves for re-election:-

- (a) Mr Peter Sim Swee Yam
- (b) Mr Daniel Soh Chung Hian
- (c) Mr Andrew Chua Thiam Chwee

Note: (a) Mr Peter Sim Swee Yam, when re-elected, will remain as the lead independent Director and a member of the Audit and Risk Committee, and the Nominating Committee as well as the Chairman of the Remuneration Committee.

(b) Mr Daniel Soh Chung Hian, an independent Director, when re-elected, will remain as the Chairman of the Audit and Risk Committee and a member of the Nominating Committee.

(c) Mr Andrew Chua Thiam Chwee, an independent Director, when re-elected, will remain as a member of the Audit and Risk Committee, and the Remuneration Committee.

*(See Explanatory Note 1)*

5. To re-elect Mr Clement Leow Wee Kia as an independent Director of the Company, retiring under Article 89 of the Company's Constitution and who, being eligible, offers himself for re-election.

*(See Explanatory Note 1)*

6. To re-appoint PricewaterhouseCoopers LLP as independent auditors of the Company and to authorise the Directors to fix their remuneration.

**As Special Business:**

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

**7. Authority to Directors to issue Shares**

"That pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore, the Constitution of the Company and the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (including any supplemental measures thereto from time to time), the Directors be and are hereby authorised to:-

- (a) (i) allot and issue shares in the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of options, warrants, debentures or other instruments convertible into Shares,
- at any time to such persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and
- (b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force:-
    - (i) issue additional Instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and
    - (ii) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in b(i) above,

PROVIDED ALWAYS THAT:-

- (I) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution (as calculated in accordance with subparagraph (II) below), of which the aggregate number of Shares issued other than on a *pro rata* basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with subparagraph (II) below);
- (II) subject to such manner of calculation as may be prescribed by SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (I) above, the total number of the issued Shares is based on the Company's total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution after adjusting for:
  - (a) new Shares arising from the conversion or exercise of convertible securities;
  - (b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and



- (IV) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

(See Explanatory Note 2)

## 8. Approval for renewal of Share Purchase Mandate

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

- (i) on-market purchases (each an “**On-Market Share Purchase**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and/or
- (ii) off-market purchases (each an “**Off-Market Share Purchase**”) effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held;
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
- (iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

- (c) in this Resolution:

“**Prescribed Limit**” means 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

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

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last 5 Market Days (“**Market Day**” being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or before the date of the Company’s announcement of an offer for the Off-Market Share Purchase, as the case may be, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

- (d) the Directors and/or each of them be and are/is hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

*(See Explanatory Note 3)*

## 9. Any Other Business

To transact any other business which may properly be transacted at an Annual General Meeting.

### NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN THAT subject to shareholders' approval being obtained for the proposed Final tax exempt (one-tier) Dividend of 1.5 cents per share for the financial year ended 30 June 2018 (the "**Dividend**"), the Share Transfer Books and the Register of Members of the Company will be closed on **9 November 2018** for the purpose of determining shareholders' entitlements to the Dividend.

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services of **80 Robinson Road #02-00 Singapore 068898**, up to 5.00 p.m. on **8 November 2018** will be registered to determine shareholders' entitlements to the Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the shares as at 5.00 p.m. on **8 November 2018** will be entitled to the Dividend.

Payment of the Dividend, if approved by shareholders, will be paid on **23 November 2018**.

### BY ORDER OF THE BOARD

**TONY FONG**

**TAN ENG CHAN GERALD**

Company Secretaries  
Singapore  
25 September 2018

**Notes:**

- 1) A member (otherwise than a relevant intermediary) entitled to attend, speak and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- 2) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

**“Relevant intermediary”** means:

- (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
  - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds the shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 3) A proxy need not be a member of the Company.
  - 4) The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at 14 Kung Chong Road, #08-01 Lum Chang Building, Singapore 159150 not less than 72 hours before the time appointed for holding the Annual General Meeting.
  - 5) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **“Purposes”**), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

**Explanatory Notes to the Resolutions:**

1. Detailed information on these Directors can be found under “Board of Directors”, “Present and Past Directorships” and “Corporate Governance” sections in the Company’s 2018 Annual Report.
2. The ordinary resolution proposed in item 7 above, if passed, will empower the Directors, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, to issue Shares up to an amount not exceeding (i) 50% of the total number of issued Shares (excluding treasury shares), of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of Shares which may be issued shall be based on the total number of issued Shares at the time that ordinary resolution 7 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that ordinary resolution 7 is passed, and any subsequent bonus issue or consolidation or subdivision of Shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
3. The ordinary resolution proposed in item 8 above, if passed, will enable the Directors, unless varied or revoked by the Company in general meeting, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated, whichever is the earliest, to purchase Shares by way of On-Market Share Purchases and/or Off-Market Share Purchases of up to 10% of the total number of issued Shares (excluding treasury shares) at the time of the passing of the ordinary resolution and up to the Maximum Price. The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its purchase of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchase of Shares cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchase. The rationale for, the authority and the limits on, and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 30 June 2018 (for illustrative purposes only) are set out in greater detail in the Appendix to the Notice of Annual General Meeting dated 25 September 2018 in relation to the proposed renewal of the Share Purchase Mandate.

# Proxy Form for Annual General Meeting

## Lum Chang Holdings Limited (Incorporated in the Republic of Singapore)

Company Registration No. 198203949N (the "Company")

Important:

1. Relevant intermediaries as defined in Section 181 of the Companies Act (Chapter 50) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy the Company's shares, the Summary Financial Report/Annual Report is forwarded to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 September 2018.

I/We \_\_\_\_\_ NRIC/ Passport No./  
Company Registration No. \_\_\_\_\_  
of \_\_\_\_\_

being a member/members of LUM CHANG HOLDINGS LIMITED hereby appoint:

Name	Address	NRIC/ Passport No.	Number of Shares Represented	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Number of Shares Represented	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Orchard Parade Hotel, Antica I & II, Level 2, 1 Tanglin Road, Singapore 247905 on Friday, 26 October 2018 at 10.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided below whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

Ordinary Resolutions	For*	Against*
1. To adopt the Directors' Statement and audited financial statements for the financial year ended 30 June 2018 and the Auditor's Report thereon		
2. To declare the payment of proposed Final Dividend		
3. To approve Directors' Fees		
4(a). To re-elect Mr Peter Sim Swee Yam as a Director retiring under Article 107(2) of the Company's Constitution		
4(b). To re-elect Mr Daniel Soh Chung Hian as a Director retiring under Article 107(2) of the Company's Constitution		
4(c). To re-elect Mr Andrew Chua Thiam Chwee as a Director retiring under Article 107(2) of the Company's Constitution		
5. To re-elect Mr Clement Leow Wee Kia as a Director retiring under Article 89 of the Company's Constitution		
6. To re-appoint PricewaterhouseCoopers LLP as Independent Auditor and to authorise the Directors to fix their remuneration		
7. To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
8. To approve the renewal of the Share Purchase Mandate		

\* If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise please indicate number of votes.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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

Total No. of shares in	No. of shares
CDP Register	
Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

## IMPORTANT (PLEASE READ NOTES BELOW BEFORE COMPLETING THIS PROXY FORM)

### Notes:

- 1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
- 2) A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead at the Annual General Meeting ("**AGM**") of the Company. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- 3) A member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one (1) proxy, the number of shares and the class of such shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

"**relevant intermediary**" means:

- (i) a banking corporation licensed under the Banking Act, 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 14 Kung Chong Road, #08-01 Lum Chang Building, Singapore 159150 not less than 72 hours before the time appointed for holding the AGM.
  - 5) A proxy need not be a member of the Company.
  - 6) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
  - 7) Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  - 8) A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (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 which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by the Depository to the Company.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

