IMPORTANT NOTICE

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Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the notes, investors must not be a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the Securities Act nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the notes described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described herein.

The attached document has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of transmission and consequently none of Lum Chang Holdings Limited, CIMB Bank Berhad or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of Lum Chang Holdings Limited or CIMB Bank Berhad to subscribe for or purchase any of the notes described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

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You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the notes described therein.**

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LUM CHANG

LUM CHANG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 18 September 1982)
(UEN/Company Registration No. 198203949N)

S$300,000,000
Multicurrency Medium Term Note Programme
(the "Programme")

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by Lum Chang Holdings Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Notes.

Arranger

CIMB

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NOTICE

CIMB Bank Berhad (the "**Arranger**") has been authorised by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any), the Programme and the Notes. The Issuer confirms that this Information Memorandum contains all information which is or may be material in the context of the Programme or the issue and offering of the Notes, that the information contained in this Information Memorandum is true and accurate in all respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held by the directors of the Issuer, and that there are no other facts the omission of which in the context of the Programme or the issue and offering of the Notes would or might make any such information or expressions of opinion, expectation or intention misleading in any respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) in bearer form or a Permanent Global Note (as defined herein) in bearer form which will be deposited on the relevant issue date with, either CDP (as defined herein) or a common depositary for Euroclear and/or Clearstream, Luxembourg (each as defined herein) or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to below) shall be S$300,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the Programme and the issue, offer or sale of the Notes, and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger, any of the Dealers or the Trustee (as defined herein). The delivery or dissemination of this Information Memorandum at any time after the date of this Information Memorandum does not imply that the information contained in this Information Memorandum or any part of this Information Memorandum is correct at any time after such date. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue and offering of the Notes may be used for the purpose of, or in connection with, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger, any of the Dealers or the Trustee to subscribe for or purchase, any of the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information (or any part thereof) and the offer of the Notes in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information (or any part thereof) or into whose possession this Information Memorandum or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered or sold or, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined Regulation S under the Securities Act ("**Regulation S**")).

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Information Memorandum, see the section "Subscription, Purchase and Distribution" herein.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger, any of the Dealers or the Trustee to subscribe for or purchase any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum (including copies thereof) or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Arranger, any of the Dealers or the Trustee has separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers, the Trustee or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription thereof or purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, none of the Arranger, any of the Dealers or the Trustee makes any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and in the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, any of the Dealers or the Trustee that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arranger, any of the Dealers, the Trustee or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase, subscription or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

None of the Arranger, any of the Dealers or the Trustee accepts any responsibility for the contents of this Information Memorandum or for any other statement made or purported to be made by the Arranger, any of the Dealers or the Trustee or on its behalf in connection with the Issuer, the Programme or the issue and offering of the Notes. The Arranger, each of the Dealers and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or publicly announced unaudited financial statements of the Issuer and its subsidiaries and associated companies (if any) and (2) any supplement or amendment to this Information Memorandum issued by the Issuer (including each relevant Pricing Supplement). This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection during usual office hours at the specified office of the Issuing and Paying Agent (as defined herein).

Any purchase, subscription or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger, any of the Dealers or the Trustee) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section "Subscription, Purchase and Distribution" on pages 107 to 110 of this Information Memorandum.

Any person(s) who is/are invited to purchase, acquire or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to purchase, subscribe for or acquire any of the Notes consult their own legal, financial, tax and other advisers before purchasing or subscribing for or acquiring the Notes.

Prospective purchasers of any of the Notes are recommended to also consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Notes.

Prospective investors should also pay attention to the risk factors set out in the section on "Risk Factors".

Notification under Section 309B of the SFA: Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 20141/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (as defined herein) (including statements as to the Issuer's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and/or the Group, expected growth in the Issuer and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and/or the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the section "Investment Considerations".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arranger, the Dealers and, the Trustee do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Notes by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Arranger, the Dealers and the Trustee disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"Agency Agreement"	:	The Agency Agreement dated 31 March 2014 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Non-CDP Paying Agent, as non-CDP paying agent, (4) the Calculation Agent, as calculation agent, and (5) the Trustee, as trustee, as amended, varied or supplemented from time to time.
"**Arranger**"	:	CIMB Bank Berhad.
"**business day**"	:	In respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and/or the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency.
"**Calculation Agent**"	:	The Bank of New York Mellon, acting through its London Branch.
"**Clearstream, Luxembourg**"	:	Clearstream Banking S.A. and includes a reference to its successors and assigns.
"**Common Depositary**"	:	In relation to the Notes of any Series, a depositary common to Euroclear and Clearstream, Luxembourg.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Conditions**"	:	In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part II of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Note, by the provisions of such Global Note, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part II of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.

"**Couponholders**"	:	The holders of the Coupons.
"**Coupons**"	:	The interest coupons appertaining to an interest bearing Note.
"**Dealers**"	:	Persons appointed as dealers under the Programme.
"**Definitive Note**"	:	A definitive Note, in bearer form, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed and having, where appropriate, Coupons attached on issue.
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
"**Euro**"	:	The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
"**Euroclear**"	:	Euroclear SA/NV and includes a reference to its successors and assigns.
"**FY**"	:	Financial year ended 30 June.
"**GFA**"	:	Gross Floor Area.
"**Global Note**"	:	A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons.
"**Group**"	:	The Issuer and its subsidiaries.
"**IRAS**"	:	Inland Revenue Authority of Singapore.
"**Issuer**" or "**LCH**"	:	Lum Chang Holdings Limited.
"**Issuing and Paying Agent**"	:	The Bank of New York Mellon, acting through its Singapore Branch.
"**ITA**"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"**Latest Practicable Date**"	:	24 August 2018.
"**MAS**"	:	The Monetary Authority of Singapore.
"**Non-CDP Paying Agent**"	:	The Bank of New York Mellon, acting through its London Branch.
"**Noteholders**"	:	The holders of the Notes.
"**Notes**"	:	The multicurrency medium term notes of the Issuer issued or to be issued pursuant to the Programme Agreement and constituted by the Trust Deed (and shall, where the context so admits, include the Global Notes and the Definitive Notes).

"**Permanent Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, being substantially in the form set out in Schedule 3 to the Trust Deed.
"**Pricing Supplement**"	:	In relation to any Tranche or Series, a pricing supplement supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series substantially in the form of Appendix 2 to the Programme Agreement.
"**Programme**"	:	The S$300,000,000 Multicurrency Medium Term Note Programme established by the Issuer pursuant to the Programme Agreement.
"**Programme Agreement**"	:	The Programme Agreement dated 31 March 2014 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) CIMB Bank Berhad, as dealer, as amended, varied or supplemented from time to time.
"**Securities Act**"	:	The Securities Act of 1933 of the United States, as amended or modified from time to time.
"**Series**"	:	(1) (In relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.
"**Shares**"	:	Ordinary shares in the capital of the Issuer.
"**subsidiary**"	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act).
"**TARGET System**"	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
"**Temporary Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed.
"**Tranche**"	:	Notes which are identical in all respects (including as to listing).
"**Trust Deed**"	:	The Trust Deed dated 31 March 2014 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, varied and supplemented by a supplemental trust deed dated 15 January 2016 made between the same parties and as further amended, varied or supplemented from time to time.

"**Trustee**"	:	The Bank of New York Mellon, acting through its Singapore Branch.
"**United States**" or "**U.S.**"	:	United States of America.
"**sqm**"	:	Square metres.
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively.
"**%**" or "**per cent.**"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Issuer	:	Lum Chang Holdings Limited
Board of Directors	:	Mr Raymond Lum Kwan Sung Mr David Lum Kok Seng Mr Tony Fong Mr Kelvin Lum Wen Sum Mr Peter Sim Swee Yam Mr Daniel Soh Chung Hian Dr Willie Lee Leng Ghee Mr Andrew Chua Thiam Chwee Mr Clement Leow Wee Kia
Company Secretaries	:	Mr Tony Fong Mr Gerald Tan Eng Chan
Registered Office	:	14 Kung Chong Road #08-01 Lum Chang Building Singapore 159150
Independent Auditor to the Issuer	:	PricewaterhouseCoopers LLP 7 Straits View, Marina One East Tower, Level 12 Singapore 018936
Arranger and Dealer of the Programme	:	CIMB Bank Berhad 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
Legal Advisers to the Arranger	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Trustee, the Issuing and Paying Agent and the Calculation Agent (as at the establishment of the Programme)	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Issuing and Paying Agent	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192
Non-CDP Paying Agent	:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL United Kingdom
Calculation Agent	:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL United Kingdom

Trustee for the Noteholders	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Lum Chang Holdings Limited.
Arranger	:	CIMB Bank Berhad.
Dealers	:	CIMB Bank Berhad and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	The Bank of New York Mellon, acting through its Singapore Branch.
Issuing and Paying Agent	:	The Bank of New York Mellon, acting through its Singapore Branch.
Non-CDP Paying Agent	:	The Bank of New York Mellon, acting through its London Branch.
Calculation Agent	:	The Bank of New York Mellon, acting through its London Branch.
Description	:	S$300,000,000 Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$300,000,000 (or its equivalent in other currencies) or as may be agreed between the Issuer and the Arranger.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Purpose	:	Net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for general corporate purposes, including refinancing of existing borrowings, financing investments and financing of working capital and capital expenditure requirements of the Issuer or its subsidiaries.
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each Series shall be agreed between the Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).

Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ Swap Rate (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ Swap Rate (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive

		Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein.
Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Optional Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders.
Negative Pledge	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 9 of the Notes) will, create or have outstanding any security over the whole or any part of its undertakings, assets, properties or revenues, present or future, save for: (i) liens or rights of set-off arising in the ordinary course of its business or by operation of law, in each case, in respect of indebtedness which either (1) has been due for less than 21 days or (2) is being contested in good faith and by appropriate means; (ii) any security existing as at the date of the Trust Deed over any of its assets and disclosed in writing to the Trustee on or prior to the date of the Trust Deed (but, except with the prior approval of the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed), the principal, capital or nominal amount secured by such security may not be increased) and any security created after the date of the Trust Deed over such asset for the purpose of refinancing the indebtedness secured by such asset (provided that the principal amount of such refinancing shall not exceed (A) the original limit granted without taking into account any reduction or repayment, (B) 75 per cent. of the current market value of such asset at that time (as determined on the basis of the most recent valuation report prepared by an independent professional valuer) or (C) 75 per cent. of the Gross Development Value (as defined in the Conditions) of the assets at that time, whichever is higher);

(iii) any security over any of its assets acquired, developed or redeveloped by it after the date of the Trust Deed, provided that on the date on which any security referred to in this sub-paragraph is first created over any asset acquired, developed or redeveloped after the date of the Trust Deed, the amount secured by the security over such asset shall not exceed:

(1) in respect of any real property asset which is a property development, 80 per cent. of (in the case of acquisition) the cost of acquisition of that real property asset or (in the case of development or redevelopment) the Gross Development Value of that real property asset;

(2) in respect of any real property asset which is not a property development, 75 per cent. of (A) the cost of that acquisition or (B) the open market value of the relevant asset as determined by an Approved Valuer (as defined in the Conditions), whichever is higher at the time of the proposed creation of the security; and

(3) in respect of any asset (other than real property), the cost of acquisition of that asset;

(iv) any security created by way of a floating charge on or over its assets for the purpose of securing working capital facilities obtained in the ordinary course of business;

(v) any security created to secure its debts or liabilities in respect of letters of credit, trust receipts, performance bonds and/or bank guarantees issued in the ordinary course of business;

(vi) any security over the property situated at 14 Kung Chong Road, Singapore 159150 created in connection with loan facilities of up to S$10,000,000 extended by banks and other financial institutions to the Group after the date of the Trust Deed;

(vii) any security over the property situated at 8 Kim Tian Road, Singapore 169247 created in connection with loan facilities extended by banks and other financial institutions to the Group; and

(viii) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

Financial Covenants : The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

(i) the Consolidated Tangible Net Worth (as defined in the Conditions) shall not at any time be less than S$145,000,000;

(ii) the ratio of Consolidated Net Debt (as defined in the Conditions) to Consolidated Tangible Net Worth shall not at any time be more than 1.5:1; and

		(iii) the ratio of Consolidated Secured Debt (as defined in the Conditions) to Consolidated Total Assets (as defined in the Conditions) shall not at any time exceed 0.65:1.
Events of Default	:	See Condition 9 of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section "Singapore Taxation" herein.
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 or its equivalent in foreign currencies.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.*

The Notes are constituted by a trust deed dated 31 March 2014 made between (1) Lum Chang Holdings Limited (the "**Issuer**") and (2) The Bank of New York Mellon, Singapore Branch (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below) (as amended, varied and supplemented by a supplemental trust deed dated 15 January 2016 made between the same parties, and as further amended, varied or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended and supplemented, the "**Deed of Covenant**") dated 31 March 2014, relating to the Notes executed by the Issuer. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and Coupons referred to below. The Issuer has entered into an Agency Agreement (as amended and supplemented, the "**Agency Agreement**") dated 31 March 2014 made between (1) the Issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**"), (3) The Bank of New York Mellon, London Branch, as non-CDP paying agent (in such capacity, the "**Non-CDP Paying Agent**" and, together with the Issuing and Paying Agent, the "**Paying Agents**"), (4) The Bank of New York Mellon, London Branch, as calculation agent (in such capacity, the "**Calculation Agent**") and (5) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be cleared through a clearing system other than the CDP System (as defined in the Trust Deed), be deemed to be a reference to the Non-CDP Paying Agent and all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee and at the specified office of the Issuing and Paying Agent upon prior written request during normal office hours.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save for manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Non-CDP Paying Agent, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Issuing and Paying Agent, the Non-CDP Paying Agent, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note (as defined in the Trust Deed) and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (1) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

3. Negative Pledge, Financial Covenants and Non-disposal Covenant

(a) Negative Pledge

The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 9) will, create or have outstanding any security over the whole or any part of its undertakings, assets, properties or revenues, present or future, save for:

(i) liens or rights of set-off arising in the ordinary course of its business or by operation of law, in each case, in respect of indebtedness which either (1) has been due for less than 21 days or (2) is being contested in good faith and by appropriate means;

(ii) any security existing as at the date of the Trust Deed over any of its assets and disclosed in writing to the Trustee on or prior to the date of the Trust Deed (but, except with the prior approval of the Noteholders by way of an Extraordinary Resolution, the principal, capital or nominal amount secured by such security may not be increased) and any security created after the date of the Trust Deed over such asset for the purpose of refinancing the indebtedness secured by such asset (provided that the principal amount of such refinancing shall not exceed (A) the original limit granted without taking into account any reduction or repayment, (B) 75 per cent. of the current market value of such asset at that time (as determined on the basis of the most recent valuation report prepared by an independent professional valuer) or (C) 75 per cent. of the Gross Development Value of the assets at that time, whichever is higher);

(iii) any security over any of its assets acquired, developed or redeveloped by it after the date of the Trust Deed, provided that on the date on which any security referred to in this subparagraph is first created over any asset acquired, developed or redeveloped after the date of the Trust Deed, the amount secured by the security over such asset shall not exceed:

   (1) in respect of any real property asset which is a property development, 80 per cent. of (in the case of acquisition) the cost of acquisition of that real property asset or (in the case of development or redevelopment) the Gross Development Value of that real property asset;

   (2) in respect of any real property asset which is not a property development, 75 per cent. of (A) the cost of that acquisition or (B) the open market value of the relevant asset as determined by an Approved Valuer, whichever is higher at the time of the proposed creation of the security; and

   (3) in respect of any asset (other than real property), the cost of acquisition of that asset;

(iv) any security created by way of a floating charge on or over its assets for the purpose of securing working capital facilities obtained in the ordinary course of business;

(v) any security created to secure its debts or liabilities in respect of letters of credit, trust receipts, performance bonds and/or bank guarantees issued in the ordinary course of business;

(vi) any security over the property situated at 14 Kung Chong Road, Singapore 159150 created in connection with loan facilities of up to S$10,000,000 extended by banks and other financial institutions to the Group after the date of the Trust Deed;

(vii) any security over the property situated at 8 Kim Tian Road, Singapore 169247 created in connection with loan facilities extended by banks and other financial institutions to the Group; and

(viii) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

For the purposes of this Condition 3(a),

"**Approved Valuer**" means any of Knight Frank LLP, Jones Lang LaSalle, Associated Property Consultants Pte Ltd, Savills plc or CBRE or any other property valuation firm of recognised standing in the market where the property is located acceptable to the Trustee and as selected and appointed by the Issuer, in each case at the expense of the Issuer; and

"**Gross Development Value**" means the estimated market value (as determined by an Approved Valuer) of a proposed development that can be built on a given site assuming completion.

(b) Financial Covenants

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

(i) the Consolidated Tangible Net Worth shall not at any time be less than S$145,000,000;

(ii) the ratio of Consolidated Net Debt to Consolidated Tangible Net Worth shall not at any time be more than 1.5:1; and

(iii) the ratio of Consolidated Secured Debt to Consolidated Total Assets shall not at any time exceed 0.65:1.

For the purposes of these Conditions:

(1) "**Consolidated Net Debt**" means Consolidated Borrowings less cash and cash equivalents (as determined in accordance with generally accepted accounting principles in Singapore);

(2) "**Consolidated Secured Debt**" means, at any particular time, the portion of Consolidated Total Liabilities secured by any security interest over any asset of the Group;

(3) "**Consolidated Tangible Net Worth**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(aa) the amount paid up or credited as paid up on the issued share capital of the Issuer; and

(bb) the amounts standing to the credit of the capital and revenue reserves (including profit and loss account) of the Group (as defined in the Trust Deed) on a consolidated basis,

all as shown in the then latest audited annual consolidated balance sheet of the Group but after:

(I) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraph (bb) above of the Group since the date of the latest audited annual consolidated balance sheet of the Group;

(II) excluding any sums set aside for future taxation;

(III) deducting:

(AA) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited annual consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;

(BB) all goodwill and other intangible assets;

(CC) any debit balances on consolidated profit and loss account;

(DD) currency translation reserves which are unrealised; and

(IV) including (but without double counting) any amount attributable to non-controlling interests;

(4) "**Consolidated Total Assets**" means, at any particular time, the consolidated amount of the book values of all the assets of the Group, determined as assets in accordance with generally accepted accounting principles in Singapore;

(5) "**Consolidated Total Borrowings**" means, in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(aa) bank overdrafts and all other indebtedness in respect of any bank borrowings maturing within 12 months;

(bb) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(cc) the liabilities of the Issuer under the Trust Deed or the Notes;

(dd) all other indebtedness or liabilities (excluding any subordinated advances from related parties) whatsoever of the Group for borrowed moneys; and

(ee) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group; and

(6) "**Consolidated Total Liabilities**" means the aggregate of Consolidated Total Borrowings plus, insofar as not already taken into account, all other liabilities of the Group calculated in accordance with generally accepted accounting principles in Singapore, including:

(aa) current creditors, proposed dividends and taxation payable within 12 months;

(bb) the principal amount raised by acceptances under any acceptance credit in favour of any member of the Group;

(cc) the face amount of any bills of exchange (other than cheques) or other instruments upon which any member of the Group is liable as drawer, acceptor or endorser;

(dd) all actual and contingent liabilities (only insofar as such liabilities are reflected in the latest audited consolidated balance sheet of the Group) of whatsoever nature of any member of the Group in respect of borrowed moneys including, without limitation, the maximum premium payable on a redemption of any debenture or other indebtedness of any member of the Group and all actual and contingent liabilities of any other person (including the par value of any shares and the principal amount of any debentures of any person) to the extent that such liabilities, shares or debentures are directly or indirectly guaranteed or secured by or are, directly or indirectly, the subject of an indemnity given by, or with a right of recourse against, any member of the Group;

(ee) the aggregate of the principal amounts outstanding under all agreements or transactions entered into by any member of the Group for leasing, hire purchase, conditional sale or purchase on deferred terms (only insofar as the same has been reflected in the latest audited consolidated balance sheet of the Group), or provision of funds in support of obligations of third parties and similar transactions in relation to any property (other than land), and any other amounts due to creditors other than current creditors (other than in relation to land);

(ff) amounts standing to the credit of any deferred tax account or tax equalization reserve, and

(gg) any amount proposed to be distributed to shareholders (other than any member of the Group),

provided that no liabilities shall be included in a calculation of Consolidated Total Liabilities more than once.

(c) Non-disposal Covenant

The Issuer will not, and will ensure that none of the Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets or any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this Condition 3(c) is substantial in relation to its assets, or those of the Group or the disposal of which (either alone or so aggregated) is likely to have a material adverse effect on the Issuer, save that the following shall not be taken into account under this Condition 3(c):

(i) disposals in the ordinary course of business;

(ii) disposals on arm's length basis and on normal commercial terms which are reasonably likely to be not less favourable to the Issuer and/or the relevant Principal Subsidiary than terms which would otherwise be available to or from independent third parties and as permitted by applicable laws and regulations;

(iii) any exchange of assets for other assets of a similar value and where such exchanged assets are real property and/or pertain to the Group's business of property investment and property development and construction;

(iv) any payment of cash as consideration on arm's length basis and on normal commercial terms for assets which pertain to the Group's business of property investment and property development and construction;

(v) any disposal of assets which are obsolete, excess or no longer required for the purposes of its business;

(vi) any disposal of assets by the Issuer or a Principal Subsidiary to any member of the Group that is wholly owned by the Issuer; and

(vii) any disposal which the Trustee and/or the Noteholders by way of Extraordinary Resolution have agreed shall not be taken into account.

4. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) and the Agency Agreement to the Relevant Date (as defined in Condition 7).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated based on the Day Count Fraction shown on the face of the Note.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) and the Agency Agreement to the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "**Spread**" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;

(C) if on any Interest Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and

(C) if on any Interest Determination Date the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest - Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify or cause the Relevant Dealer to notify the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate

Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "Specified Number of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest or proven error) be final and binding upon all parties.

(b) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made.

(c) Determination or Calculation by the Trustee

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so or shall procure the determination or calculation of the Rate of Interest for such Interest Period or Interest

Amount. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. The Trustee may in such circumstances at the expense of the Issuer, also delegate, to any person or persons or fluctuating body of persons selected by it, the determination or calculation of the Rate of Interest for such Interest Period or, as the case may be, Interest Amount, in the manner prescribed in this Condition 4.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

Where Notes other than Fixed Rate Notes, Floating Rate Notes, Hybrid Notes and Variable Rate Notes are issued, the Calculation Agent shall be treated as having agreed to act as Calculation Agent in respect of a Series if it shall have received the Pricing Supplement (in draft or final form) naming it as Calculation Agent no later than five business days before the Issue Date or, if earlier, the first date on which it is required to make any calculation or determination and shall not have notified the Issuer that it does not wish to be so appointed within three business days of such receipt.

5. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof, which shall not be less than 30 days or more than 60 days from the date of such notice. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

(i) If so provided hereon, each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof, which shall not be less than 30 days or more than 60 days from the date of such notice. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof (which shall not be less than 30 days or more than 60 days from the date of such notice), redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying

Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof, which shall not be less than 30 days or more than 60 days from the date of such notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 5(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent and the Trustee a certificate signed by a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer or any of its related corporations may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its related corporations may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its related corporations may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Interest

Payments of principal and (if any) interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Issuing and Paying Agent and its specified office are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Non-CDP Paying Agent and the Calculation Agent and to appoint additional or other Paying Agents, provided that it will at all times maintain (i) (in the case of Notes to be cleared through CDP) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Non-CDP Paying Agent where the Conditions so require and (iii) a Calculation Agent where the conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Issuing and Paying Agent and the Trustee, adversely affect the interests of the holders.

(d) Unmatured Coupons

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of three years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

The Notes and Coupons shall become void unless presented for payment within three years from the appropriate Relevant Date for payment.

9. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured and/or prefunded by the holders to its satisfaction), give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer does not pay:

(i) any principal payable by it under any of the Notes when due at the place at and in the currency in which it is expressed to be payable and such default continues for three business days after the due date; or

(ii) any other sum payable by it under any of the Notes or the Issue Documents (as defined in the Trust Deed) when due at the place at and in the currency in which it is expressed to be payable and such default continues for seven business days after the due date;

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if that default is capable of remedy, it is not remedied within 14 days of the earlier of (i) the Issuer becoming aware of the failure to perform or comply and (ii) the Trustee giving written notice to the Issuer of the failure to perform or comply;

(c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if the circumstances resulting in such noncompliance or incorrectness is capable of remedy, it is not remedied within 14 days of the earlier of (i) the Issuer becoming aware of such non-compliance or incorrectness and (ii) the Trustee giving written notice to the Issuer of such non-compliance or incorrectness;

(d) (i) any other indebtedness of the Issuer or any of the Principal Subsidiaries in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due or, as the case may be, within any applicable grace period in any agreement relating to that indebtedness or, as a result of any actual or potential default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or

(ii) the Issuer or any of the Principal Subsidiaries fails to pay when properly called upon to do so any amount payable by it under any guarantee for, or indemnity in respect of, indebtedness for borrowed moneys, within any applicable grace period provided for in such guarantee or indemnity,

provided that the aggregate amount of such indebtedness, guarantee(s) and/or indemnity(ies) equals or exceeds S$10,000,000 or its equivalent in any other currency;

(e) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;

(g) any security on or over the whole or any part of the property or assets of the Issuer or any of its Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);

(h) any step is taken by any person with a view to the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries or for the appointment of a liquidator (including a provisional liquidator), receiver, manager, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over the whole or any part of the property or assets of the Issuer or any of its Principal Subsidiaries;

(i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any part of its business or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any part of its property or assets;

(j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the Issuer or any of its Principal Subsidiaries;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 14.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature and discharged within 60 days of its commencement) against the Issuer or any of its Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or is likely to have a material adverse effect on the Issuer;

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and

(p) the Issuer or any of its subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions:

"**Principal Subsidiary**" means any subsidiary of the Issuer:

(i) whose profits before tax (excluding the subsidiary's share of profits of associated companies), as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the consolidated profits before tax of the Group (excluding the Issuer's and its consolidated subsidiaries' share of profits of associated companies) as shown by such audited consolidated accounts; or

(ii) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(II) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the profits before tax (excluding the subsidiary's share of profits of associated companies) or (as the case may be) total assets as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the consolidated profits before tax of the Group (excluding the Issuer's and its consolidated subsidiaries' share of profits of associated companies) or (as the case may be) total assets of the Group, as shown by such audited consolidated accounts. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

10. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

11. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may but is not obliged to (and is entitled to rely on any external legal, financial or other professional advice or opinion for this purpose), agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct any proven manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, such modification shall be notified to the Noteholders as soon as practicable. In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

12. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

15. Notices

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

16. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

17. Governing Law and Jurisdiction

(a) The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes or the Coupons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

THE ISSUER

HISTORY

The Issuer was incorporated in Singapore on 18 September 1982 under the Companies Act, Chapter 50 of Singapore as a private limited company by the name of Lum Chang Holdings Pte Ltd. On 8 November 1984, the Issuer was converted into a public company and changed its name to Lum Chang Holdings Limited. Subsequently LCH floated its shares via a public offering and was admitted to the Official List of the former Stock Exchange of Singapore on 28 December 1984. LCH is currently listed on the Main Board of the SGX-ST.

LCH had modest beginnings as a sole proprietorship in the 1940s and has since grown to become a household name in the Singapore construction industry. The transition from a sole proprietorship to a private limited company was undertaken in 1970 following the incorporation of Lum Chang Building Contractors Pte. Ltd. ("**LCBC**"), a principal subsidiary of the Group. Thereafter, the Group successfully expanded its core businesses to include property investment and development.

In 1993, the Group expanded further into the hospitality industry with the acquisition of another listed company, the then LCD Global Investments Limited. In 2005, the Board of Directors of LCH undertook a strategic review of the Group's businesses and decided to streamline its resources to focus on its construction, property development and investment businesses by demerging its hotel investments held principally by the then LCD Global Investments Limited from the Group.

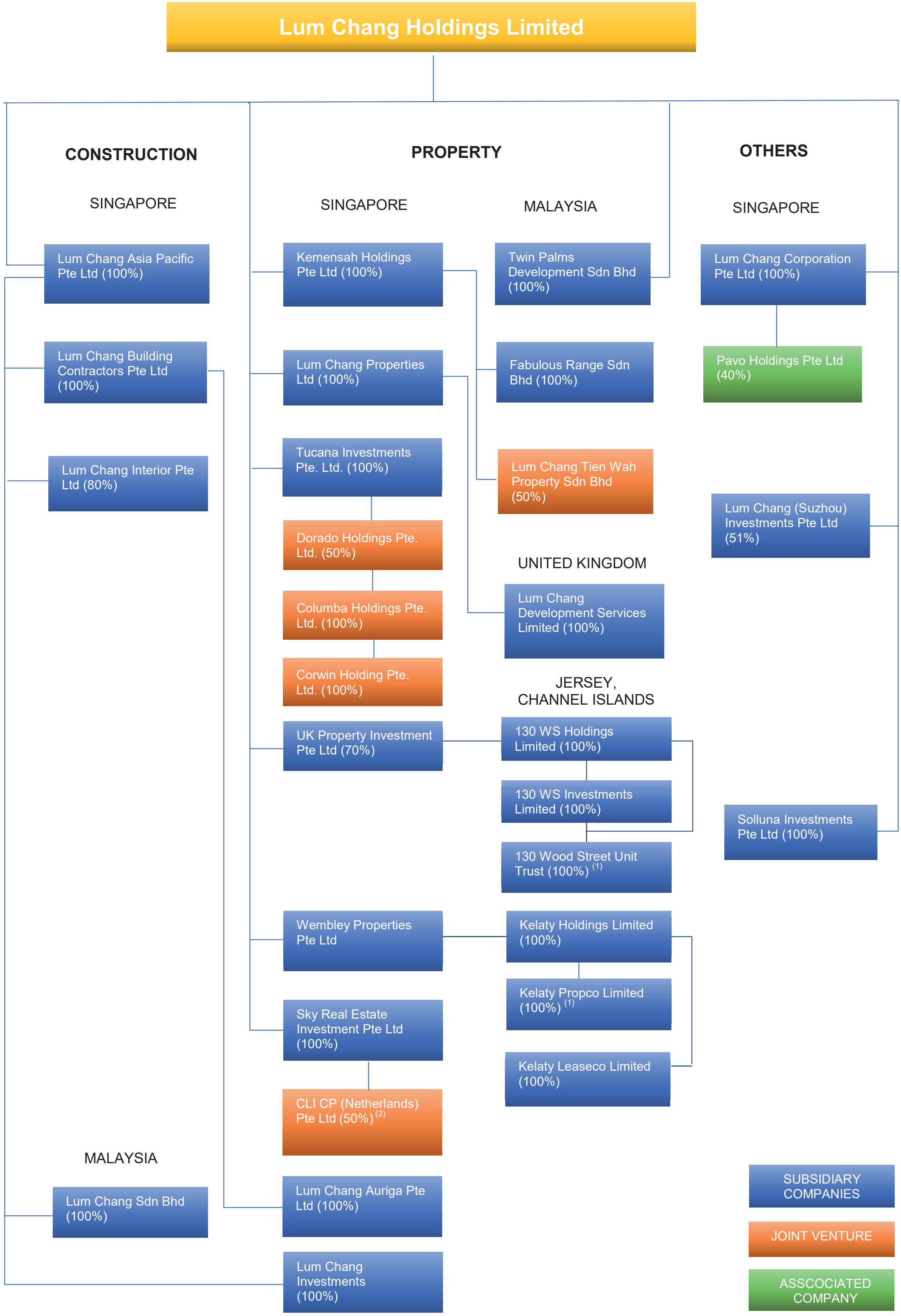
OVERVIEW

Presently, the Group's core businesses are construction, property development and property investment in Singapore, Malaysia and the United Kingdom. Headquartered in Singapore, LCH has over 30 subsidiaries, associates and joint ventures in Singapore, Malaysia, the United Kingdom and Jersey, Channel Islands. The Group has over 70 years of experience in the construction industry and has amassed over S$9.0 billion worth of projects since its beginnings as a sole proprietorship in the 1940s.

As part of its strategy to strengthen its core businesses, the Group has and will continue to establish strategic alliances with eminent business partners, both in Singapore and abroad. With these significant relationships, the Group has enjoyed a long history of successful joint venture projects including residential, commercial, infrastructure and leisure developments.

CORPORATE STRUCTURE

The Group's corporate structure as at the Latest Practicable Date is set out below:



Other inactive subsidiaries/associates/joint ventures:

- ❖ Urban Assignment Sdn Bhd
- ❖ Uptown Viewpoint Sdn Bhd
- ❖ Nexus Sdn Bhd
- ❖ Dorado Retail Holdco Pte Ltd
- ❖ Dorado Retail Pte Ltd
- ❖ Binjai Holdings Pte Ltd
- ❖ FCL Admiralty Pte Ltd
- ❖ FCL Compassvale Pte Ltd

(1) Company incorporated in Jersey, Channel Islands holding property in the United Kingdom.

(2) Company that holds a minority stake in Dutch companies holding property in Germany, Europe.

KEY MILESTONES

Key developments and milestones of the Group include:

Year	Key Milestone
1940s	LCBC was founded by the late Mr Lum Chang.
1970 to 2000	LCBC was incorporated.
	Secured the first major construction project spanning 10 years, National University of Singapore.
	Diversified into commercial development with its first commercial project, Singapore Shopping Centre located at Clemenceau Avenue.
	Awarded its first hotel construction project, Dynasty Hotel (now Singapore Marriott Hotel) along the prime Orchard Road shopping belt.
2001 to 2010	LCBC clinched its first mega-sized civil, mechanical and electrical project worth approximately S$215.0 million, Changi Water Reclamation Plant.
	Expanded property developments in Malaysia with the acquisition of sizable land banks in Cheras and Kemensah, Kuala Lumpur. Entered into joint venture with Government of Singapore Investment Corporation Real Estate Pte Ltd and subsequently Standard Chartered Private Equity Limited ("**SCPEL**") to develop primarily bungalows under the brand name Twin Palms.
	Successful de-merger of hotel and leisure business arm held principally by the then LCD Global Investments Limited.
	LCH won "The Most Transparent Company Award", Construction Category, Securities Investors Association (Singapore) Investors Choice Awards.
	Awarded the contract to build Crowne Plaza Changi Airport, Singapore's first airport terminal hotel designed by award winning architect, WOHA.
	Awarded the contract to build a prime Grade A office building along Anson Road, Twenty Anson, developed by LaSalle Investment Management Pte Ltd ("**LIMPL**"). The Group had a minority stake in the development which was subsequently sold in 2012.
	Awarded the design-and-build Mass Rapid Transit ("**MRT**") project to build the Bukit Panjang MRT Station and its connecting tunnels along the Downtown Line Stage 2. It was the first design-and-build contract that was awarded to a local contractor without a foreign contractor as partner.
	The Group successfully bid jointly with Frasers Centrepoint Limited ("**FCL**") for a land parcel at Buangkok to develop Esparina Residences, a project with 573 executive condominium units.
2011	Awarded the contract to build The Metropolis at North Buona Vista Drive.
2012	Successfully bid jointly with FCL for a land parcel at Woodlands to develop the Twin Fountains, a project with 418 executive condominium units.
2012	Completed the construction of the Group's headquarters at 14 Kung Chong Road.
2013	Acquired the freehold property, Old Court House, along Kensington High Street in central London. The property is tenanted by well-known high street fashion retailers such as Zara and Uniqlo, among others.
2014	Acquired a second investment property in London, known as Pembridge Palace. The freehold property is located in the Bayswater area in central London, next to tourist attractions such as Hyde Park and Kensington Gardens. The property is tenanted by a hotel operator.

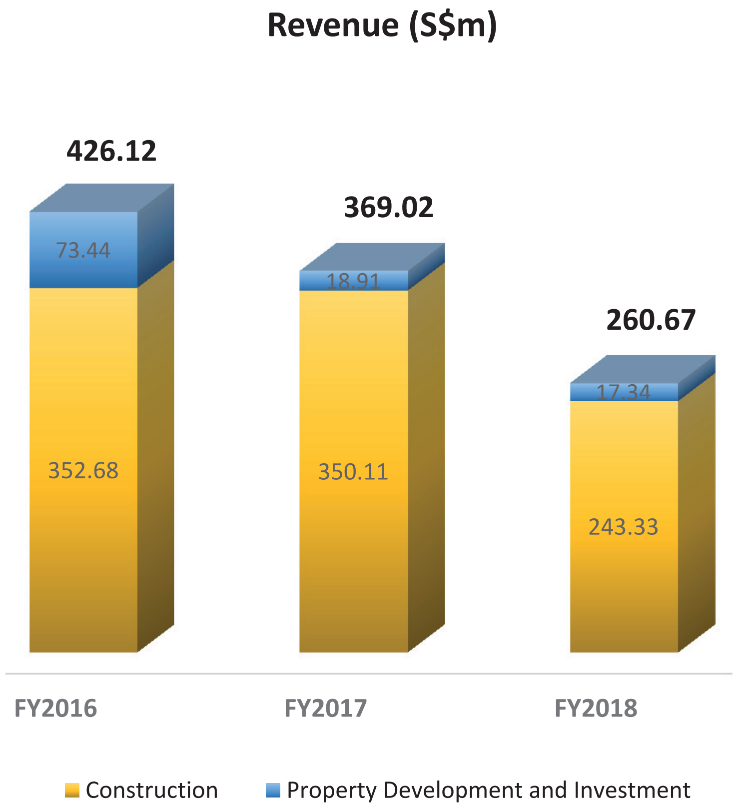
Year	Key Milestone
2014	Acquired a wholly-owned subsidiary incorporated in Malaysia, Twin Palms Development Sdn Bhd, to purchase a three-acre freehold land in Cheras, Malaysia, for future development of residential homes.
2014	LCBC secured a tender worth approximately S$87.0 million for the design and construction of Mapletree Logistics Hub, a six-storey ramp-up warehouse, at Toh Guan Road East.
2014	Increased its shareholding in Kemensah Holdings Pte Ltd ("**KHPL**") from 51% to 100%. Following this, the Issuer owns a 100% effective shareholding interest in KHPL and its two wholly-owned subsidiaries, Fabulous Range Sdn Bhd and Venus Capital Corporation Sdn Bhd. The aforementioned are project companies set up for the purpose of owning and developing residential properties at Sungai Long and Kemensah in Malaysia under the brand name Twin Palms. The acquisition marked an opportunity for the Group to benefit from the full potential of its property developments in Malaysia.
2014	Awarded the tender for integrated development building works at Woodlands Drive 71/ Woodlands Ring Road by the Housing and Development Board. The value of the tender is approximately S$128.0 million.
2015	Successful disposal of Old Court House and realised a total gain of S$14.3 million.
2015	Awarded the construction contract for a mixed development, named Northpoint City at Yishun Central 1 / Yishun Avenue 2 valued at S$487.0 million.
2015	Acquired 130 Wood Street, a fully tenanted commercial property situated at a prime office location in central London. 130 Wood Street, has office accommodation and a wine bar.
2015	Acquired Kelaty House, the Group's fourth property in London located in close proximity to the iconic Wembley Stadium and just next to a regeneration area that is rapidly transforming into a vibrant and dynamic neighbourhood. The Group is redeveloping Kelaty House into a mixed-use development which will house service residences to let and a student hostel.
2015	Successful completion of the Group's first design & build MRT project at Bukit Panjang after six years of construction.
2016	Successful completion of the construction of Mapletree Logistics Hub at Toh Guan Road East, which was conferred the Building and Construction Authority's ("**BCA**") Building Information Modelling (BIM) GoldPlus Award in 2016.
2016	Entered into a joint venture with Tien Wah Press Holdings Berhad to purchase land and develop a mixed-use commercial project at Petaling Jaya, Selangor, Malaysia.
2016	Awarded a S$60.8 million contract to construct a new high-specification industrial building, and carry out asset enhancement works for three existing buildings at junction of Boon Keng and Kallang Place.
2016	Entered into a joint venture with LaSalle Investment Management to acquire The Verge, a commercial property located along Serangoon Road, for redevelopment into a mixed-use property.
2016	Awarded a S$325.0 million contract for the addition and alteration works to Tanah Merah MRT Station and existing viaducts.
2016	Awarded the Excellence Awards 2016 for Best Managed Rail/Road Infrastructure-Project Partner by Land Transport Authority.
2017	Successful disposal of Pembridge Palace and realised a total gain of S$4.7 million.
2017	Acquired One Tree Hill Gardens, a low-rise apartment block in the Orchard locality, for redevelopment into landed homes for sale.

Year	Key Milestone
2017	Awarded the contract for building works at an integrated development located at 2 Serangoon Road, formerly known as The Verge, valued at S$85.7 million.
2017	Entered into a joint venture with CLI Commercial (Europe) Pte. Ltd., a wholly-owned subsidiary of CapitaLand Limited, for a small stake in the acquisition of MAC Property Company GmbH and MAC Car Park Company GmbH, which hold a multi-tenant office building known as "Main Airport Center" located at Frankfurt, Germany.
2018	Awarded the tender for PSA Singapore's corporate headquarters, including some additions and alteration works at the existing Pasir Panjang Terminal Building 3 by PSA Corporation. The value of the tender is approximately S$136.9 million.
2018	Incorporated a joint venture company named Lum Chang Interior Pte Ltd to carry on the business of retrofitting and interior finishing works.
2018	Awarded the tender for construction of a new industrial development at Woodlands North Coast by Aedas Pte Ltd, on behalf of JTC Corporation. The value of the tender is approximately S$147.5 million.
2018	Entered into a joint venture with ACA Rehab Hospital I LP, to carry on the business of operating private rehabilitation facilities and/or providing healthcare services. The first project will be a private rehabilitation facility in Putrajaya, Selangor.

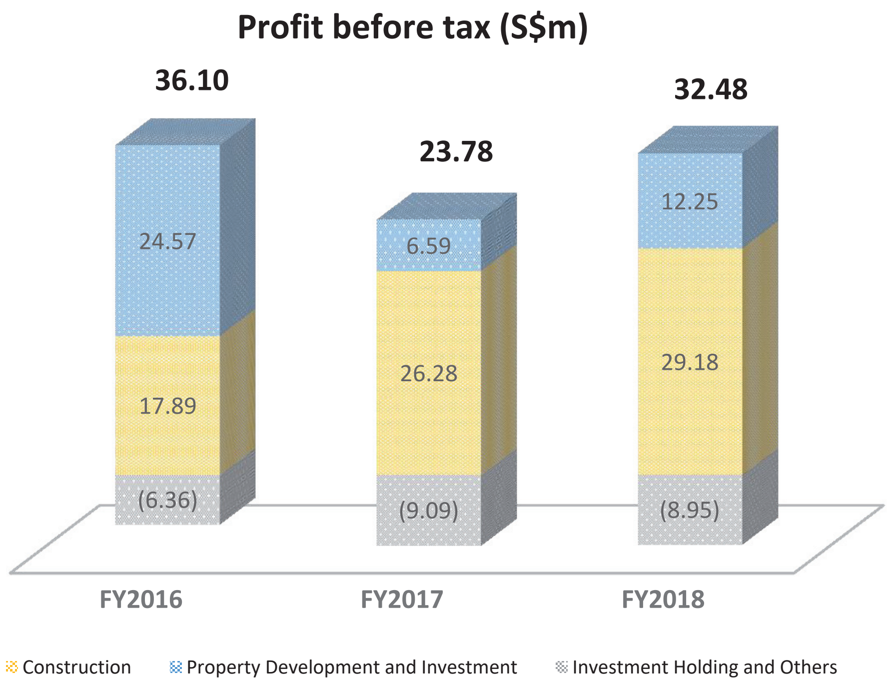
BUSINESS OPERATIONS

The Group's core businesses are in three main segments, namely 1) Construction, 2) Property Development and 3) Property Investment. The Group conducts its business operations mainly in Singapore, and has some business operations in Malaysia and the United Kingdom.

The following chart sets out the Group's revenue for the last three financial years (FY2016 (audited), FY2017 (audited) and FY2018 (unaudited)):



The following chart sets out by segment the total profit before tax of the Group for the last three financial years (FY2016 (audited), FY2017 (audited) and FY2018 (unaudited)):



1) Construction

The Group has amassed over 70 years of construction experience since its early beginnings as a sole proprietorship in the construction industry. Prior to its diversification into property investment and development, the Group derived substantially all of its revenue from its construction business and the rest was derived from its property development business. The Group's construction business remains robust, with the Group's total contract value of current projects standing at approximately S$648.3 million as at 30 June 2018. The Group is selective in its tenders to ensure that it is able to deliver the highest standards of quality in its work in a timely manner.

LCBC is a wholly-owned subsidiary of LCH and is the primary construction arm of the Group, handling most of the Group's construction projects. LCBC has established itself as a household name and a market leader in the construction industry, and provides a range of construction services such as design-and-build and general construction for commercial and residential properties.

A description of the key construction projects completed by the Group since the 1970s and the projects under construction by the Group is set out below.

1(a) On-going Construction Projects (Singapore)

Project	Scheduled Completion	Approximate Contract Value (S$ million)	Remarks
Commercial and Mixed Developments			
Tekka Place	2019	85.7	The project known as Tekka Place is an integrated development located at 2 Serangoon Road. The project includes the demolition of the existing main block and its reconstruction for use as a retail podium and serviced residence. The adjoining annex block will undergo major refurbishment to eventually include a retail component, carpark facilities and rooftop commercial-cum-cultural space. The project was awarded by Corwin Holding Pte Ltd, a joint venture vehicle for the Issuer and a fund managed by LaSalle Investment Management Asia Pte Ltd.
PSA Singapore Corporate Headquarters	2020	136.9	The project known as PSA Singapore Corporate Headquarters is located at the existing Pasir Panjang Terminal Building 3. The project 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 as well as a viewing deck for the public. The project is built for PSA Singapore, part of the PSA Corporation Group.
Industrial			
JTC Woodlands North Coast	2020	147.5	The project known as JTC Woodlands North Coast is an industrial development located at the junction of Woodlands Avenue 4 and 9. The project includes the construction of a nine-storey light industrial building which will house offices, shops and restaurants, with one level of basement carpark and two roof floors, and a covered walkway to Republic Polytechnic. The project was awarded by Aedas Pte Ltd, on behalf of JTC Corporation.
Civil and Infrastructure			
Tanah Merah MRT Station ("**Contract T315**")	2024	325.0	The project known as Contract T315 involved addition and alteration works to the existing Tanah Merah MRT Station and existing viaducts. The scope of work includes the construction of 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 project also includes the addition of tracks and viaducts to run parallel to the existing East-West Line and connections to the East Coast Integrated Depot at Changi.

1(b) Completed Construction Projects (Singapore)[1]

Project	Year Completed	Approximate Contract Value (S$ million)	Remarks
Commercial and Mixed Developments			
UOB Plaza 1*	1992	314.0	The project known as UOB Plaza 1 is located at Raffles Place in Singapore's Central Business District and comprises a 66-storey building standing at 280 metres. UOB Plaza 1 was one of Asia's tallest office buildings in the heart of Singapore's central business district.
Bugis Junction*	1995	336.0	The project known as Bugis Junction is located in Bugis and comprises the InterContinental Hotel and an office block. It also features a retail podium, a two-tier carpark and basement as well as connecting access to the concourse leading to Bugis MRT. Bugis Junction is a project which integrates the historical architectural facades of conservation shophouses with the new hotel, office and retail buildings.
AMK Hub	2007	128.7	The project known as AMK Hub is located in Ang Mo Kio and is a mixed development comprising of a four-storey retail mall with two retail basements and one basement carpark. The development also includes a bus interchange and connecting access to Ang Mo Kio MRT Station.
Twenty Anson	2009	82.5	The project known as Twenty Anson is located in Singapore's Central Business District and comprises a 20-storey office tower. Twenty Anson won the Building and Construction Authority ("**BCA**") Green Mark Platinum Award for its innovative and environmentally friendly features.
The Metropolis	2013	297.7	The project known as The Metropolis is located at North Buona Vista Drive (beside Buona Vista MRT Station) and comprises two office tower blocks of 21 and 23 -storeys respectively. The development also includes a retail podium and three levels of basement car park. The Metropolis was constructed in two phases and was built for Ho Bee (One-North) Pte Ltd.
The Nucleos	2014	91.5	The project known as The Nucleos is located at Biopolis Road/Biomedical Grove and comprises a seven-storey building with a mezzanine floor and a basement car park. The project was built for Ascendas Venture Pte Ltd.
DSO/DNV Buildings	2015	152.2	The project formerly known as 2M2P Building is located at Science Park Drive. The development comprises one seven-storey and two eight -storey buildings. Construction work for DSO/DNV Buildings started in May 2011 and was carried out in two phases. The development involved the revitalisation of Singapore Science Park, along with the redevelopment of the older research buildings. The project was built for Ascendas Land (Singapore) Pte Ltd.
Mapletree Logistics Hub	2016	87.0	The project known as Mapletree Logistics Hub is located at Toh Guan East. The development comprises a six-storey ramp-up warehouse with container parking and ancillary buildings/structures. The project was built for Mapletree Logistics Trust.
Kampung Admiralty	2017	128.0	The project known as Kampung Admiralty, situated at Woodlands, is an integrated development comprising two studio apartment blocks with 104 units, a community plaza and park, retail shops, a hawker centre, medical centre and eldercare and childcare facilities. The project was awarded by the Housing Development Board.

[1] Projects indicated with an asterisk are joint venture projects.

Project	Year Completed	Approximate Contract Value (S$ million)	Remarks
Northpoint City	2018	487.0	The project known as Northpoint City is a mixed development located at Yishun Central 1/Yishun Avenue 2. Work for Northpoint City started in February 2015 and involves the construction of a three-storey podium block comprising retail space, a community club and a bus interchange with two basements, mezzanine retail space and carparks. The project also includes the construction of the 920-unit North Park Residences comprising twelve residential blocks, and swimming pool and clubhouse facilities. Associated works such as the construction of a town plaza and a new underground link-way with shops, connecting Yishun MRT Station to the new bus interchange are also part of the project. The project is built for North Gem Trust, part of the Frasers Centrepoint Group.
Residential			
Emerald Gardens	1999	99.0	The project known as Emerald Gardens is located on Club Street and comprises an 11-storey condominium block with 265 units. It is fronted by a three-storey conservation building housing six shop units, which also serves as the entrance to the condominium. Emerald Gardens is located in the heart of the Chinatown heritage precinct and at the border of the Central Business District.
Casabella	2005	31.0	The project known as Casabella is a development located at Duchess Avenue in the prestigious District 10 and comprises 82 apartment units.
Ripple Bay	2015	143.7	The project known as Ripple Bay is located at Jalan Loyang Besar/ Pasir Ris Drive 4. The development comprises four blocks of 12-storey and three blocks of 13-storey residential homes, housing a total of 679 units. The development also includes a basement car park, tennis court, swimming pool and clubhouse facilities.
The Glades	2016	178.6	The project known as The Glades is located at Bedok Rise. The development includes six blocks of 12-storey, one block of 11-storey and two blocks of 10-storey residential buildings with a total of 726 units. The project was awarded by Sherwood Development Pte Ltd, a joint venture between Keppel Land Ltd and China Vanke.
Industrial			
Dril-Quip Asia	2011	46.5	The project known as Dril-Quip Asia is located at the intersection of Tuas South Avenue 1, Tuas West Drive and Tuas Crescent and comprises an industrial complex of 12 buildings. The development serves as Dril-Quip Asia Pacific Pte Ltd's manufacturing facility and office.
Audi Terminal	2012	38.8	The project known as Audi Terminal is located at the junction of Alexandra Road and Leng Kee Road and comprises an eight-storey building. Audi Terminal is a single-user light industrial development for Premium Automobiles Pte Ltd, the exclusive dealer of Audi in Singapore, and an integrated sales, service and spare parts facility housing the complete range of Audi automobiles in a spacious showroom. Audi Terminal also has dedicated floor areas housing fully-equipped work bays for vehicle servicing and a pre-delivery inspection centre for newly registered cars. Audi Terminal is the largest of its kind in South-east Asia.
Kingston	2018	60.8	The project known as Kingston, situated at the junction of Boon Keng Road and Kallang Place, is a high-specification industrial building. The scope of work for the project includes the construction of a 14-storey multi-user high-specification building with two-storey carpark, and asset enhancement works for three existing buildings. The asset enhancement works are for lift lobbies and corridors, and encompass modernisation of the lifts and lift car replacements. The project was awarded by DBS Trustee Limited as trustee of Mapletree Industrial Trust.

Project	Year Completed	Approximate Contract Value (S$ million)	Remarks
Institutional, Hospitals, Hotels and Leisure			
National University of Singapore	1973 to 1982	245.0	The project known as The National University of Singapore is located on 190 hectares of sprawling, lush green land at Kent Ridge Road and at the point of completion, comprises 78 buildings with 325,000 sqm of built-up area. The National University of Singapore was the first major project of LCBC, involving new construction and addition and alteration works over a period of close to 10 years.
Marriott Hotel	1985	77.0	The project known as Marriott Hotel is a unique 5-star oriental-style hotel located in Orchard Road, and was formerly known as Dynasty Hotel.
National University Hospital*	1986	149.0	The project known as The National University Hospital is located at Kent Ridge Road and comprises a main hospital building, a support services building, ancillary buildings and a food centre.
The National Library*	2005	204.0	The project known as The National Library is located at Victoria Street and comprises a 16-storey building, including a 615-seat drama centre and three basement floors. The National Library is a state-of-the-art civic and cultural institution.
Crowne Plaza Changi Airport Hotel	2008	77.0	The project known as Crowne Plaza Changi Airport Hotel is located at Changi Airport Terminal 3 and is a 320-room hotel. Crowne Plaza Changi Airport Hotel's state-of-the-art design is stylish and environmentally-friendly, and captures elements of both a city and resort hotel with its nature-inspired architecture.
Civil and Infrastructure			
Bishan MRT Depot*	1987	165.0	The project known as Bishan MRT Depot is located at Bishan Road, and is a 30-hectare development comprising a MRT depot and a 7,930 sqm administration building. The Bishan MRT Depot was one of the most extensive single projects within the entire MRT system at the time of its construction. The depot houses the main facilities for storage, maintenance and repair of MRT trains, and training facilities are located within the administration building. Bishan MRT Depot was also the focal point for the loading and carriage of equipment on 'test' trains running the whole railway track system.
City Hall MRT Station*	1987	78.0	The project known as City Hall MRT Station is located at City Hall, and comprises a three-level MRT station. It also serves as a Civil Defence shelter.
Clarke Quay MRT Station*	2002	171.0	The project known as Clarke Quay MRT Station is located at Clarke Quay, and comprises a two-level underground 210 metre-long station with twin running tunnels under the North-East Line. Clarke Quay MRT Station is located in the prime inner city area and is designed with provisions for future commercial development of high-rise buildings above it and also to serve as a Civil Defence shelter.
Changi Water Reclamation Plant	2005	215.0	The project known as Changi Water Reclamation Plant is located in Changi. The development houses the Influent Pumping Station Facility which comprises three 70 metre deep shafts and connecting underground 4.3 metre diameter pressure pipelines and other ancillary buildings. The Changi Water Reclamation Plant is part of Public Utilities Board's S$2.0 billion state-of-the-art Deep Tunnel Sewerage System.

Project	Year Completed	Approximate Contract Value (S$ million)	Remarks
MRT Downtown Line Stage 2 - Bukit Panjang Station	2015	504.5	The project known as Bukit Panjang Station is located at the junction of Bukit Panjang Road and Choa Chu Kang Road/Woodlands Road. The scope of the project includes an underground station with two basement levels (concourse and platform), and a 1.8 kilometre cut-and-cover tunnel stretching from the Gali Batu Depot to the bored tunnel in front of The Linear condominium. The structure for future underground pedestrian walkways to adjacent developments have also been included on the concourse level. The 16.6 kilometres long Downtown Line Stage 2 connects the north-western part of Singapore to the city centre, and comprises one depot and 12 stations, including four interchange stations at Little India, Newton, Botanic Gardens and Bukit Panjang.

1(c) Completed Construction Projects (Overseas)[2]

Project	Year Completed	Approximate Contract Value (S$ million)	Remarks
Leisure			
Kuala Lumpur Golf & Country Club ("**KLGCC**")*	1993 to 1994	61.3	The project known as KLGCC is located in Damansara, a prime residential area in Kuala Lumpur, and comprises two championship 18-hole golf courses, a triple deck 78-bay driving range facility and a 150,000 square feet clubhouse. The two championship golf courses in KLGCC are flood-lit for night golfing. The development was sold in 1996 to Sime Darby Sdn Bhd.
Suzhou Industrial Township*	1996	24.0	The project at Suzhou Industrial Township involves infrastructure earthworks and ancillary works to two square kilometres of start-up areas in Suzhou Industrial Township in China. It also includes the construction of a residential and commercial development named Singa Plaza. The above project was undertaken by a joint venture with Keppel Group and Sum Cheong Piling Pte Ltd. The Group is a shareholder of the Singapore Consortium (consisting of 24 companies) which owns a stake in the Singapore-Suzhou Township Development in China.
Sime Darby Convention Centre*	2005	23.9	The project known as Sime Darby Convention Centre is located in the grounds of KLGCC. The project for the Sime Darby Convention Centre is a design-and-build contract for a multi-purpose centre.

[2] Projects indicated with an asterisk are joint venture projects.

2) Property Development

The Group is an established property developer of homes and offices in both Singapore and abroad. With its rich experience in the construction industry, the Group is able to draw on its expertise in construction to complement the property investment and development arm of its business. The Group's portfolio of development properties includes luxury homes and award-winning office buildings and the Group's developments are designed to suit different lifestyle needs while incorporating the elements of space efficiency, comfort and luxury.

2(a) Ongoing Developments (Singapore)

Project	Effective Interest	Approximate GFA (sqm)	Scheduled Completion	Total Units and Approximate Percentage Sold (as at the Latest Practicable Date)	Remarks
Commercial and Mixed Developments					
Tekka Place (formerly known as The Verge)	50%	22,160	2019	Total Serviced Residences: 320 Retail net lettable area: approx. 70,000 square feet	The project known as Tekka Place, formerly known as The Verge is a leasehold property located along Serangoon Road, at the start of the iconic Little India district, next to Rochor Station on the Downtown Line in Singapore. It is a mixed-use development comprising 320 serviced residences and approximately 70,000 square feet of net lettable area of retail space. The Serviced Residences will be operated under Ascott's Citadines brand and leasing activities are underway for the mall. The project is jointly developed with LAO V Serangoon Pte Ltd (a unit managed by LaSalle Investment Management Asia).
Residential					
One Tree Hill Collections	100%	Land Area: 3,835	2020	Total: 14 One sale and purchase agreement and one option to purchase signed	The project known as One Tree Hill Collections is located at the junction of One Tree Hill and Jalan Arnap, and is within walking distance to the upcoming Orchard Boulevard MRT Station, along the new Thomson-East Coast Line. The development comprises 12 semi-detached houses and two bungalows. Marketing for the development has commenced, with one sale and purchase agreement and one option to purchase signed as at the Latest Practicable Date.

2(b) Ongoing Developments (Overseas)

Project	Effective Interest	Approximate GFA (sqm)	Scheduled Completion	Total Units and Approximate Percentage Sold (as at the Latest Practicable Date)	Remarks
Commercial and Mixed Developments					
Development at Petaling Jaya	50%	116,263	2023	Development plans are yet to be finalised	The project is located in Section 13, Petaling Jaya in Kuala Lumpur. The upmarket project comprises apartments for sale, serviced residences and a two-storey commercial podium that offers F&B and conveniences. The development components are still in the process of being fine-tuned and finalised. The project is jointly developed with Tien Wah Properties Sdn Bhd.
Residential					
Twin Palms, Sungai Long	100%	225,082	2022	Total: 573 Launched: 404 Sold: 97.0%	The project known as Twin Palms, Sungai Long is located beside the SILK Highway in Cheras, Malaysia. The freehold development comprises 573 units and features a WiFi-enabled clubhouse that offers a multitude of facilities including an infinity pool, a gym with yoga studio, a multipurpose hall, a spa, a jacuzzi, and outdoor fitness facilities such as the 500 metre-long linear park, exercise stations and a children's playground.

2(c) Completed Developments (Singapore)

Project	Effective Interest	Approximate GFA (sqm)	Year Completed	Total Units and Approximate Percentage Sold (as at the Latest Practicable Date)	Remarks
Residential					
The Swettenham	100%	8,923	2010	Total: 16 Sold: 100%	The project known as The Swettenham is located in the prestigious District 10 in Singapore. It is a 16-unit development comprising brand-new two-storey detached houses in a choice of contemporary and modern tropical styles built around a central courtyard with its own private pool and conservation houses with ample land for building individually-designed extensions. The values of these detached houses are enhanced by their exclusive individual designs and optimal utilisation of space which blends lifestyle with nature. The development consists of exclusive luxury Good Class Bungalows ("**GCBs**"), and comprises a unique mix of seven modern tropical GCBs and nine restored, classic black and white conservation GCBs gazetted for conservation. All the GCBs have land sizes of more than 1,400 sqm. All units in the development were sold upon completion.

Project	Effective Interest	Approximate GFA (sqm)	Year Completed	Total Units and Approximate Percentage Sold (as at the Latest Practicable Date)	Remarks
Esparina Residences	20%	57,000	2013	Total: 573 Sold: 100%	The project known as Esparina Residences is located along Compassvale Bow, within close proximity to Buangkok MRT Station. The development comprises nine blocks of 18-storey executive condominiums, housing a total of 573 units and a four-storey carpark. The development also features a wide range of facilities including a lap pool, a tennis court, seven thematic spa pools, a yoga deck and a water playground. The executive condominium development is jointly developed with FCL's subsidiary Opal Star Pte Ltd. LCBC was the main builder for this development.
Twin Fountains	30%	46,215	2016	Total: 418 Sold: 100%	The project known as Twin Fountains is located along Woodlands Avenue 6 and Woodlands Drive 16. The development comprises four blocks of 13-storey and four blocks of 14-storey executive condominiums housing a total of 418 units. The development is equipped with a full suite of facilities including a lap pool, a club house, a tennis court, an indoor/outdoor gym, a children's playground and barbeque pits. FCL, through its subsidiary, Opal Star Pte Ltd, holds the remaining 70%.

2(d) Completed Developments (Overseas)

Project	Effective Interest	Approximate GFA (sqm)	Year Completed	Total Units and Approximate Percentage Sold (as at the Latest Practicable Date)	Remarks
Residential					
Laman Seri	100%	26,341	2006	Total: 112 Sold: 100%	The project known as Laman Seri is located in the residential area and well contained township of Section 27, Shah Alam just outside of Kuala Lumpur, Malaysia. The development consists of 112 units of semi-detached and double-storey courtyard homes.
Suria 618	100%	13,837	2007	Total: 66 Sold: 100%	The project known as Suria 618 is located in Shah Alam, Malaysia. The development consists of 66 double-storey units.
Twin Palms, Kemensah	100%	48,941	2016	Total: 127 Sold: 100%	The project known as Twin Palms, Kemensah is located in the Kemensah area off Middle Ring Road II Highway, at the foothill slopes of Klang Gates Ulu Klang, Malaysia. The development comprises 127 luxury bungalows.

Project	Effective Interest	Approximate GFA (sqm)	Year Completed	Total Units and Approximate Percentage Sold (as at the Latest Practicable Date)	Remarks
Hotels and Leisure					
KLGCC	51.55%	1,432,588	1994	-	See "1(b) Completed Construction Projects (Overseas) – Leisure" above.

3) Property Investment

Property Name	Effective Interest	Approximate Net Lettable Area (sqm)	Latest Approximate Valuation (million) (as at 30 June 2018)	Remarks
Kelaty House (United Kingdom)	70%	9,860 (prior to disposal of the land relating to the student hostel)	£28.9	The freehold commercial property known as Kelaty House is located next to the Wembley Regeneration Area, in close proximity to the iconic Wembley Stadium in an area that is rapidly transforming into a vibrant and dynamic neighbourhood. The Group is redeveloping Kelaty House into a mixed-use development which will house 300-room serviced residences to let and a 599-beds student hostel. In August 2018, the Group entered into a sale and purchase agreement to dispose of part of the land at Kelaty House relating to the student hostel, which is pending completion.
130 Wood Street (United Kingdom)	70%	5,386 (excluding long leases)	£53.0	The freehold commercial property known as 130 Wood Street is located at a prime office location to the north of Cheapside, midway between the Bank of England and St Paul's Cathedral. The property comprises 5,386 sqm of Grade A office area on six upper floors and a wine bar occupying the ground floor and basement. The remaining 633 sqm of space are let out on long leases for retail and storage.
8 Kim Tian Road (Singapore)	100%	125	S$3.4	The property known as 8 Kim Tian Road is a 9999-year leasehold ground floor shop unit along Kim Tian Road. 8 Kim Tian Road used to house LCH's first corporate office and is currently leased to Cold Storage Singapore (1983) Pte Ltd.
Lum Chang Building (Singapore)	100%	7,421	S$43.0	The project known as Lum Chang Building is located at 14 Kung Chong Road and comprises a nine-storey building. The development was built by LCBC. The Group acquired the leasehold development in 2010, with 43 years' tenure remaining. The Group's corporate offices and related companies now occupy part of the development.

4) Other Operations and Ancillary Services

In 2018, the Group expanded its business into two new areas, namely retrofitting and interior finishing, and private healthcare, as further described below.

Retrofitting and Interior Finishing

In February 2018, the Group's subsidiary, Lum Chang Asia Pacific Pte Ltd, incorporated a joint venture company, Lum Chang Interior Pte. Ltd., with an unrelated third party, to carry on the business of retrofitting and interior finishing works.

Through Lum Chang Interior Pte. Ltd., the Group has secured three contracts to date worth a total of approximately S$20 million.

Private Healthcare

In July 2018, the Group's subsidiary, Solluna Investments Pte. Ltd. ("**Solluna**"), entered into a joint venture with ACA Rehab Hospital I LP to embark on the business of operating private rehabilitation facilities and/or providing healthcare services through a joint venture company. Solluna has agreed to subscribe for 50% of the shares in the joint venture company. Such subscription of shares is pending completion and is subject to the fulfilment of certain conditions precedent.

The joint venture's principal business activity will be the provision of integrated healthcare services, specialising in the rehabilitation of neurological disorders and other chronic illnesses. The first hospital, Daehan Rehabilitation Hospital @ IOI Resort City, will be located in Putrajaya, Malaysia and is expected to commence operations in the first quarter of 2019. The Group is currently assisting with the renovation of the hospital.

COMPETITIVE STRENGTHS

The Group believes that the following competitive strengths have enabled and will continue to enable it to compete effectively in the construction and property investment and development industries and to grow its business.

Established track record in delivering high quality projects

The Group has over 70 years of experience in the construction industry, with over 160 major projects in its portfolio since the 1970s. The Group has also won numerous awards as described in the section titled "The Issuer – Awards and Accreditations" of this Information Memorandum. The Group's track record of excellence and delivering projects on time and within budget has earned the confidence of its customers and professional parties who have partnered with the Group on past projects. The Group's Directors believe that the Group's track record will be an advantage when the Group tenders for new projects and opportunities. The Group's primary construction arm, LCBC, has also established itself in the construction industry, and is one of Singapore's foremost construction companies owing to its industry experience and track record of multi-million dollar building projects. The Group's business unit offers fully integrated services ranging from design-and-build, management engineering and construction for civil and infrastructure building projects in both private and public sectors backed by:

- financial strength, accumulated expertise and committed professionals;
- good relations with industry partners;
- safe and modern equipment and innovative solutions;
- environmental, health and safety values; and
- high standards of work quality.

Comprehensive range of construction services provided

The Group offers fully integrated services to clients, including:

- infrastructure development;
- design-and-build;
- building only;
- construction management;
- project management;

- major upgrading; and

- restoration of properties for conservation.

Multi-sector approach to construction, investment and development projects shields the Group from potential slowdown in any particular sector of the property market

The Group has adopted a multi-sector approach to its construction, investment and development projects to build a diverse portfolio of properties both in Singapore and internationally. The Group is capable of executing a wide range of projects, covering commercial, residential, industrial and infrastructure properties. Should there be a slowdown in any sector of the property market, the Group will be able to redirect its focus to any of the other sectors.

Significant barriers to entry to the top league of contractors given the Group's entrenched position in the local construction industry; further, the A1 BCA grading of its subsidiary LCBC, allows the Group to benefit from the current construction trends

The Group's knowledge and understanding of the construction industry in Singapore has developed in line with its longstanding presence in the industry. It is difficult for new entrants in the construction industry in Singapore to achieve the same level of experience and understanding of the construction industry. The Group also has an established industry relationship network which new entrants lack. The Group's subsidiary LCBC has maintained the A1 grade awarded to the Group by the BCA. The A1 grade allows the Group to tender for public sector projects in Singapore of unlimited contract value. This gives the Group an advantage over other industry players and new entrants which do not have this privilege accorded to them, and positions the Group ahead of many of its competitors in its bid for public projects.

Integrated property development and construction businesses

The Group has over seven decades of experience in the construction industry in Singapore. The Group's strong market presence, experience in construction business and established relationships with an extensive network of industry professionals serve to complement its property development business. This helps the Group to achieve operational efficiency and economies of cost and scale.

The integration of the Group's construction arm also means that the Group is better able to control its construction costs and quality standards.

Experienced management team

The Group has a strong management team with many years of experience in the construction and property investment and development industries. Key members of the management team have been with the Group for more than 10 years. The Group is able to leverage on the financial and industry specific knowledge of its management team in securing projects and partnerships.

Strong working relations with industry partners

The Group has developed strong working relations with its subcontractors in its construction business, and is able to negotiate preferential rates and stronger working commitments from them. The Group also constantly looks out for new subcontractors to work with. The Group also partners with developers where possible, for example, by taking a development stake in commercial or residential projects. This allows it to secure construction projects with greater confidence.

Progressive human resource management policies

The Group has moved towards more labour-efficient methods of construction, through the use of technologies and productive systems such as system formwork (in place of timber formwork) and precast (instead of cast in-situ). This reduces the Group's dependence on foreign labour, and reduces the impact of the Ministry of Manpower's restriction measures on hiring foreign labour on the Group. LCBC has been leveraging on the Government's Construction Productivity and Capability Fund to defray the higher costs of adopting these productive systems. LCBC continually reviews its hiring and compensation policies to ensure that they remain relevant and attractive for new and existing staff. It has participated in the BCA-

Industry Built Environment Scholarship Programme, which is an initiative which aims to attract young talents into the organisation. In 2018, LCBC offered scholarships to six local undergraduates, all of whom will join LCBC in 2020. Since 2011, LCBC has offered scholarships to 22 local undergraduates.

Effective cost control and operational efficiency keep the Group competitive

All business opportunities are evaluated against competing uses for cash. The Group strives to achieve the right balance between disciplined investment and maintaining a robust balance sheet. The Group's focus on operational efficiency provides it with the flexibility to respond quickly to business opportunities and changing economic conditions, while also enhancing its productivity and profitability.

Strong financial position and prudent financial management

The Group builds its order book selectively, focussing on profit margins. The Group's outstanding order book as at 30 June 2018 is S$648.3 million. In addition, the Group has a strong balance sheet with the capacity to fund operations and future developments. The Group practices prudent financial management in its operations.

Strong corporate governance

The Group is committed to the highest standards of corporate governance and transparency. The Board of Directors recognises the importance of adhering to sound governance practices and processes which provide the framework for an ethical and accountable corporate environment, which is essential to the long term sustainability of the Group's businesses and performance, as well as enhancing and protecting the shareholders' interests.

BUSINESS STRATEGY

According to BCA forecasts[3], the average construction demand is projected to grow from S$24.5 billion in 2017 to between S$26.0 billion to S$31.0 billion in 2018 and S$26.0 billion to S$33.0 billion per annum for 2019 to 2020 and could pick up to between S$28.0 billion to S$35.0 billion per annum for 2021 to 2022 in view of mega public sector infrastructure projects required to meet the long-term needs of the Singapore population and maintain the competitive advantage of Singapore's economy.

In view of the above, the Group's business strategies and future plans to drive growth and expansion are as follows:

Focus on construction business in Singapore

Singapore will remain the Group's core market for building construction and civil engineering activities. The Group will continue to bid selectively for a wide spectrum of projects that bring reasonable profits. With its proven track record in quality, safety, delivery and competitive pricing, the Group is confident that it is well positioned to secure large scale projects in both the public and private sectors. The Group intends to take advantage of the construction growth in Singapore and actively tender for MRT projects where possible while continuing to tender for commercial and residential projects.

Enhance services to customers, suppliers and subcontractors

The Group recognises the importance of maintaining a good customer base and good working relationships with its customers, suppliers and subcontractors. It seeks to enhance its services to its customers and its co-ordination with suppliers and subcontractors by maintaining good working relationships and providing prompt support and advice. It intends to leverage on its established relationships to secure repeat business from major developers and government bodies, as well as referrals for new businesses. To achieve its goal of becoming a leading contractor in Singapore, the Group seeks to work closely with its suppliers and subcontractors to provide value-adding solutions to reduce costs and refine specifications according to the customer's needs to achieve good project

[3] Source: Building & Construction Authority Media Release, "Public sector construction demand is expected to strengthen this year" https://www.bca.gov.sg/newsroom/others/PR_prospectsseminar2018.pdf

progress and quality. This will help to differentiate the Group from other competitors in the market as a solution provider rather than merely a service provider. This differentiation strategy will enhance its reputation and further reinforce new and existing customers' preference to work with the Group.

Grow through joint ventures and strategic alliances

The success of the Group is attributable to the strength and the quality of its partners in its various projects. Such partners include clients, joint venture partners and subcontractors as listed below. Over the years, the Group has entered into joint ventures with Nishimatsu Construction Co., Ltd in multiple local large-scale MRT projects. The joint ventures have enabled the Group to expand its expertise and knowledge in handling large-scale and complex infrastructure projects, and this has led to the Group having a competitive edge in embarking on one of its biggest MRT projects to date independently. In recent tenders for mega infrastructure and civil engineering projects, LCBC has also partnered established contractors like KTC Civil Engineering & Construction Pte Ltd, so that the strengths of each party complement each other to create a stronger value proposition for clients. The Group has also expanded its property development division locally and overseas through partnerships with reputable local developers and foreign funds. It currently has a joint venture with one of Asia's established fund house, LaSalle Investment Management Asia for a mixed-use development at Serangoon Road, named Tekka Place. It also has a joint venture in the United Kingdom with another local developer, Sin Heng Chan Group ("**SHC Group**"), to redevelop a property, and a joint venture in Malaysia, with Tien Wah Properties Sdn Bhd, to develop a mixed-use commercial project.

In 2018, the Group also entered into joint ventures to extend its construction business into the areas of retrofitting and interior finishing with an experienced third party. More recently in July 2018, the Group ventured into a new business in private healthcare and rehabilitation services with a foreign fund, ACA Rehab Hospital I LP, which has expertise in such areas.

Partnerships with these reputable developers and experienced partners have helped the Group in expanding its business network and gain access to new markets and business opportunities. LCH will continuously assess the profile of its business partners and enter into strategic partnerships in order to achieve synergies in operations as well as to reduce downside risks.

Some of the Group's current and past business partners include FCL, GIC Real Estate Pte Ltd, LIMPL, Nishimatsu Construction Co., Ltd, SCPEL, SHC Group, CapitaLand Limited, LaSalle Investment Management (LaSalle), Tien Wah Press Holdings Berhad (TWPH) and ACA Rehab Hospital I LP.

Diversifying the business and increasing recurring income for the Group

The Issuer strives to diversify from its core construction businesses to cushion any potential future downturn in the construction industry while at the same time prudently balancing the allocation of capital to achieve a high return on its investments. The Group has successfully ventured into property development and property investment since the 1980s. Property development has been the main focus of the Group's property activities, particularly in Malaysia. The Group has been steadily building up its property portfolio over recent years. In addition to the successful multi-award landed homes development projects under the brand name of Twin Palms in Malaysia, the Group will be embarking on a mixed development jointly with TWPH in Malaysia. In 2017, the Group acquired One Tree Hill Gardens, a residential property in Singapore for redevelopment into landed homes for sale.

Since 2013, the Group has been steadily expanding its property investment portfolio with the development of its head office at 14 Kung Chong Road in Singapore, the redevelopment of the mixed-use property Tekka Place in Serangoon Road with its joint venture partner, LaSalle and the addition of two commercial freehold properties in the prime area of London in the United Kingdom and a property acquired for redevelopment at Wembley. One of the Group's commercial properties in the United Kingdom, Pembridge Palace, was sold in 2017 and realised a total gain of S$4.7 million. In August 2018, the Group entered into a sale and purchase agreement to dispose of part of the land at Kelaty House in Wembley, London relating to the student hostel, for which the Group will realise an estimated gain of approximately S$8.2 million to S$9.0 million upon successful completion. The remaining commercial property in London, together with the remaining part of the redeveloped Wembley property, will continue to provide the Group with a steady stream of recurring income and have potential upside in their capital value.

In 2018, the Group has also diversified its businesses and entered into new areas like retrofitting and interior finishing, further extending its core construction business while generating a new income stream. The Group also recently embarked on a new venture in private healthcare and specialised rehabilitation services in Malaysia as it sees a good opportunity for growth in this area in the region.

Enhance the Group's brand name

The Group has built a valuable brand name over the past 70 years of operations working with the various valued partners and customers. The Group will continue to promote the "Lum Chang" brand name and image by improving its service standards through upholding its core values on which the Group shapes its business framework, "IMPRESS".

I	INTEGRITY Uncompromising honesty, fairness and accountability in everything we do
M	MARK Making our mark, staying ahead of the curve and establishing new benchmarks
P	PASSION Doing whatever it takes to deliver what we promise
R	RESOURCEFULNESS Pioneering creative solutions for business and operational transformation
E	EXCEPTIONAL VALUE Leveraging modern, cost-effective techniques to deliver quality, durability and value multiplication
S	SAFETY Committing to Zero Accident policy, upholding respect for life
S	SERVICE EXCELLENCE Exceeding expectations, building trust to keep our clients returning

The Group aims to carry out its business with its customers and suppliers with utmost **I**ntegrity while constantly **M**arking itself to achieve higher service quality benchmarks. Through the Group's **P**assion in its work and **R**esourcefulness in providing innovative solutions to customers, it aims to create **E**xceptional value to its customers by delivering quality projects on time. The Group is also committed to achieving an impeccable **S**afety record by practicing Zero Accident policy in its construction sites. With these values, the Group believes it will be able to continue to achieve **S**ervice excellence and deliver overall customer satisfaction in its products. With the achievements of more awards and accreditations, this will further enhance and strengthen the "Lum Chang" brand name in the industry.

Focus on new construction technologies and methodologies

The Group strives to increase its productivity by adopting new construction technologies and processes to reduce reliance on labour. Over the years, the Group has constantly increased its investment in equipment and machinery to satisfy the needs of its projects and this has helped to manage costs in times of increasing rental. This has also helped to ensure the availability of resources to meet the demand and needs of the Group's projects.

To optimise resources and shorten construction duration, the Group has been increasingly deploying precast technology in its projects, thereby reducing the reliance on manpower at its sites as compared to the conventional in-situ casting method. The Group has also deployed state-of-the-art system formwork on site to achieve better quality finishing, greater productivity and structural stability as compared to conventional formwork.

The Group has also adopted 3D Building Information Modelling (BIM) in its design coordination works to enjoy greater operational efficiencies and less design clashes on site during actual construction, thereby reducing abortive work downstream.

The adoption of these new technologies will help to streamline the Group's construction processes for greater operational efficiency and cost effectiveness.

AWARDS AND ACCREDITATIONS

LCBC has won many awards, including the following:

Award	Development	Year
CIDB Construction Excellence Award, Civil Engineering Projects Category	City Hall MRT Station	1992
CIDB Construction Excellence Award, Merit, Civil Engineering Projects Category	UOB Plaza 1	1994
CIDB Construction Excellence Award, Merit, Commercial Buildings Category	UOB Plaza 1	1995
BCA Green Mark Platinum Award	National Library	2005
Best Buildable Design Award, Merit, Institutional Buildings Category	National Library	2006
BCA Construction Excellence Award, Institutional Buildings Category	National Library	2007
BCA Universal Design Award, Silver, Institutional Buildings Category	National Library	2007
ASEAN Energy Awards, Energy Efficient Building-New and Existing Category	National Library	2007
BCA Construction Excellence Award, Merit, Residential Buildings Category	Casabella Condominium	2007
BCA Construction Excellence Award, Civil Engineering Projects Category	Changi Water Reclamation Plant Contract C2B	2008
BCA Green Mark Platinum Award	Twenty Anson	2009
BCA Green and Gracious Builder Award, Excellent	-	2009
BCA Green Mark Platinum Award	The Metropolis	2011
BCA Construction Excellence Award, Civil Engineering Projects Category	Contract 823, Circle Line Stage 2	2011
BCA Construction Productivity Award, Best Value-Added Productivity (“**VAP**”) Builder	-	2011
BCA Construction Productivity Award, Best VAP Improvement Builder	-	2011
BCA Green Mark Gold Award	Esparina Residences	2012
BCA Green Mark Gold Award	The Nucleos	2012
BizSafe Level Star	-	2013
BCA Construction Excellence Award, Industrial Building Category	Dril-Quip Asia Pacific	2013
BCA Green and Gracious Builder Award, STAR Category	-	2013
BCA Green Mark Gold Plus Award	The Glades	2014
BCA Construction Excellence Award, Commercial Buildings Category	The Metropolis	2015
BCA Construction Productivity Award, Gold, Projects Category	The Metropolis	2015
BCA Green and Gracious Builder Award, STAR Category	-	2015
BCA Green Mark Platinum Award	Kampung Admiralty	2015
BCA Green Mark Gold Plus Award	Northpoint City (North Park Residences)	2016
BCA Green Mark Gold Award	Mapletree Logistics Hub	2016

Award	Development	Year
Royal Society for the Prevention of Accidents (RoSPA) Occupational Health & Safety, - Gold	-	2016
BCA Building Information Modelling (BIM) Award, Gold Plus	Mapletree Logistics Hub	2016
Construction Industry Development Board (CIDB) Malaysia, Award of Excellence in Construction Quality	Twin Palms Sungai Long Phase 3	2016
LTA Excellence Awards, Best Managed Rail/Road Infrastructure – Project Partner Category	Bukit Panjang MRT Station	2016
Royal Society for the Prevention of Accidents (RoSPA) Occupational Health & Safety, Gold	-	2017
BCA BIM Award, Gold Plus	Northpoint City	2017
BCA Construction Excellence Award, Civil Engineering Projects Category	Bukit Panjang MRT Station	2017
BCA Construction Productivity Award, Platinum, Projects Category	Bukit Panjang MRT Station	2017
Workplace Safety and Health (WSH) Award, Safety and Health Award Recognition for Projects (SHARP) Category	Kampung Admiralty	2017
Royal Society for the Prevention of Accidents (RoSPA) Occupational Health & Safety, Gold	-	2018

The Group has obtained the following certifications:

(i) *Environmental Management System Certificate*

ISO 14001: 2004

SS ISO 14001: 2004

Piling, Building & Civil Engineering Construction Services (Including Joint Venture Projects Implementing Lum Chang's Environment Management System)

(ii) *Occupational Health and Safety Management System Certificate*

OHSAS 18001: 2007

Piling, Building & Civil Engineering Construction Services (Including Joint Venture Projects Implementing Lum Chang's Occupational Health and Safety Management System)

(iii) *Quality Management System Certificate*

ISO 9001: 2008

SS ISO 9001: 2008

Design Management, Piling, Building & Civil Engineering Construction Services (Including Joint Venture Projects Implementing Lum Chang's Quality Management System)

BOARD OF DIRECTORS

Raymond Lum Kwan Sung

Mr Raymond Lum Kwan Sung is the Executive Chairman of 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.

David Lum Kok Seng

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 also actively spearheads the Group's 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.

Tony Fong

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.

Kelvin Lum Wen Sum

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 ("LCDGI"), where he oversaw its group's operations focusing on strategic planning, investments and business development. He was with the financial sector prior to joining LCDGI group. Mr Lum currently sits on the School Management Committees of the Nanyang Kindergarten and Nanyang Primary School. He holds a Bachelor of Commerce from the University of Western Australia.

Peter Sim Swee Yam

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.

Daniel Soh Chung Hian

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.

Dr Willie Lee Leng Ghee

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

Andrew Chua Thiam Chwee

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, appointed on 30 September 2015. Mr Chua is active in community service, sitting as a member and chairing various community-based committees.

Clement Leow Wee Kia

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 Catalist-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.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out (i) the Group's consolidated income statement for the financial years ended 30 June 2015 ("**FY2015**"), 2016 ("**FY2016**"), 2017 ("**FY2017**") and 2018 ("**FY2018**") and (ii) the Group's consolidated statement of financial position as at 30 June 2015, 2016, 2017 and 2018. The selected consolidated financial data for FY2015, FY2016 and FY2017 in the table below are derived from the historical financial statements of the Group, which have been audited by the independent auditors, PricewaterhouseCoopers LLP. The financial statements of the Group have been drawn up in accordance with the Singapore Financial Reporting Standards.

CONSOLIDATED INCOME STATEMENT

	Unaudited FY2018 S$'000	Audited FY2017 S$'000	Audited FY2016 S$'000	Audited FY2015 S$'000
Revenue	260,671	369,022	426,119	312,394
Cost of sales	(207,716)	(318,964)	(368,774)	(268,301)
Gross profit	52,955	50,058	57,345	44,093
Other Income	2,841	3,162	2,131	3,000
Other gains/(losses)-net	5,103	3,400	(1,314)	17,875
Expenses				
- Distribution and marketing	(1,035)	(1,556)	(1,540)	(2,646)
- Administrative and general	(29,539)	(25,522)	(30,033)	(25,456)
- Finance	(5,406)	(5,651)	(5,034)	(2,768)
Share of profits of associated companies	176	1,012	14,556	104
Share of profits/(losses) of joint ventures	7,387	(1,118)	(10)	(8)
Profit before income tax	32,482	23,785	36,101	34,194
Income tax expenses	(5,352)	(4,418)	(6,653)	(4,481)
Net profit	27,130	19,367	29,448	29,713
Net profit attributed to:				
- Equity holders of the Company	24,851	18,697	29,522	29,811
- Non-controlling interests	2,279	670	(74)	(98)
	27,130	19,367	29,448	29,713

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited FY2018 S$'000	Audited FY2017 S$'000	Audited FY2016 S$'000	Audited FY2015 S$'000
ASSETS				
Current assets				
Cash and cash equivalents	94,225	130,760	99,958	44,733
Trade and other receivables	78,147	79,075	79,791	99,775
Tax recoverable	1,214	1,174	908	496
Properties held for sale	1,372	4,289	13,633	1,833
Development properties	137,560	57,073	56,355	105,033
Other current assets	1,150	7,384	1,893	1,997
	313,668	279,755	252,538	253,867
Non-current assets				
Trade and other receivables	74,116	75,251	24,429	19,596
Club memberships	321	342	333	329
Available-for-sale financial assets	7,383	7,642	7,440	4,684
Investments in associated companies	1,909	11,542	15,044	4,456
Investments in joint ventures	8,478	1,989	1,971	306
Investment properties	180,658	171,383	220,028	200,433
Property, plant and equipment	25,389	26,784	31,152	35,376
Deferred income tax assets	1,224	1,153	1,552	4,118
Other non-current assets	957	1,127	805	902
	300,435	297,213	302,754	270,200
Total assets	614,103	576,968	555,292	524,067
LIABILITIES				
Current liabilities				
Trade and other payables	121,867	175,963	147,668	212,632
Current income tax liabilities	5,498	4,784	3,735	3,002
Borrowings	50,992	23,661	2,541	23,193
	178,357	204,408	153,944	238,827
Non-current liabilities				
Trade and other payables	23,869	29,500	28,659	13,148
Borrowings	148,247	105,013	158,352	58,665
Deferred income tax liabilities	554	662	839	1,456
	172,670	135,175	187,850	73,269
Total liabilities	351,027	339,583	341,794	312,096
NET ASSETS	263,076	237,385	213,498	211,971
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital	86,574	86,579	86,596	86,604
Treasury shares	(1,025)	(1,273)	(1,585)	(253)
Capital and other reserves	888	(3,800)	1,299	20,163
Retained profits	157,836	138,712	125,917	104,098
	244,273	220,938	212,227	210,612
Non-controlling interests	18,803	16,447	1,271	1,359
Total equity	263,076	237,385	213,498	211,971

FINANCIAL REVIEW

FY 2018 (unaudited) versus FY2017

Financial Performance

Revenue of S$260.7 million for FY2018 was S$108.3 million or 29% lower than the reported revenue for the preceding year mainly due to lower revenue of S$105.9 million from two construction projects completed in the previous financial year and lower revenue of S$75.1 million from another construction project substantially completed in FY2018. This was partially offset by commencement of revenue recognition of S$67.5 million for three construction projects.

Gross profit increased by 6% despite a decrease in revenue of 29%. This was mainly due to higher margins achieved from construction projects.

Administrative and general expenses of S$29.5 million for FY2018 was S$4.0 million or 16% higher than the expenses for the preceding year mainly due to higher staff costs and donations.

The share of profits of associated companies decreased by S$836,000 during FY2018 as compared to the preceding year. In the preceding year, one of the Group's associated companies disposed its property in the United Kingdom and the Group's share of profits that was reported then was S$672,000.

The share of profits of joint ventures of S$7.4 million for FY2018 mainly relates to the recognition of the Group's proportionate share of fair value gain on an investment property owned by a joint venture company in Singapore. The share of losses of joint ventures for the preceding year of S$1.1 million mainly relates to the Group's proportionate share of losses from this joint venture company.

Financial Position

Total trade and other receivables of S$152.3 million as at 30 June 2018 decreased by S$2.0 million compared to S$154.3 million as at 30 June 2017 mainly due to net collections from several completed construction projects of S$17.7 million and a substantially completed construction project of S$23.7 million. The net collections were partially offset by the Group's proportionate share of advances of S$19.1 million and S$7.5 million to two of its joint ventures, mainly to fund the acquisition of a commercial building in Frankfurt, Germany and to fund the redevelopment of a leasehold property in Singapore respectively. The net collections were also offset by the increase in amount of work carried out for three ongoing construction projects of S$10.3 million and the increase in amount of work carried out for the Group's Malaysian development of S$3.3 million.

Properties held for sale decreased by S$2.9 million since 30 June 2017 mainly due to the sale of some completed units of the Group's development properties in Malaysia.

Development properties of S$137.6 million as at 30 June 2018 increased by S$80.5 million compared to S$57.1 million as at 30 June 2017 mainly due to the collective purchase of all the strata units in a freehold residential property in Singapore amounting to S$67.6 million. The property will be redeveloped into residential landed homes for sale. Stamp duty, development charge and pre-development cost totaling S$9.1 million were also incurred on the property. The increase in development properties was also due to additional development costs of S$6.4 million incurred on the Group's development properties in Malaysia, partially offset by the sale of some completed units amounting to S$4.6 million.

Total other assets of S$2.1 million as at 30 June 2018 decreased by S$6.4 million compared to S$8.5 million as at 30 June 2017 mainly due to deposits and stamp duty of S$5.4 million paid for the collective purchase of the freehold residential property in Singapore being reclassified to development properties upon the completion of the purchase of the property.

Investment properties of S$180.7 million as at 30 June 2018 increased by S$9.3 million compared to S$171.4 million as at 30 June 2017. This was mainly due to pre-development costs of S$4.0 million incurred prior to the redevelopment of one of the Group's freehold commercial property in the United Kingdom and net fair value gains of S$5.4 million on the Group's freehold properties in the United Kingdom.

Investments in joint ventures as at 30 June 2018 increased by S$6.5 million mainly due to the Group's share of fair value gain on an investment property owned by a joint venture company in Singapore.

Investments in associated companies as at 30 June 2018 decreased by S$9.6 million mainly due to the receipt of S$7.5 million dividends from one of the associated companies in Singapore that develops residential properties for sale and also from the winding up of operations of an associated company in the British Virgin Islands amounting to S$2.5 million.

Total trade and other payables of S$145.7 million as at 30 June 2018 decreased by S$59.8 million compared to S$205.5 million as at 30 June 2017 mainly due to payments of S$54.9 million made to subcontractors of several substantially completed construction projects, a repayment of S$12.2 million on an advance previously received for an ongoing construction project and a repayment of S$4.8 million owing to an associated company. The decrease was partially offset by an increase in trade and other payables of S$11.0 million as a result of increase in work carried out for three ongoing construction projects and S$2.4 million collections from customers for sold units of the Group's Malaysian development.

Borrowings in total had increased by S$70.6 million since 30 June 2017 mainly due to the drawdown of S$62.1 million term loan to fund the purchase and redevelopment cost of the Group's freehold residential properties in Singapore, and a drawdown of S$32.0 million term loan to repay a S$22.8 million term loan in FY2018.

Non-controlling interests had increased by S$2.4 million since 30 June 2017 mainly due to the non-controlling shareholders' share of profits of S$2.0 million from the Group's freehold properties in the United Kingdom.

FY2017 versus FY2016

Financial Performance

Revenue of S$369.0 million for FY2017 was S$57.1 million or 13% lower than reported revenue for the preceding year mainly due to lower revenues of S$53.9 million recognized from two of the Group's Malaysian developments and lower revenues from completed construction projects amounting to S$173.6 million. The lower revenue was partially offset by higher revenue recognition of S$171.1 million for three ongoing construction projects.

The decrease in gross profit and cost of sales for FY2017 was in line with the decrease in revenue.

Administrative and general expenses for FY2017 was S$25.5 million compared to S$30.0 million for the preceding year. Included in administrative and general expenses during the preceding year was stamp duty of S$2.1 million paid for the purchase of a freehold property in the United Kingdom.

Finance expense for FY2017 was S$5.7 million as compared to S$5.0 million for the preceding year mainly due to an increase in bond interest expense of S$2.1 mil on the Company's S$50.0 million unsecured fixed rate notes that were issued in March 2016. The increase was partially offset by a decrease in interest expense of S$881,000, mainly as a result of repayment of working capital loans and partial repayment of loans that were drawn previously to fund the purchase of a freehold property in the United Kingdom and a leasehold property in Singapore. In addition, interest expense also decreased by S$565,000 upon the discharge of a loan on disposal of a subsidiary which owned an investment property.

The share of profits of associated companies decreased by S$13.5 million during FY2017 as compared to the preceding year. In FY2016, one of the Group's associated companies had completed the construction of its executive condominium and the Group's share of profits that was reported then was S$13.2 million.

The share of losses of joint venture for FY2017 of S$1.1 million mainly relates to the Group's proportionate share of losses from a joint venture company in Singapore that owns a leasehold property.

The income tax expense for FY2017 was S$4.4 million compared to S$6.7 million for the preceding year. The lower income tax of S$2.3 million was mainly due to lower profits recognized by two of the Group's subsidiaries in Malaysia resulting in a decrease in income tax of S$3.4 million. The decrease was partially offset by an increase in income tax of $1.8 million mainly resulting from higher profits recognized by one of the Group's subsidiary in Singapore.

Financial Position

Total trade and other receivables of S$154.3 million as at 30 June 2017 increased by S$50.1 million compared to S$104.2 million as at 30 June 2016 mainly due to the increase in amount of work carried out for four construction projects resulting in an increase in trade and other receivables of S$41.0 million. The increase was also due to the Group's proportionate share of advances of S$45.0 million to a joint venture mainly to fund the acquisition of a company that owns a leasehold property in Singapore. The increase was partially offset by net collections of S$34.6 million from completed construction projects.

Properties held for sale decreased by S$9.3 million since 30 June 2016 mainly due to the sale of some completed units of the Group's development properties in Malaysia.

Total other assets of S$8.5 million as at 30 June 2017 increased by S$5.8 million compared to S$2.7 million as at 30 June 2016 mainly due to stamp duty and deposits of S$5.4 million paid by the Group upon the exercise of the option to purchase a freehold residential property in Singapore.

Investments in associated companies as at 30 June 2017 decreased by S$3.5 million mainly due to the receipt of S$4.5 million dividends from one of the associated companies in Singapore partially offset by profits of S$1.0 million recognized by the Group's various associated companies.

Investment properties of S$171.4 million as at 30 June 2017 decreased by S$48.6 million compared to S$220.0 million as at 30 June 2016. The decrease of S$47.9 million was due to the disposal of a subsidiary which owns a freehold property in the United Kingdom. In addition, the Group recognized translation losses of S$3.1 million on its investment properties in the United Kingdom as a result of the depreciation of the Sterling Pound. The decrease was partially offset by an increase in expenditure on investment properties of S$2.7 million pertaining to pre-development costs incurred prior to the redevelopment of one of the Group's freehold commercial property in the United Kingdom.

Property, plant and equipment of S$26.8 million as at 30 June 2017 decreased by S$4.4 million mainly due to depreciation of S$5.3 million. The decrease was partially offset by the purchase of motor vehicles and plant and equipment of S$423,000 and S$263,000 respectively.

Total trade and other payables of S$205.5 million as at 30 June 2017 increased by S$29.2 million compared to S$176.3 million as at 30 June 2016 mainly due to the increase in amount of work carried out for four construction projects, resulting in an increase in trade and other payables of S$65.2 million. In addition, the increase was also due to a mobilisation fund of S$12.2 million received for a major construction project, an advance of S$4.8 million from an associated company in Singapore that develops residential properties for sale and an advance of S$2.2 million from an associated company in the British Virgin Islands which holds interest in a company that owns a freehold property in the United Kingdom. The increase was partially offset by a decrease in trade and other payables for construction projects and development projects in Malaysia amounting to S$38.2 million and S$2.8 million due to payments made to subcontractors and contractors respectively. In addition, there was also a decrease in amount owing to a non-controlling interest of a subsidiary of S$12.8 million mainly as a result of the capitalisation of advances into share capital of the subsidiary.

The increase in current income tax liabilities of S$1.0 million since 30 June 2016 to S$4.8 million as at 30 June 2017 was mainly due to an increase in current tax provision of S$4.2 million in respect of a subsidiary in Singapore partially offset by tax payments of S$3.5 million.

Borrowings in total of S$128.7 million as at 30 June 2017 decreased by S$32.2 million compared to S$160.9 million as at 30 June 2016. The decrease in borrowings of S$28.8 million was due to the repayment of bank loans when the subsidiary in Jersey, Channel Islands was disposed. In addition, the borrowings also decreased by S$1.5 million due to depreciation of Sterling Pound denominated bank loans and partial repayment of loans amounting to S$2.2 million that were drawn down previously to partly fund the purchase of two freehold properties in the United Kingdom and finance the construction of one of the Group's leasehold property in Singapore.

Non-controlling interests had increased by S$15.2 million since 30 June 2016 mainly due to the capitalisation of advances of S$14.5 million from a non-controlling shareholder of a subsidiary into share capital of the subsidiary. The advances from the non-controlling shareholder were previously obtained for the purpose of funding the acquisition of a freehold property in the United Kingdom.

FY2016 versus FY2015

Financial Performance

Revenue of S$426.1 million for FY2016 was S$113.7 million or 36% higher than reported revenue for the preceding year mainly due to the commencement of revenue recognition for two construction projects, which reported revenues amounting to S$141.5 million. No revenue was recognized for these projects in the previous year as the construction progress then, had not yet reached the stage where revenue recognition could commence. The increase in work performed from construction projects during the year as compared to the preceding year also resulted in higher revenue of S$77.9 million being recognized. In addition, higher revenue of S$32.5 million was recognized from one of the Group's Malaysian development upon completion of certain development phases.

The higher revenue was partially offset by lower revenue of S$131.4 million from construction projects that were substantially completed as at 30 June 2015 and lower revenue of S$14.1 million from another of the Group's Malaysian development.

The increase in gross profit and cost of sales for FY2016 was in line with the increase in revenue.

Distribution and marketing expenses was higher by S$1.1 million for FY2015 mainly due to more promotional packages offered to customers of one of the Group's developments in Malaysia.

Administrative and general expenses of S$30.0 million during FY2016 was S$4.5 million higher than the expenses for the preceding year of S$25.5 million mainly due to stamp duty of S$2.1 million paid for the purchase of a freehold property in the United Kingdom, higher donations of S$946,000 and higher tender expenses of S$888,000 for construction projects.

Finance expense for FY2016 was S$5.0 million as compared to S$2.8 million for the preceding year. The increase was mainly due to bank loans obtained to fund the purchase of two freehold commercial properties in the United Kingdom, resulting in an increase in interest expense of S$2.4 million. The increase was also due to accrued bond interest of S$688,000 on the Company's S$50.0 million unsecured fixed rate notes. The increase was partially offset by a decrease in interest expense of S$935,000 upon the discharge of loan on disposal of a subsidiary which owned an investment property.

The share of profits of associated companies for FY2016 of S$14.6 million pertains to the recognition of the Group's proportionate share of profits of S$14.5 million from two of the Group's associated companies in Singapore. The share of profits for the preceding year of S$104,000 pertains to the recognition of the Group's proportionate share of profits of S$330,000 from an associated company in Singapore and losses of S$226,000 from another associated company in the British Virgin Islands.

The income tax expense for FY2016 was S$6.7 million compared to S$4.5 million for the preceding year. The higher income tax was mainly due to higher profits recognized by a subsidiary in Singapore and a subsidiary in Malaysia.

Financial Position

Total trade and other receivables of S$104.2 million as at 30 June 2016 decreased by S$15.2 million compared to S$119.4 million as at 30 June 2015 mainly due to net collections from completed construction projects of S$44.9 million and repayment of S$17.1 million from an associated company. The decrease was partially offset by an increase in trade and other receivables of S$46.6 million from new construction projects and also as a result of an increase in amount of work carried out for other ongoing construction projects.

Properties held for sale increased by S$11.8 million since 30 June 2015 mainly due to a transfer of unsold completed units of S$15.9 million from development properties upon completion of certain phases for two of the Group's development properties in Malaysia. The increase was partially offset by a decrease of S$4.0 million due to the sale of some completed units of the same two developments in Malaysia.

Available-for-sale financial assets increased by S$2.8 million since 30 June 2015 mainly due to the Group's investment in a company incorporated in the British Virgin Islands.

Development properties of S$56.4 million as at 30 June 2016 decreased by S$48.6 million compared to S$105.0 million as at 30 June 2015 mainly due to the completion of construction of certain development phases by two of the Group's subsidiaries in Malaysia, upon which costs of the sold units of S$45.3 million were transferred to the income statement and costs of the unsold units of S$15.9 million were transferred to properties held for sale. In addition, the depreciation of the Malaysian Ringgit also resulted in currency translation losses of S$6.0 million to be recognized on two of the Group's Malaysia developments and a piece of land in Malaysia. The decrease was partially offset by development costs of S$18.6 million incurred on the same two Malaysian developments.

Investments in joint ventures as at 30 June 2016 of S$2.0 million increased by S$1.7 million since 30 June 2015. During FY2016, the Group, through a wholly-owned subsidiary, Kemensah Holdings Pte Ltd ("**KHPL**"), entered into a shareholders' agreement with Tien Wah Properties Sdn Bhd ("**TWPSB**") to acquire a leasehold industrial land through a joint venture vehicle "JV" for property development purposes. The increase in investments in joint ventures of S$1.7 million was mainly due to the Group's 50% proportionate share of the issued and paid up share capital in the JV.

Investments in associated companies as at 30 June 2016 increased by S$10.6 million mainly due to profits of S$14.5 million recognized by two of the Group's associated companies in Singapore, partially offset by the receipt of S$3.7 million dividend from one of the associated companies.

Investment properties as at 30 June 2016 increased by S$19.6 million mainly due to the acquisition of a freehold commercial property in the United Kingdom of S$55.1 million, partially offset by translation losses of S$32.6 million on the Group's freehold properties in the United Kingdom and net fair value losses of S$2.9 million on the Group's leasehold properties in Singapore and freehold properties in the United Kingdom.

Property, plant and equipment of S$31.2 million as at 30 June 2016 decreased by S$4.2 million mainly due to depreciation of S$5.8 million. The decrease was partially offset by an increase of S$1.3 million from the purchase of plant and machinery.

Deferred income tax assets of S$1.6 million as at 30 June 2016 decreased by S$2.6 million mainly due to profits recognized by two of the Group's subsidiaries in Malaysia upon the completion of construction of certain development phases. Deferred income tax assets were recognized previously due to the payment of income tax on the profit recognized by two subsidiaries of the Group in Malaysia (based on the percentage-of-completion method) for properties sold but under construction. The income tax paid was treated as deferred income tax asset and would be transferred to the income statement as tax expense upon the completion of construction of the properties.

Total trade and other payables of S$176.3 million as at 30 June 2016 decreased by S$49.5 million compared to S$225.8 million as at 30 June 2015 mainly due to payments of S$44.1 million made to subcontractors of completed construction projects and payment of S$26.9 million in relation to the acquisition of non-controlling interests in a subsidiary. In addition, trade and other payables of the Group's Malaysian developments also decreased by S$34.6 million mainly as a result of a decrease in advances from customers. These advances were previously received as part of progress billings for sold units and were recognized as revenue upon the completion of the construction of the units. The decrease was also due to repayment of advances from non-controlling shareholders of S$22.2 million pertaining to the acquisition of a property in the United Kingdom. The decrease was partially offset by an increase in trade and other payables of S$63.4 million as a result of work done from new construction projects and also from an increase in work carried out for other ongoing construction projects and advances from non-controlling shareholders of S$14.7 million for the purpose of funding the acquisition of another freehold property in the United Kingdom.

Borrowings in total had increased by S$79.0 million since 30 June 2015 mainly due to a draw down of S$69.1 million loan to partially fund the purchase of a freehold commercial property in the United Kingdom, net proceeds of S$49.7 million from the Company's issuance of 5.5% per annum unsecured fixed rate notes and draw down of S$26.3 million short-term bank loans for working capital. The increase was partially offset by the repayment of S$46.3 million pertaining to working capital loans, repayment of S$2.4 million development loans pertaining to one of the Group's property development in Malaysia and currency translation gain of S$16.0 million due to the depreciation of the Sterling Pound.

Deferred income tax assets of S$839,000 as at 30 June 2016 decreased by S$617,000 mainly due to the disposal of certain plant and equipment where capital allowance was previously claimed.

INVESTMENT CONSIDERATIONS

Prior to making an investment or divestment decision, prospective investors in or existing Noteholders should carefully consider all the information set forth in this Information Memorandum and any documents incorporated by reference herein, including the investment considerations set out below.

The investment considerations set out below do not purport to be complete or comprehensive of all the investment considerations that may be involved in the businesses, assets, results of operations, financial condition, net sales, revenues, profitability, liquidity, capital resources, performance and/or or prospects of the Issuer and its subsidiaries and associated companies (if any) and/or the properties owned by the Group or any decision to purchase, sell, hold, own or dispose of the Notes. Additional investment considerations which the Issuer is currently unaware of currently deems immaterial may also impair its businesses, assets, results of operations, financial condition, net sales, revenues, profitability, liquidity, capital resources, performance and/or prospects of the Issuer and its subsidiaries and associated companies (if any) and/or the properties owned by the Group. If any of the following investment considerations develop into actual events, the businesses, assets, results of operations, financial condition, net sales, revenues, profitability, liquidity, capital resources, performance and/or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Notes may be adversely affected. Further, the market price of the Notes could decline, and investors may lose all or part of their investments in the Notes. The risk factors discussed below may also include forward-looking statements and the Issuer's and the Group's actual results may differ substantially from those discussed in these forward-looking statements.

Prospective investors should not rely on the information set out herein as the sole basis for any investment decision in relation to the Notes but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Notes for their particular circumstances.

Headings and sub-headings are for convenience only and risk factors that appear under a particular heading or sub-heading may also apply to one or more other headings or sub-headings.

LIMITATIONS OF THIS INFORMATION MEMORANDUM

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing Noteholders may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the Programme.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries and/or its associated companies, the Arranger, any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group, the terms and conditions of the

Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

RISKS RELATING TO THE NOTES GENERALLY

If the Issuer is unable to comply with the restrictions and covenants in its debt agreements, including among others, the Trust Deed or the Notes, there could be a default under the terms of these agreements, the Trust Deed or the Notes, which could cause the repayment of the Issuer's debt to be accelerated.

The Issuer's debt agreements or instruments contain covenants that restrict the Issuer's business activities. The Issuer's ability to comply with such covenants depends on the Group's future operating performance. If the Issuer is unable to comply with the restrictions and covenants in the Issuer's current or future debt and other agreements or instruments (some of which are secured), the Trust Deed or the Notes, there could be a default under the terms of these agreements or instruments. In the event of a default under these agreements or instruments, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt and declare all amounts borrowed due and payable, terminate the agreements or exercise their enforcement or foreclosure remedies, as the case may be. Furthermore, some of the Issuer's debt agreements or instruments, including the Notes, contain cross-acceleration or cross-default provisions. As a result, the Issuer's default under one debt agreement or instrument may cause the acceleration of repayment of debt or result in a default under the other debt agreements or instruments, including the Notes. If any of these events occur, there is no assurance that the Issuer's assets and cash flow would be sufficient to repay in full all of its indebtedness, or that the Issuer would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to the Issuer.

The Notes are not secured.

The Notes and Coupons of all Series constitute unsecured obligations of the Issuer. Accordingly, on a winding-up or termination of the Issuer at any time prior to maturity of any Notes, holders of the Notes will not have recourse to any specific assets of the Issuer as security for outstanding payment or other obligations under the Notes and/or Coupons owed to the Noteholders and there can be no assurance that there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Notes and/or Coupons, to discharge all outstanding payment and other obligations under the Notes and/or Coupons owed to the Noteholders.

The Notes may have limited liquidity.

There can be no assurance regarding the future development of the market for the Notes issued under the Programme or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. The Notes may have no established trading market when issued, and one may never develop. Even if a market for the Notes does develop, there can be no assurance as to the liquidity or sustainability of any such market. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This may particularly be the case for Notes that are sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes may generally have a more limited secondary market and experience more price volatility than conventional debt securities.

The lack of liquidity may have an adverse effect on the market value of the Notes. Although an issuance of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issuance of such additional Notes.

Fluctuation of the market value of Notes.

Trading prices of the Notes may be influenced by numerous factors, including (i) the market for similar notes, (ii) the respective operating results and/ or financial condition of the Issuer, its subsidiaries and/ or its associated companies (if any) and (iii) the political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or its associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or its associated companies (if any) operate or have business dealings, could have a material adverse effect on the business, financial performance, operating results and/or the financial condition of the Issuer, its subsidiaries and/or its associated companies (if any). As a result, the market price of the Notes may be above or below the price at which the Notes were initially issued to the market.

Global financial turmoil may result in volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of Notes.

Interest rate risk.

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in debt security prices, which may result in capital losses for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, debt security prices may rise. The Noteholders may enjoy capital gains but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk.

Noteholders may suffer erosion on the return of their investments due to inflation. Should Noteholders have an anticipated rate of return based on expected inflation rates on the purchase of the Notes, an unexpected increase in inflation could reduce the actual returns.

Singapore taxation risk.

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are, pursuant to the ITA and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by MAS on 31 May 2018, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfillment of certain conditions more particularly described in the section "Singapore Taxation" herein.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement or amendment to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Certain sophisticated investors generally do not purchase complex financial instruments as standalone investments. They may purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact such investment will have on the potential investor's overall investment portfolio.

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to, *inter alia*, determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowings and (iii) other restrictions apply to its purchase of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Notes may be subject to optional redemption by the Issuer.

An optional redemption feature is likely to limit the market value of the Notes containing such a feature. During any period when the Issuer may elect to redeem the Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risks in light of other investments available at that time.

The Notes may be issued at a substantial discount or premium.

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

There may not be a liquid market for the Notes.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. A lack of liquidity may have a severely adverse effect on the market value of Notes.

Performance of contractual obligations by the Issuer is dependent on other parties.

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfill its obligations to the Noteholders.

Variable Rate Notes may have a multiplier or other leverage factor.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Group may not freely hedge the currency risks associated with Notes denominated in foreign currencies.

The majority of the Group's revenue is generally denominated in Singapore dollars and the majority of the Group's operating expenses are generally incurred in Singapore dollars as well. As Notes issued under the Programme may be denominated in currencies other than Singapore dollars, the Group may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Notes and there is no assurance that the Group may be able to fully hedge the currency risks associated with such Notes denominated in foreign currencies.

Noteholders are exposed to financial risk.

Interest payment, where applicable, and principal repayment for debt occur at specified periods regardless of the performance of the Issuer and/or the Group. The Issuer may be unable to make interest payments or, where applicable, principal repayments under a series of Notes should it suffer a serious decline in net operating cash flows.

Exchange rate risks and exchange controls may result in Noteholders receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Noteholders may receive less interest or principal than expected, or no interest or principal.

The Issuer may not be able to redeem the Notes upon the due date for redemption thereof.

The Issuer may, and at maturity will, be required to redeem the Notes. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The Issuer's failure to repay, repurchase or redeem tendered Notes could constitute an event of default under such Notes, which may also constitute a default under the terms of the Issuer's other indebtedness (if any).

Changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Modification and waivers.

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may agree, without the consent or sanction of the Noteholders or Couponholders, to (i) any modification (except as mentioned in the Trust Deed) to the Trust Deed or any of the other documents relating to the issue, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other documents relating to the issue which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders and (ii) any other modification of any of the provisions of the Trust Deed or any of the other documents relating to the issue which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

The value of Notes could be adversely affected by a change in Singapore law.

The Notes are governed by Singapore law in effect as at the date of issue of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of this Information Memorandum and such change could materially and adversely impact the value of any Notes affected by it.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System (as defined below).

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. The relevant Clearing System will maintain records of their accountholders in relation to the Global Notes. The relevant Clearing System(s) and their respective direct and indirect participants will maintain records of their accountholders in relation to the Global Notes held through it. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the relevant Clearing Systems and their respective participants.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

The Trustee may request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (pursuant to Condition 10 of the Notes), the Trustee may (at its discretion) request the Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of the Noteholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such action directly.

RISKS RELATING TO THE GROUP'S CONSTRUCTION BUSINESS

The Group's construction activities are principally carried out in Singapore and accordingly, the Group's business is subject to the cyclical nature of the local property market and the construction industry in Singapore.

The Group's principal activity is construction. For FY2016 (audited), FY2017 (audited) and FY2018 (unaudited), a substantial part of the Group's revenue was derived from its construction business, accounting for 83%, 95% and 93% of its revenue respectively. As the Group's construction activities are principally carried out in Singapore, the Group is vulnerable to any downturn in the local property market and the construction industry in Singapore.

A downturn in the Singapore economy as well as the global economy in general will dampen general sentiments in the local property market and reduce construction demand which will invariably have a material adverse effect on the Group's business operations, financial performance and financial condition. In addition, dampened general sentiments in the local property market and reduced construction demand may erode profit margins for any available construction projects due to keen competition. This will also have a material adverse effect on the Group's business operations, financial performance and financial condition. The Singapore government has in recent years implemented a series of measures to cool the Singapore residential property market and ensure a stable and sustainable property market where prices move in line with fundamentals, the most recent of which was announced on 5 July 2018 in the form of increased additional buyer's stamp duty ("**ABSD**") for second or more home purchasers and developers, coupled with a tightening of loan to value ("**LTV**") limits. Such measures may dampen the general sentiment of the residential property market, resulting in lowered demand for construction activities. There is no assurance that the Singapore government will not introduce further measures to regulate the growth of the residential market. Such measures and any introduction of additional cooling measures may adversely affect the Group's business operations, financial performance and financial condition.

The Group is exposed to risks of changes in government expenditure on infrastructure and building projects from the public sector.

The Group has secured and completed several infrastructure and building contracts from the public sector during the course of its operating history and the Group's customers from the public sector include statutory boards and other government agencies. These public sector projects have contributed significantly to the Group's turnover. If the Singapore government postpones or reduces the public sector projects that are available for tender, or if there is any change in the policy of the Singapore government in their expenditure on these infrastructure and building projects, such events may adversely affect the Group's business, financial condition, prospects and/or results of operations.

The Group is subject to government legislation, regulations or policies which affect the construction industry in Singapore and requires various licences and permits for its operations.

The Group is subject to government legislation, regulations or policies which affect the construction industry in Singapore, governing, among other things, the:

(a) employment of workers (including foreign workers) in Singapore, including overtime limits, the Man-Year Entitlement ("**MYE**") allocation system, levies imposed on workers and the conditions of the work permits of foreign workers;

(b) licensing of builders;

(c) approval and execution of plans of building works;

(d) workplace safety and health; and

(e) environmental matters such as public health and noise pollution, the contravention of which may subject the Group, the Group's employees and/or the Group's directors to significant statutory penalties such as fines imposed by the relevant authorities or may result in the modification, suspension or discontinuation of the Group's operations. Hence, any conviction for such contravention may have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

The Group also requires various licences and permits for its operations.

For example, the Building Control Act, Chapter 29 of Singapore (the "**Building Control Act**"), and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for licensing of builders. Licensing requirements will apply to builders who undertake all building works where plans are required to be approved by the Commissioner of Building Control ("**CBC**"). The requirements apply to both public and private construction projects. In addition, main contractors registered under General Builder Class 1 will need to comply with the requirements on Construction Registration of Tradesmen Scheme ("**CoreTrade**") imposed on construction personnel. Licensed Class 1 general builders, such as LCBC, undertaking general building works of contract value of S$20 million or more are required to lodge a manpower programme with the CBC. The programme will set out the number and proportion of registered construction personnel to be deployed for the project. In the event that the CBC is satisfied that such requirements are not met, the Class 1 General Builder licence of LCBC may be affected. This would then have an adverse impact on the Group's reputation and business.

In addition, under the Building Control Act, no person shall commence or carry out, or permit or authorise the commencement or carrying out of, any building works unless the plans of the building works have been approved by the CBC and in the case of structural works, there is in force a permit granted by the CBC to carry out the structural works. In the event that such approvals or permits are not obtained, the Group will not be able to undertake the relevant projects, and its business operations and financial performance will be adversely affected.

The Group's licences and permits may also be granted for fixed periods of time. These licences and permits will need to be renewed as and when they expire. There is no assurance that upon expiration of such licences and permits, the Group will be able to successfully renew them in a timely manner or at all, or that the renewal of such licences and permits will not be attached with conditions which it may find difficult to comply with, or that if the relevant authorities enact new laws and regulations, it will be able to successfully meet their requirements.

Failure by the Group to obtain, renew or maintain the required licences and permits, or the cancellation, suspension or revocation of any of the Group's licences and permits may result in the interruption of its operations and may have a material adverse effect on its business.

Government legislation, regulations or policies affecting the construction industry in Singapore are also subject to amendments from time to time. Any such changes could adversely affect the Group's business operations and/or have a negative effect on the demand for its construction services. The compliance with such changes may also increase the Group's costs and any significant increase in compliance costs arising from such changes may adversely affect its financial performance. There is no assurance that any changes in government legislation, regulations and policies will not have an adverse effect on its financial performance and financial condition.

The Group is required to maintain its BCA gradings for its business.

Although business entities which are not registered with the BCA are not precluded from conducting business as contractors or suppliers outside the public sector, registration in the Contractors Registration System ("**CRS**") maintained by the BCA is a pre-requisite to tendering for projects in the Singapore public sector. LCBC is currently registered with the BCA under the A1 classification for general building construction and civil engineering, and general building construction. This is the highest classification tier awarded by the BCA that permits a contractor to tender for public sector projects of unlimited contract value. Separately, Lum Chang Interior Pte. Ltd. currently holds a L5 classification for specialist workheads (CR06) from the BCA, permitting it to bid for public sector interior decoration and finishing works of up to a value of S$13 million. To maintain the Group's existing BCA gradings (the "**BCA Grades**"), the Group is required to comply with certain prescribed requirements including, but not limited to, capital net worth, track record, personnel resources and turnover or sales. The BCA Grades are subject to annual review.

In the event that any of the Group's subsidiaries fails to maintain its BCA Grades because of its inability to comply with any of the requirements laid out by the BCA in respect thereof, its CRS registration status would accordingly be downgraded or revoked. This would cause the Group to lose its ability to tender for public construction projects of certain specified or, as the case may be, unlimited contract value, thereby reducing its tendering capacity in the public sector. In addition, private sector projects may sometimes also adopt the same minimum grading requirements for their tenders. In the event that the Group's CRS gradings are downgraded, its market reputation, business and financial performance may be adversely affected.

The Group's business is vulnerable to keen competition and its performance will depend on the Group's ability to compete effectively against its competitors and adapt to changing market conditions and trends.

Although LCBC has been graded A1 by the BCA for its construction business, it is still vulnerable to keen competition. General building contractors can obtain a similar A1 grading by the BCA if they fulfil the BCA's minimum requirements for such grading. In the event that additional contractors are successful in obtaining such grading, they may compete with the Group in the same category of business. Additionally, the Group may have to submit competitive bid prices in order to secure tenders in the face of keen competition. If the Group has to lower bid prices to compete effectively and yet face high operating costs from providing competitive and high standards of service quality, this will have an adverse impact on its profit margins.

There is no assurance that the Group will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by the Group to remain competitive will adversely affect the demand for its business, its business operations and its financial conditions.

The Group's financial performance is dependent on its successful bidding for new projects and the non-cancellation of secured projects.

As most of the Group's projects are undertaken on a non-recurring basis, it is critical that the Group is able to continuously and consistently secure new projects of similar value and volume. There is no assurance that the Group will be able to do so. In the event that the Group is not able to continually and consistently secure new projects of similar or higher value and on terms and conditions that are favourable to it, this would have an adverse impact on its financial performance. In addition, the scale of work, complexity and risk involved in a project will affect the profit margin of the project and the Group's financial performance. Third party subcontractors are often engaged for projects which the Group undertakes and such engagement may result in its profit margins being reduced.

Cancellations or delays in the commencement of secured projects due to factors such as changes in the Group's customers' businesses, poor market conditions and lack of funds on the part of the project owners may adversely affect the Group. In addition, there may be a lapse of time between the completion of the Group's projects and the commencement of its subsequent projects. Any cancellation or delay of projects could lead to idle or excess capacity, and in the event that the Group is unable to secure replacement projects on a timely basis, this may adversely affect the Group's business operations and financial conditions.

The ability to secure new projects may depend on the Group being able to secure performance bond guarantees and other bank facilities.

In line with industry practice, certain construction projects in which the Group acts as the main contractor require a performance bond to be furnished by a bank or an acceptable financial institution to guarantee the Group's contractual performance in the project. Generally, the performance bond for each such project covers between 5-10% of the contract value of the project. In the event that the Group defaults on its contractual obligations, the project owner is entitled to call on the bond with the bank or financial institution and the Group's liquidity and financial position may be adversely affected.

The Issuer has provided corporate guarantees to secure performance bonds from banks or other financial institutions in respect of the Group's ongoing projects. There is no assurance that the Group can continue to secure performance bonds for its new projects in the future or that the performance bonds may be secured on terms that are acceptable to it or on terms as favourable as those previously obtained. If the Group is unable to secure performance bond guarantees from its banks or acceptable financial institutions, it may be unable to secure new projects, and this would have a material adverse effect on its business, financial condition, prospects and results of operations.

The Group's order books may not be an accurate indicator of its future performance.

As at 30 June 2018, the Group's outstanding order books amounted to approximately S$648.3 million. The Group's order books consist of contracts that it has managed to secure from its customers.

The Group's order books may not be an accurate indicator of its future performance as the Group has not taken into account any potential renegotiations, cancellations or deferrals of orders in calculating its order books, the occurrence of any of which will have an adverse impact on the Group's revenue. Potential renegotiations, cancellations or deferrals may be due to factors beyond the Group's control and by nature, are uncertain. There is therefore no assurance that the Group can successfully transform all its existing orders into revenue.

The Group is subject to credit risk arising from its customers and defaulting counterparties.

The nature of the Group's industry is that work is performed before payment is made, even when progress payments are permitted. For the Group's construction business, there is a time lag between expenditure incurred and actual receipt of payment from customers. This gives rise to credit risk as the financial status of its customers and/or counterparties may deteriorate over time, and there may be financial losses to the Group should there be default in payment by its customers and/or counterparties.

From time to time, the Group may encounter customers who may have cash flow problems and are unable to pay the Group on time or default on its payments when due. This may result in liquidity problems for the Group as subcontractors will still have to be paid on time. Although the Group adopts a policy of dealing with only creditworthy counterparties and the Group regularly reviews its credit exposure to its customers, credit risks may nevertheless arise from events or circumstances that are difficult to anticipate or detect, including but not limited to political, social, legal, economic risks that have an impact on its customer's ability to make payment on time. In such an event, the Group's profitability would be adversely affected through allowance for impairment of receivables.

Variation orders, disputes and claims can adversely affect the Group's operating cash flows, profitability and/or financial condition.

During the course of a construction project, the owner, developer, architect or consultant of the project may request the Group to perform additional works which are not specified in the original tender or contract or to carry out variations to the specifications stipulated in the original tender or contract. In line with industry practice and to ensure that the project is completed on time, on these occasions, the parties may agree that variation orders be performed before the costs for such additional works are finalised between the parties. Therefore, the final value of such variation orders may be subject to a lower valuation by the project consultant. In the event that the Group is required to bear any part of the variation costs, the Group's operating cash flows and its earnings will be adversely affected.

Disputes and claims may arise due to defective workmanship, non-adherence to contract specifications and interpretation of acceptable quality standards of workmanship and materials supplied. The Group may also incur additional costs during the maintenance period (as further described below) to make good any defective workmanship. Retention monies are normally withheld by customers that will be applied in respect of defective work that may surface only after a period of time. Most of the Group's customers withhold up to 10% of each progress payment due to the Group for work completed as retention monies, until the accumulated retention monies reach the cap which is typically 5% of the total contract value. The retention monies will be held by the Group's customer for the duration of the maintenance period, which is typically in the range of 12 to 18 months after the official handover of a building project. The relevant contract may, however, provide for the early release of half of the retention monies upon obtaining the Temporary Occupation Period for the relevant project. The Group may therefore encounter difficulties in collecting the full sum or any part of the retention monies due and may run the risk of incurring additional costs to make good the defective work under dispute resulting in an erosion of its profit margin or incurring losses for the building project. Moreover, if the Group breaches any terms of the relevant contract, it is liable to pay liquidated damages for delay in completion or other losses suffered by its customers. The customers may also off-set the entire retention monies or enforce the performance bond. In such event, the Group would be required to indemnify the relevant insurance company or financial institution for such payment, as well as any damages arising from disputes. There can be no assurance that there will not be any material disputes in the future that may have a material adverse effect on the Group's operating cash flows, its earnings and financial performance.

Disputes may also arise between the Group and its subcontractors for various reasons, including defective works, disruption of subcontract works and disputes over contract specifications and the final amount payable for work done on a project. These disputes may lead to legal and other proceedings. In addition, in instances where the Group is appointed as the main contractor of developments, the Group is exposed to the risk of legal suits, by either the Group's customers or, in respect of defective works in common areas and common property, by the management corporation. In such an event, the Group may be liable for damages and incur legal costs, which will have an adverse effect on its financial performance and financial condition.

The Group is liable for defects or failure in the architectural and engineering design for the design and build projects that it undertakes as the main contractor.

For "Design-and-Build" projects, a single contract is awarded by the developer to the main contractor who shall be responsible for the architectural, engineering designs and construction works of the entire project. External consultants such as architects and engineers are always engaged to work on such projects and they will be liable for any defect or failure in the architectural, structural and mechanical and electrical design of the building arising from their default, as the case may be. However, in the event that such defaults are not sufficiently covered by the professional indemnity insurance taken up by the respective consultants, the Group would be liable to the developer for the residual amount of such defaults. Where subcontractors are engaged to work on such projects, such subcontractors will be liable for any defect arising from their default. In the event of any loss or damage which arises from the default of the subcontractors engaged by the Group, the Group, being the main contractor, will nevertheless be liable for its subcontractors' default.

The Group may be affected by accidents and/or violation of workplace safety and health regulatory requirements at its construction sites.

Accidents or mishaps may occur at the construction sites for the Group's projects even though the Group has put in place certain safety measures as may be required. As such, the Group is subject to personal injury claims by workers who are involved in accidents at its worksites during the course of their work from time to time.

Such accidents or mishaps may severely disrupt the Group's operations and lead to a delay in the completion of a project, and in the event of such delay, the Group could be liable to pay liquidated damages under the construction contract with its customers. In addition, the Group may incur fines and penalties imposed by the Ministry of Manpower ("**MOM**") in relation to any breaches of workplace safety and health regulations on worksites. In such an event, the Group's business operations, financial performance and financial condition may be materially and adversely affected. Further, such accidents or mishaps may subject the Group to claims from workers or other persons involved in such accidents or mishaps for damages suffered by them, and any significant claims which are not covered by the Group's insurance policies may materially and adversely affect the Group's financial performance and financial condition. In addition, any accidents or mishaps resulting in significant damage to the Group's premises, machinery or equipment may also have a significant adverse effect on the Group's business operations, financial performance and financial condition.

Further, under the single-stage demerit points scheme introduced by the MOM for the construction industry, if the Group is found to have violated safety requirements at the Group's worksites, the Group could be imposed with demerit points. The number of demerit points imposed depends on the severity of the infringement. An accumulation of a minimum of 25 demerit points would immediately trigger a three month debarment for the contractor and applications from the Group for all types of work passes for new workers will be rejected by the MOM. The continual accumulation of more demerit points will result in longer periods of debarment.

The Group may incur demerit points from time to time on its projects. Accumulation of demerit points may result in the imposition of investigatory or remedial obligations and corrective actions, the revocation or rejection of applications relating to work permits for the Group's foreign employees, or the issuance of injunctions limiting or prohibiting some or all of our operations. In such cases, increase in labour and compliance costs could increase the cost of our operations, which may have an adverse effect on the Group's business operations, financial performance and financial condition.

In addition, in the event that the Group's worksites contravene the requisite safety and health standards imposed by the regulatory authorities, the Group could be fined, or issued with partial or full stop-work orders. In the event that the Group is issued such stop-work orders, this may severely disrupt the Group's operations and lead to a delay in the completion of a project. These circumstances may generate negative publicity and adversely affect the Group's market reputation, and may also have a material adverse impact on the Group's business operations, financial performance and financial condition.

Cost overruns can adversely affect the Group's profitability.

In preparation for the Group's projects, the Group carries out internal costing and budgetary estimates, which are based on quotations from its suppliers and subcontractors, and its own estimation of costs. However, unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions, unanticipated construction constraints at the worksite arising during the course of construction, fluctuations in the cost of labour, raw materials, equipment and sub-contracted services, unanticipated variations in labour and equipment productivity over the term of a contract, corrective works for poor workmanship or any delays or errors that occurred during the course of the project or costs not previously factored into the Group's contract value may lead to cost overruns. In addition, some of the Group's contracts do not allow for adjustments to the contract value consequent upon a rise in the cost, amongst others, of labour, materials, equipment and sub-contracted services. Under such circumstances, the cost overruns would have to be absorbed by the Group. In such event, the Group's profitability and financial performance would be adversely affected.

The Group's projects typically take approximately two to three years to complete and materials and labour costs may increase beyond the Group's initial estimates. The time taken and the costs involved in completing the Group's construction projects can be adversely affected by several factors including shortage of materials, shortage of equipment and labour, adverse weather conditions, disputes with contractors or subcontractors, accidents, poor site management, wastage, damage of materials, delay in approval from the authorities and other unforeseen circumstances. Any of these factors could delay the completion of the Group's construction projects and/or may result in cost overruns. The Group's profitability and financial performance will be affected if it is not able to pass the cost overruns on to its customers or subcontractors or obtain extension for the completion of its construction projects. Furthermore, delay in project completion beyond the scheduled dates may expose the Group to liquidated damages payable to the owners of the project.

Price fluctuations in raw material and/or for the rental of equipment and machinery may affect the Group's earnings.

Raw materials are a key component of cost of sales. Raw materials consist mainly of concrete, sand, steel tiles, cement and aluminium, among others. The Group's raw materials costs for each project are dependent on the size, design and material specifications of the project and the price levels of the raw materials. Prices of these raw materials will be subject to market fluctuations and are affected by, amongst others, the interaction of their demand and supply conditions, which are outside the Group's control. Any sudden shortage of supply or reduction in the allocation of construction materials to the Group for any reason may adversely affect the Group's business operations or result in it having to pay a higher cost for these construction materials.

Furthermore, a typical construction project generally spans a period of between two to three years. Where possible, the Group taps on fluctuation clauses to help mitigate the risk of price fluctuations, such that cost increases can be passed on to the client. The Group also buys construction materials in bulk to lock-in the prices of these construction materials as far as possible. Despite the foregoing, the Group's costs may increase beyond the Group's initial projections and should the Group be unable to pass on such increases in costs to its customers or find alternative cheaper sources on a timely basis, this may result in a reduction in the Group's previously estimated profit margins or may cause it to incur a loss.

In addition, the Group's projects require heavy use of construction equipment and machinery. Where the Group's own equipment is not sufficient to handle its projects and/or new equipment is required for its projects, the Group may acquire or lease additional equipment from suppliers. In the event of unforeseen delays, to ensure that the project schedule can be met, the Group may rent additional equipment and machinery, thereby driving up the Group's project costs. In the event that the Group is unable to continue to acquire or lease construction equipment and machinery at prices or rental rates that are within its projected budget in the future, the Group's financial performance may be adversely affected.

The Group is reliant on foreign labour.

The construction industry is highly labour intensive. Most of the Group's construction workers are foreign workers who come mainly from India, Bangladesh and China and are subject to foreign workers' levies. Consequently, the Group's operations and financial performance are susceptible to any shortage in the supply of foreign workers and any increase in costs of foreign labour.

Any changes in the labour policies of Singapore or those of the foreign workers' countries of origin may affect the supply and/or cost of foreign labour and cause disruption to the Group's operations, delays in the completion of projects and/or increase in project costs. For instance, the availability of the foreign workers to the construction industry in Singapore is regulated by the MOM through policy instruments such as the imposition of levies and quotas based on the MYE. The Group is susceptible to any increases in such levies and any changes in the MYE quotas on the number of foreign workers that the Group and its subcontractors can employ in respect of each of the Group's construction projects. Any such adverse changes will negatively impact the Group's earnings and financial performance. Similarly, any such increase in levies and any restrictions in the supply of foreign workers may result in a corresponding increase in the payroll costs of the Group's suppliers and subcontractors which may affect their ability to supply the products or carry out the work for which they were contracted, thus delaying the completion of or failing to complete the Group's construction projects, resulting in additional costs for the Group or exposing the Group to the risk of liquidated damages.

Restrictions on the supply of foreign labour may result in the Group having to explore alternative and more costly sources of labour for its projects and/or operations. If the Group is unable to source for sufficient number of foreign workers and/or have to employ more costly sources of labour, its overall costs would increase and the Group's financial performance may be materially and adversely affected. Similarly, the Group's suppliers and subcontractors may be entitled to employ fewer foreign workers and if they are unable to seek alternative source of labour at the same or lower cost, this may affect their ability to supply the products or carry out the work for which they were contracted, thus delaying the completion of or failing to complete the Group's construction projects, resulting in additional costs for the Group or exposing the Group to the risk of liquidated damages.

The Group's business is dependent on the services of its suppliers and subcontractors.

The Group purchases its raw materials and/or acquires or leases equipment from its suppliers for its construction projects. The Group also engages subcontractors to provide various services for its construction projects, including piling and foundation works, structural works, architectural works, mechanical and electrical installation, utilities installation, interior decoration and any other specialist work. These suppliers and subcontractors are selected based on, amongst others, the Group's past working experience with them, their competitiveness in terms of their pricing and their past performance. The Group cannot be assured that the products and services rendered by suppliers and subcontractors will be satisfactory to the Group or that they will meet the requirements for quality or the project requirements. In the event of any loss or damage which arises from the default of the suppliers or subcontractors engaged by the Group, the Group, being the main contractor, will nevertheless be liable for its suppliers' or subcontractors' default if it is not able to pass such loss or damage on to its suppliers or subcontractors. Furthermore, these suppliers or subcontractors may experience financial or other difficulties that may affect their ability to supply the products or carry out the work for which they were contracted, thus delaying the completion of or failing to complete the Group's construction projects, resulting in additional costs for the Group or exposing the Group to the risk of liquidated damages. Any of these factors could result in a material adverse effect on the Group's business operations, financial performance and financial condition.

Excessive warranty claims will adversely affect the Group's financial position.

The Group provides limited warranty for certain of its construction projects for a standard period of up to 10 years on certain items of the works. The limited warranty covers defects and any premature wear and tear of the materials and workmanship used in the projects. Rectification and repair works to be carried out by the Group that are covered under the limited warranty are not chargeable to the customers. The Group provides warranties jointly with its suppliers and subcontractors. In the event its suppliers and/or subcontractors are not able to perform its obligations under the warranty, the Group would be liable for claims pursuant to the warranty. Excessive warranty claims for rectification and repair works will have an adverse effect on the Group's business and financial performance.

RISKS RELATING TO THE GROUP'S PROPERTY INVESTMENT AND DEVELOPMENT BUSINESS

The Group may be unable to identify or acquire land or properties for development at commercially acceptable prices.

The Group may not be able to identify and acquire attractive sites in the future at commercially acceptable prices, or at all. Its inability to identify and acquire attractive new sites at commercially acceptable prices could impair its ability to compete with other property developers and materially and adversely affect its ability to grow its property business and maintain its profitability.

Some or all of the Group's existing and planned projects may not be completed or sold or may not be completed or sold on schedule.

The Group's success and financial performance will depend on its ability to identify, develop, market and sell its projects in a timely and cost-effective manner. The Group's development activities are subject to the risk of delays in obtaining required approvals whether from regulatory authorities or otherwise (for example, from the Strata Titles Board in an en-bloc transaction), availability of raw materials, increases in construction costs, financial difficulties faced by the Group's business partners, natural disasters, and reliance on third-party contractors as well as the risk of decreased market demand during the development of a project.

The Group is also subject to holding costs and development charge premiums and possible regulatory penalties (for example, Qualifying Certificate requirements and ABSD) if it does not develop and complete acquired land or sell completed property stock by the expiry of certain stipulated periods.

Non-completion, or a delay in completion, of any of the Group's developments or failure by the Group to sell completed property stock in time may have a material and adverse effect on its business, financial condition, results of operations and prospects.

The Group faces significant risks before it realises any benefits from its development properties.

Development properties typically require substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through pre-sales or sales of a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for several years. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn has a direct impact on the profitability of the project. Factors that may affect the profitability of a project include the risk that government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and lacklustre sales or leasing of the properties. The sales and the value of a property development project may be adversely affected by a number of factors, including but not limited to the international, regional and local political and economic climate, local real estate conditions, the perceptions of property buyers, businesses, retailers or shoppers of the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. If any of the property development risks described above materialise, the Group's returns on investments may be lower than originally expected and the Group's financial performance will be materially and adversely affected.

The property development business is subject to significant government regulations and changes in government policies in countries in which the Group operates.

The real estate industries in the countries in which the Group operates are subject to significant government regulations and approvals for, amongst other things, land and title acquisition, zoning and development planning, design, construction and mortgage financing and refinancing, licensing requirements including but not limited to obtaining sale licences, local land use permits and environmental and health and safety permits, obtaining certificates of completion for its development projects and issuance of individual titles following completion of construction. Such regulations are at times ambiguous and their interpretation and application can be inconsistent and may be potentially detrimental to the Group. The respective governments of the countries in which the Group operates may adopt measures as and when it deems necessary to regulate the supply of land from time to time, so as to moderate the demand and supply of properties in order to maintain an orderly and stable property market, for example in the form of new or more stringent property cooling measures. These changes may have a material adverse effect on the Group's business, financial performance and financial condition.

For example in Singapore, the Singapore government has sought to ensure a stable and sustainable property market through cooling measures for the past few years, including but not limited to imposition of ABSD and seller's stamp duty. LTV limits had been tightened on housing loans for individuals as well as non-individuals. Besides tighter LTV limits, a total debt-servicing ratio ("**TDSR**") framework has also been implemented for all property loans granted by financial institutions to individuals, under which financial institutions are required to take into consideration borrowers' other outstanding debt obligations when granting property loans. More recently, the government announced new property cooling measures on 5 July 2018, including but not limited to increasing the ABSD rates for second or more home purchases by 5% for individuals, as well as a new additional 5% ABSD for housing developers which is non-remittable and payable upfront upon acquisition of residential property. In addition to the above, the LTV limits were further tightened from 80% to 75% on first loan for individuals and 20% to 15% for non-individuals. Such property cooling measures have a dampening effect on the demand for residential properties in the industry as it affects the affordability of purchasers and also increase costs of development for developers which may have a material and adverse impact on the Group's business. There is no assurance that the Singapore government will not introduce further measures to regulate the growth of the Singapore residential property market, which could materially and adversely affect the Group's property business and growth. For the Group's on-going residential development in Singapore, One Tree Hill Collections, the latest round of cooling measures will have a limited impact on buying sentiment as the target clients are mainly owner occupiers and those buying for their children. Furthermore, the development is situated at the prime Orchard area where the supply of new properties is limited.

The countries in which the Group operates may also restrict the level, percentage and manner of foreign ownership and investment in real estate or may impose additional costs on foreigners seeking to invest in or own properties. Such regulations are at times ambiguous and the interpretation and application of which can be inconsistent, which may affect demand for the Group's properties and may have an adverse effect on the Group's business.

Higher interest rates may have a negative impact on the demand for the Group's residential property developments and increase the cost of financing for the Group.

An increase in interest rates may negatively impact the sales of the Group's residential property developments. High interest rates generally impact the real estate industry by making it costly for consumers to qualify for and secure financing, which can lead to a decrease in the demand for residential properties. Any downturn in the economy or drop in consumer confidence may result in reduced housing demand, which could negatively impact the demand for the residential property that the Group has under development and negatively affect its business, financial condition, results of operations and prospects.

An increase in interest rates also increases the cost of debt financing for the Group. The Group currently partially funds and expects to continue to partially fund its business and future growth through debt. The Group's debt may carry floating interest rates, and consequently, the interest cost to the Group for such debt financing will be subject to fluctuations in interest rates. In addition, the Group is and may in future be subject to market disruption clauses contained in its debt financing agreements with banks. Such clauses will generally provide that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher cost of funds to the Group, notwithstanding the margins agreed. Furthermore, although the Group may enter into hedging transactions to partially mitigate the risk of interest rate fluctuations, such hedging or its hedging policy may not adequately cover its exposure to interest rate fluctuations. Consequently, interest rate fluctuations could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks relating to the quality and extent of the title to or interests in the properties in the Group's portfolio.

The quality, nature and extent of the title to the properties in the Group's portfolio vary, depending on a number of factors, including:

(a) the stage of development of the property;

(b) the extent to which the contract pursuant to which the property interest was acquired has been performed, the extent to which the terms and conditions thereunder have been complied with, and the amount of the purchase consideration which has been paid;

(c) the extent of compliance by the Group or any other relevant party (including previous owners, the vendor of the property and the entity in which the Group invested that has acquired or is acquiring the property) with all relevant laws and regulations relating to the ownership, use, sale, development or construction of the property;

(d) the manner under which the interest in the property is held, whether through a joint venture, a development agreement, under a master lease, an option to purchase, a sale and purchase agreement or otherwise;

(e) in the case where the property interests are leasehold interests, the extent of compliance by the Group or any other relevant party (including previous lessees or lessors, the vendor of the property and the entity in which the Group has invested that has acquired or is acquiring the property) with the terms and conditions of the state or head lease or any other document under which the title of the property is derived;

(f) the capacity, power, authority and general creditworthiness of the counterparties to the contractual and other arrangements through which the Group has acquired its interest in the property;

(g) the laws and regulations that apply to the property; and

(h) the location of the property.

The limitations described above on the quality, nature and extent of the title to the land and properties in the Group's portfolio of property interests impact its ability to deal with and have control over its property interests, and the conditions under which it may own, develop, operate or manage the property. No assurance can be given that the quality, nature and extent of the title to the Group's property interests will not be challenged or adversely impacted or will not adversely affect the Group's ability to deal with its property interests and in turn the value of its investment in these properties.

Acquisition of the Group's real estate portfolio may be subject to risks associated with the acquisition of properties.

While the Group believes that reasonable due diligence investigations have been conducted prior to the acquisition of its properties, there can be no assurance that its real estate holdings will not have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses, or payment or other obligations to third parties. The information that the Group relies upon as part of the due diligence investigations of its properties may be subject to inaccuracies and deficiencies, as certain building defects and deficiencies may be difficult or impossible to ascertain due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors. In particular, no assurance can be given as to the absence of latent or undiscovered defects or deficiencies or inaccuracies or deficiencies in such reviews, surveys or inspection reports, any of which may have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

In addition, some of the properties may be in breach of laws and regulations (including those in relation to real estate) or may fail to comply with certain regulatory requirements in ways that the Group's due diligence investigations did not uncover. As a result, the Group may incur additional financial or other obligations in relation to such breaches or failures, which will have an adverse effect on its business, financial condition, results of operations and prospects.

The market value of the Group's properties may differ from their appraised values as determined in the valuation reports.

The valuations of the Group's properties are based on certain assumptions which are subjective and uncertain and may differ materially from actual measures of the market.

Property valuations generally include a subjective determination of certain factors relating to the relevant property, such as the property's relative market position, financial and competitive strengths and physical condition. Accordingly, no assurance can be given to prospective investors that the assumptions are accurate measures of the market or that the valuation of each of the Group's properties is accurate. The market value of the Group's properties or any future acquisitions may, therefore, differ from their appraised values. The appraised value of any of the Group's properties or any future acquisitions is not an indication of, and does not guarantee, a sale price at that value at present or in the future. The price at which the Group may sell a property may be lower than its appraised value or the initial acquisition price of that property.

The Group's property development and construction business is subject to construction risks.

The time taken and the costs involved in completing the Group's property development and construction projects may be adversely affected by several factors including fluctuations in costs of building materials, equipment and/or labour, accidents, environmental impacts, mismanagement of projects, stop-work order(s) by authorities, cost overruns and/or increase in costs, unfavourable weather conditions, unanticipated construction constraints, and other unforeseen circumstances. Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost of, or delay the construction or opening of, new developments. Any of these factors could delay the completion of the Group's property development and construction projects and could result in cost overruns.

Further, for construction projects, where the delay is mainly due to factors attributable to the Group, the Group may be liable for liquidated damages, which are pre-determined sums payable in the event of non-completion of a project within a stipulated period of time. For property development projects, delays in the completion of the project could result in a loss of income from the delay in receipt of proceeds from purchasers or, as the case may be, loss of rental income from lessees, as well as potential claims for compensation and termination of lease agreements by lessees. Such events may have an adverse effect on the Group's business, results of operations and financial performance.

Please also refer to the section "Risk Factors – Risks relating to the Group's Construction Business" for further details on the construction risks that the Group is subject to.

The Group may rely on independent contractors for its development projects.

The Group may engage independent third-party contractors to provide various services in connection with its property management and development services, including design, construction, piling and foundation, building and property fit-out works, installation of air-conditioning units and elevators, and interior decoration. The Group invites contractors to tender bids according to their reputation for quality and track record. In Malaysia, the Group has a project development team to supervise independent third-party contractors engaged in Malaysia. The Group also has a project development team in Singapore to supervise independent third-party contractors engaged in Singapore. The services rendered by independent third-party contractors may not be satisfactory or match the level of quality that the Group requires. Moreover, contractors may experience financial or other difficulties that may adversely affect their ability to carry out the work for which they were contracted, thus delaying the completion of the Group's property development projects or resulting in additional costs for it. Any of these factors could adversely affect the Group's results of business, reputation, financial condition and results of operations.

The profit earned from, and the value of, the Group's commercial properties may be adversely affected by a number of factors.

The revenue earned from, and the value of, the Group's commercial properties, may be adversely affected by a number of factors, including:

(a) vacancies following the expiry or termination of leases that lead to lower occupancy rates which reduce the Group's revenue;

(b) the inability to collect rent from tenants on a timely basis or at all;

(c) rental rebates given to tenants facing market pressure;

(d) tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the tenant's lease, or which could hinder or delay the re-letting of the space in question;

(e) the amount of rent payable by tenants and the terms on which lease renewals and new leases are agreed being less favourable than current leases;

(f) the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, retail and commercial space, changes in market rental rates and operating expenses for the Group's properties);

(g) inability to arrange for adequate management and maintenance or to put in place adequate insurance;

(h) competition for tenants from other properties which may affect rental levels or occupancy levels at the Group's properties;

(i) changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment;

(j) acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond the Group's control; and

(k) higher interest rates.

The Group's future cash flow may be affected by the Group's exposure to key tenants.

Some of the Group's office spaces in its commercial properties locally and abroad are leased out to tenants considered "key" tenants because of their ability to attract customers and/or to attract other potential tenants. The Group's ability to lease vacant units and the value of such units in the Group's commercial properties could be adversely affected by the loss of a key tenant in the event such key tenant files for bankruptcy or insolvency or experiences a downturn in its business or otherwise decides to discontinue the lease. Space that has been vacated by a key tenant can reduce the demand for and the value of other commercial units in the Group's commercial properties. In addition, the Group may face difficulties in finding suitable replacement tenants for spaces vacated by key tenants in a timely manner, if at all, and if found, the lease terms with such replacement tenants may be less favourable or satisfactory.

Under certain market conditions, key tenants may receive more favourable terms, for example, lower rental rates or other incentives. Accordingly, the Group's ability to optimise its revenue and cash flow for such commercial space that has been leased to such key tenants could be adversely affected.

Any of these events could adversely affect the Group's business, financial condition, results of operation and prospects.

RISKS RELATING TO THE GROUP IN GENERAL

The Group may not be able to successfully implement its future plans.

The Group's future plans involve numerous uncertainties and risks. These include but are not limited to, the Group successfully securing new project tenders and/or awards, identifying technologies and/or work processes which may improve its operations, and/or entering into and developing new businesses which may be complementary or which may add value to the Group's business. For example, in 2018, the Group expanded its business into two new areas, namely retrofitting and interior finishing, and private healthcare. Further, these future plans may also require substantial capital expenditure, the incurrence of working capital requirements and additional financial resources and commitments.

There is no assurance that these future plans will achieve the expected results or outcome such as an increase in revenue that will be commensurate with the Group's investment costs, or the ability to generate any costs savings, operational efficiencies and/or productivity improvements to its operations. There is also no assurance that the Group will continue to succeed in securing more project tenders and/or awards. If the results or outcome of the Group's future plans do not meet its expectations, if the Group fails to achieve a sufficient level of revenue or if the Group fails to manage its costs efficiently, the Group will not be able to recover its investment and its future financial performance, business operations and/or financial condition would be adversely affected.

Plans for the Group's new businesses may not be fully and effectively realised.

In 2018, the Group expanded its business into two new areas, namely retrofitting and interior finishing, and private healthcare. The Group has limited or no prior experience in these areas, and may encounter barriers and challenges upon entering into such markets. In addition, the Group may need to make further investments in developing these businesses and it may not be able to effectively manage its costs or generate sufficient revenue to justify the investments it makes. There is no assurance that the Group will be able to successfully carry on these businesses if it encounters such challenges. As the Group has incurred and will continue to incur capital expenditure to operate and/or develop the new businesses, it may not recoup its investment costs. In such an event, the Group's future financial performance, business operations and/or financial condition would be adversely affected.

The Issuer's ability to comply with its obligations to repay the Notes is dependent upon the earnings of, and distributions by, the members of the Group.

The Issuer is primarily a holding company and its ability to make payments in respect of the Notes depends largely upon the receipt of dividends, distributions, interest or advances from its wholly or non-wholly-owned subsidiaries and its associates and joint ventures.

The ability of the subsidiaries, associates and joint ventures of the Issuer to pay dividends and other amounts to the Issuer may be subject to their profitability and to applicable laws and to restrictions on the payment of dividends contained in financing or other agreements. These restrictions could reduce the amount of distributions that the Issuer receives from its members, which would restrict the Issuer's ability to comply with its payment obligations under the Notes.

The Group is dependent on key personnel and skilled labour for its continued success and growth.

The Group's continued success is dependent on its ability to retain its key management. For example, the loss of the services of its Executive Directors, Executive Officers and managers, without an adequate, suitable and timely replacement could have an adverse impact on the Group's business operations, financial performance and financial condition.

The Group's business is also highly dependent on skilled personnel such as its project managers. The two recent business ventures entered into by the Group, namely the retrofitting and interior finishing, and private healthcare businesses, are also highly dependent on the skilled personnel working in these fields. Having a team of experienced and skilled personnel is essential in maintaining the quality of services. A high turnover of such personnel without suitable and timely replacements could have an adverse impact on the Group's business operations and competitiveness. The Group's financial performance could also be materially and adversely affected if it needs to increase employee compensation levels substantially to attract and retain its existing key personnel, as well as any additional personnel that the Group may require in the future.

The Group's performance is subject to its ability to attract, retain and train qualified managerial and other employees.

The Group's performance depends largely on its ability to attract, train, retain and motivate high quality personnel, especially for the management team. Relations with employees could deteriorate due to disputes related to, among other things, wage or benefit levels. The loss of key employees may have a material adverse effect on the Group's performance. If the Group is not able to retain, hire and train qualified managerial and other employees, its business may be materially and adversely affected.

The Group may be affected by global events that are beyond its control such as political turmoil, terrorist attacks and other acts of violence, wars, or outbreaks of diseases.

Continued terrorist attacks worldwide such as those which occurred in the United States of America, Europe, United Kingdom and Indonesia, terrorist threats in Malaysia, and the ongoing Syria crisis have resulted in substantial and continuing global economic volatility and social unrest. Further developments stemming from these events or other similar events could cause further volatility. The direct and indirect consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on its business operations and results. Any further response by attacked nations or their allies or any further terrorist activities could also materially and adversely affect international financial markets and the economies in which the Group operates and may thereby adversely affect its business, financial condition, prospects and results of operations.

Furthermore, an outbreak of communicable diseases such as the Middle East respiratory syndrome (MERS), influenza A (H1N1), avian influenza (bird flu) or the Zika virus in Singapore and other countries where the Group may carry out construction and/or project management operations may adversely affect the Group's business operations, financial performance and financial condition. If an outbreak of such communicable diseases occurs in Singapore and other countries where the Group may carry out construction and/or project management operations, customer sentiment and spending could be adversely affected and this may have a negative impact on the Group's business operations, financial performance and financial condition. The Group's staff and employees may also be affected by any outbreak of such communicable diseases and this may affect the Group's day-to-day operations.

The Group's business and ability to obtain funding may be affected by adverse economic conditions in the global markets.

Adverse economic conditions such as a global economic downturn could negatively affect the Group's ability to obtain short-term and long-term financing. It could also result in an increase in the cost of the Group's bank borrowings and a reduction in the amount of banking facilities currently available to the Group and its suppliers and subcontractors. The inability of the Group, suppliers and its subcontractors to access capital efficiently on time, or at all, as a result of possible economic difficulties may have an adverse effect on the Group's ability to complete existing projects and/or secure new projects. In addition, the construction industry is generally dependent on the health of the local economy, which is in turn dependent on the global economic conditions. Any deterioration in the global economy could in turn adversely affect the health of the local economy and correspondingly adversely affect the number of available projects for tender and impact the Group's business and financial performance. Profit margins for any available projects could also be eroded due to keen competition.

The global financial system has suffered considerable turbulence and uncertainty in recent years, and expectations concerning the performance of the global economy in the short to medium term remain uncertain. Uncertainty in the global financial system could affect consumer confidence and cause unstable market conditions. Geopolitical instability could also contribute to economic instability in both the affected regions and other parts of the world. Since the global economic downturn in late 2008, there have been negative developments in the global financial markets including the downgrading by major international credit rating agencies of sovereign debt issued by some of the European Union member countries and the difficult conditions in the global credit and capital markets. In addition, the potential of exit from the European Union by certain member countries, uncertainty over interest rate hikes and the pace of economic recovery in the U.S. and uncertainty over the growth of the Chinese economy may have also been factors which have contributed to a further global economic slowdown.

These events could adversely affect the Group's business, financial condition, prospects and results of operations. These challenging market conditions have given rise to reduced liquidity, greater volatility, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing, government intervention and lack of market confidence. These factors, combined with declining business and consumer confidence, have resulted in global economic uncertainties.

It is difficult to predict how long these developments will last. Further, there can be no assurance that measures implemented by governments around the world to stabilise the credit and capital markets will improve market confidence and the overall credit environment and economy. In the event that the global economic conditions do not improve or any recovery is halted or reversed, the Group's business operations and future financial performance may be adversely affected.

The Group's business is dependent on the economies of the countries in which it operates.

The Group's property development business is dependent on the continued expansion of the Singapore economy and the economies of the other countries in which it operates. The property development market in each of these countries may be adversely affected by political, economic, regulatory, social or diplomatic developments affecting the respective property sectors generally. Changes in inflation, interest rates, taxation or other regulatory, economic, social or political factors affecting the cities where the Group's property developments are located or any adverse developments in the supply, demand and prices of housing in the property sector, may have an adverse effect on its business. Any introduction of additional cooling measures may adversely affect the Group's business operations, financial performance and financial condition. The Group's property development business is also subject to the cyclical nature of the property industry and as such, any downturn in the property development markets in the countries in which the Group operates will materially and adversely affect its business operations, financial performance and financial condition.

The Group's construction activities are dependent on the health of the property markets in the countries which it carries out its construction activities, which in turn is dependent on the general health of the economies of these countries. A downturn in these economies will dampen general sentiments in the property markets in these countries and reduce construction demand and demand for its distributed products which will invariably have a material adverse effect on the Group's business operations, financial performance and financial condition. In addition, dampened general sentiments in the property markets in these economies and reduced construction demand may also erode profit margins for any available construction projects due to keen competition. This will also have a material adverse effect on the Group's business operations, financial performance and financial condition.

The Group would be subject to local legal and regulatory conditions and may be affected by the economic, social and political situations (including risks relating to foreign currency exchange rate fluctuations) in countries where it may carry out construction and/or project management operations.

The Group carries out property investment and development business in Singapore and in countries outside of Singapore. The Group's business may be materially and adversely affected by developments with respect to inflation, interest rates, government policies, price and wage controls, exchange control regulations, taxation, expropriation, social instability and other political, economic or diplomatic developments in or affecting the countries in which it operates.

The current environment presents significant policy uncertainties, especially in global trade and geopolitical tensions. For example, the United Kingdom's possible exit from the European Union without a deal, commonly referred to as "Brexit", has led to significant instability and uncertainty in such regions, which could have a material adverse effect on the Group's business. In addition, trade frictions have started to arise between the largest trading partners in the world. In the first half of 2018, the U.S. and China began threatening to impose tariffs on each other's products, leading to fears of a trade war, which, if were to materialise, could result in general economic downturn or otherwise have a material adverse effect on the Group's business. Growth and financial performance in trade-exposed economies such as Singapore are particularly vulnerable to disruptions to global trade flows, capital flows, business investments and global supply chains in the event of escalation in trade tensions. The Group has no control over such conditions and developments and can provide no assurance that such conditions and developments will not adversely affect its operations.

The Group's business and operations are subject to the legal and regulatory framework in the countries in which it has a business presence or carries out operations. Laws and regulations governing business entities in these countries may change and may be subject to a number of possibly conflicting interpretations, both by the business entities and by the courts. The Group's business, financial condition and results of operations may be adversely affected by the uncertainty surrounding business laws and regulations. Any changes in legal and regulatory conditions in these countries could adversely affect the results of the Group's operations.

The Group is also subject to the applicable laws, regulations and guidelines in the countries and jurisdictions in which it has a business presence or carries out operations, particularly in relation to entry and employment requirements and restrictions in respect of certain of the Group's employees and workers. If the Group fails to comply with such laws, regulations and guidelines, the Group may be subject to penalties for such breaches, including fines or restrictions on its ability to carry on business or operate in such counties or jurisdictions. In addition, the relevant employees in breach of such laws regulations and/or guidelines may also be subject to penalties such as fines, imprisonment or deportation.

The Group may be subject to foreign exchange transaction risks.

The Group may be subject to foreign exchange risks as its consolidated financial statements are prepared in Singapore dollars while the financial statements of its foreign subsidiaries and associated companies are prepared in their respective functional currencies. For the purpose of consolidating the financial results of its foreign subsidiaries and associated companies, the assets and liabilities and income and expenses of the Group's foreign subsidiaries and the Group's share of profit from its foreign associated companies are translated to Singapore dollars based on the exchange rates for the relevant financial period or year. Any significant fluctuation of the Singapore dollars against the respective functional currencies of the Group's foreign subsidiaries and associated companies may adversely affect its results of operations.

Due to its geographic diversity, the Group may receive income and incur expenses in a variety of currencies, including Singapore dollars, British pounds and Malaysian ringgit. Consequently, the Group's costs, profit margins and asset values may fluctuate and be affected by changes in the political, social and economic conditions in Malaysia and/or United Kingdom and any significant revaluation of the Malaysian ringgit and/or British pound may have an adverse effect on the Group's business, financial condition and results of operations. The Group cannot predict the effect of future exchange rate fluctuations on its assets, liabilities, income, cost of sales and margins. Some of the currencies the Group may use may not be readily convertible or exchangeable or may be subject to exchange controls. In addition, the Group's financial information is presented in Singapore dollars. Exchange rate gains or losses will arise when the assets and liabilities in foreign currencies are translated or exchanged into Singapore dollars for financial reporting or repatriation purposes. Fluctuations in currency exchange rates could materially affect the Group's reported financial results.

The Group currently does not have any formal policy for hedging against foreign exchange exposure. The Group currently mitigates this exposure by borrowing in the local currency for property investment and property development in the United Kingdom and Malaysia. However, the Group will continue to monitor its foreign exchange exposure and may employ forward currency contracts to manage its foreign exchange exposure should the need arises.

The Group is subject to risks associated with joint ventures.

The Group expects that it may, as a matter of business strategy, from time to time enter into construction, property development and property investment projects through the formation of joint ventures. These joint ventures involve a certain amount of business risks such as the inability or unwillingness of joint venture partners to fulfil their obligations under the joint venture agreements (if any). There is no assurance that the Group will not, in the future, encounter such business risks which may have an adverse effect on its business operations, financial performance and financial condition.

The Group's insurance coverage may not be adequate.

The Group faces the risk of loss or damage to its property and machinery due to fire, theft and natural disasters, such as floods. Such events may cause disruption or cessation in the Group's operations, thus adversely affecting the Group's business operations, financial performance and financial condition.

Whilst the Group's insurance policies cover some losses in respect of damage to its properties and machinery, they may not be sufficient to cover all of the Group's potential losses in extraordinary events. In the event such losses exceed the insurance coverage or are not covered by the insurance policies that the Group has taken up, the Group may be liable to cover the shortfall of the amounts claimed and the Group's financial performance and financial condition may be adversely affected.

In relation to the construction projects which the Group undertakes as the main contractor, the Group has taken up workmen's compensation under the Work Injury Compensation Act, Chapter 354 of Singapore, public liability insurance, foreign workers medical insurance and contractors' all risks insurance in connection with its projects in Singapore and based on contract requirements. In the event that insurance coverage is insufficient to meet the claims arising in respect of the projects, the Group may be exposed to losses which may adversely affect the Group's profitability.

The Group utilises bank borrowings to fund its operations.

The Group utilises bank borrowings mainly to fund its development projects and property investments, and has some short term facilities to fund operations on a temporary basis. Although the Group has sufficient banking facilities at present, it cannot guarantee that its bankers will not recall its facilities, including its revolving credit facilities. In the event that the Group's bankers recall its facilities or accelerate its payment obligations due to a default of any of its other payment obligations at any time in the future, the Group's cash flows may be adversely affected. In addition, if the interest costs on its borrowings increase, the Group's profitability will be adversely affected. Also, the Group's cash flows may not be sufficient to meet the increased interest payments.

In addition, the Group may underestimate its capital requirements and other expenditures or over-estimate its future cash flows. In such event, additional capital, debt or other forms of financing may be required. If the Group is unable to raise such additional capital, debt or other financing, its business, results of operations, liquidity and financial position will be adversely affected.

If such financing requirements are met by way of debt financing, the Group may have restrictions placed on it through such debt financing arrangements which may:

(a) limit the Group's ability to pay dividends or require it to seek consents for the payment of dividends;

(b) increase the Group's vulnerability to general adverse economic and/or industry conditions;

(c) limit the Group's ability to pursue its growth plans;

(d) require the Group to dedicate a portion of its cash flow from operations to payments on its debt, thereby reducing the availability of its cash flow to fund capital expenditure, working capital requirements and other general corporate purposes; and

(e) limit the Group's flexibility in planning for, or reacting to, changes in its business and its industry.

There is no assurance that sufficient banking facilities will be available when needed or that, if available, such banking facilities will be obtained on terms that are acceptable to the Group. There is also no guarantee that the terms for banking facilities will be as favourable as those previously obtained. The Group's ability to obtain banking facilities for its requirements depends, *inter alia*, on the prevailing economic conditions, its ongoing performance and the general condition of the construction industry. In the event that the Group is unable to obtain sufficient banking facilities or if such banking facilities are obtained at terms not as favourable as those previously obtained, the Group may not be able to undertake certain new projects or the profitability or such secured projects will be adversely affected, and the Group's business operations, financial performance and financial condition may be adversely affected.

Potential liability for environmental problems could result in substantial costs.

The Group is subject to a variety of laws and regulations concerning the protection of health and the environment that may require a current or previous owner of real estate to investigate and clean up hazardous or toxic substances on a property. For example, owners and operators of real estate may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances or materials. The cost of investigation, remediation or removal of these substances may be substantial. Environmental laws and regulations may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous substances and other regulated materials. Failure to comply with these laws can result in penalties or other sanctions.

If the Group fails to comply with existing or future environmental laws and regulations, its reputation may be damaged or it may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group may be involved in legal and other proceedings from time to time.

The Group may be involved from time to time in disputes with various parties such as developers, tenants, contractors, subcontractors, consultants, suppliers, construction companies, purchasers and other partners. These disputes may lead to legal and other proceedings, and may cause the Group to incur additional costs and delays which may have a material adverse effect on the Group's financial performance and financial condition and result in financial losses, suspension of business operations and delay the construction or completion of its projects. Additionally, the Group may have disputes with regulatory bodies over the course of its operations, which may subject the Group to administrative proceedings and unfavourable orders, directives or decrees. This may in turn result in financial losses for the Group, suspension of business operations and delays in the construction or completion of the Group's projects.

The Group may face uncertainties associated with the expansion of its business overseas.

The Group is subject to foreign laws, regulations and policies as a result of property investments in foreign countries. There may be a negative impact on any property owned by the Group in a foreign country as a result of measures and policies adopted by the relevant foreign governments and regulatory authorities at national, provincial or local levels, such as government control over property investments or regulations in relation to foreign exchange. Legal protection and recourse available to the Group in certain countries may also be limited.

In addition, the income and gains derived from investments in property in other countries may be subject to various types of taxes in Singapore and these foreign jurisdictions, which include income tax, withholding tax, capital gains tax, and any other taxes that may be imposed specifically for ownership of real estate. All of these taxes are subject to changes in laws and regulations that may lead to an increase in tax rates or the introduction of new taxes, and could adversely affect and erode the returns from these development properties. There is also no assurance that the Group will be able to repatriate the income and gains derived from investments outside Singapore to Singapore on a timely and regular basis.

Accordingly, there is no assurance that the Group will be able to execute its growth strategies successfully or that the performance of any strategic alliances, acquisitions or investments would meet the Group's expectations.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for general corporate purposes, including refinancing of existing borrowings, financing investments and financing of working capital and capital expenditure requirements of the Issuer or its subsidiaries.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the SFA to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any Noteholder or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by CIMB Bank Berhad (acting through its Singapore branch), which was a Financial Sector Incentive (Capital Market) Company, Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Bond Market) Company (as defined in the ITA) at such time, any tranche of the Notes (the "**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be, pursuant to the ITA and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by MAS on 31 May 2018 (the "**MAS Circular**"), qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

    (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

    (bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require,

    payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

"break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the submission by the issuer, or such other person as MAS may direct, to MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as MAS may specify and such other particulars in connection with the QDS as MAS may), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:-

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:

(i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and

(ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

Pursuant to the Singapore Budget Statement 2018 and the MAS Circular, the QDS Plus Scheme will be allowed to lapse after 31 December 2018, but debt securities with tenures of at least 10 years which are issued on or before 31 December 2018 can continue to enjoy the tax concessions under the QDS Plus Scheme if the conditions of such scheme as set out above are satisfied.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard ("**FRS**") 39 or FRS 109 may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39 or FRS 109. Please see the section below on "Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes".

3. Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

The Arranger, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Issuer may from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as may be specified in the applicable Pricing Supplement).

In connection with each Tranche of Notes issued under the Programme, the Arranger, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers and/or their affiliates may place orders, receive allocations and purchase Notes for their own account (without a view to distributing such Notes) and such orders and/or allocations of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering. Accordingly, references herein to the Notes being "offered" should be read as including any offering of the Notes to the Arranger, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions not subject to the registration requirements of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance of Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration requirements under the Securities Act.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer to any of its contents to any such U.S. person or other person within the United States, is prohibited.

PRIIPs Regulation – Prohibition of Sales to EEA Retail Investors

Each Dealer will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(i) the expression "**retail investor**" means a person who is one (or more) of the following:

   (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

   (b) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   (c) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(ii) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes.

United Kingdom

Each Dealer will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

General

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum, any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional adviser(s) and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. (a) The name and position of each of the Directors are set out below:

Name	Position
Mr Raymond Lum Kwan Sung	Executive Chairman
Mr David Lum Kok Seng	Managing Director
Mr Tony Fong	Executive Director
Mr Kelvin Lum Wen Sum	Non-Independent and Non-Executive Director
Mr Peter Sim Swee Yam	Lead Independent Director
Mr Daniel Soh Chung Hian	Independent Director
Dr Willie Lee Leng Ghee	Independent Director
Mr Andrew Chua Thiam Chwee	Independent Director
Mr Clement Leow Wee Kia	Independent Director

2. As at the Latest Practicable Date, no Director is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) being the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. Save as disclosed below, the Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer:

   Mr Raymond Lum Kwan Sung is the brother of Mr David Lum Kok Seng.

   Mr Kelvin Lum Wen Sum is the son of Mr David Lum Kok Seng, and nephew of Mr Raymond Lum Kwan Sung.

   Mr Clement Leow Wee Kia is the nephew (by marriage) of Mr Raymond Lum Kwan Sung.

4. No option to subscribe for Shares in, or debentures of, the Issuer has been granted to, or was exercised by, any Director or employee of the Group since the last financial year ended 30 June 2018 up to the Latest Practicable Date except for options granted or exercised pursuant to the Lum Chang Employee Share Option Scheme 2007.

5. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

Directors

	Direct Interest		Deemed Interest	
	Number of Shares	%[1]	Number of Shares	%[1]
Raymond Lum Kwan Sung	15,528,397	4.06	59,839,742	15.65
David Lum Kok Seng	10,938,436	2.86	68,357,100	17.87
Tony Fong	300,000	0.08	17,000	n/m[2]
Kelvin Lum Wen Sum	-	-	-	-
Peter Sim Swee Yam	10,000	n/m[2]	-	-
Dr Willie Lee Leng Ghee	-	-	-	-
Daniel Soh Chung Hian	-	-	-	-
Andrew Chua Thiam Chwee	-	-	-	-
Clement Leow Wee Kia	-	-	-	-

Substantial Shareholders

	Direct Interest		Deemed Interest	
	Number of Shares	%[1]	Number of Shares	%[1]
Raymond Lum Kwan Sung	15,528,397	4.06	59,839,742	15.65
David Lum Kok Seng	10,938,436	2.86	68,357,100	17.87
Lum Chang Investments Pte Ltd	59,839,742	15.65	-	-
Beverian Holdings Pte Ltd	68,357,100	17.87	-	-

(1) As a percentage of the total number of issued Shares as at the Latest Practicable Date, comprising 382,420,304 Shares (excluding treasury Shares which have no voting rights).

(2) "n/m": not meaningful

SHARE CAPITAL

6. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Articles of Association of the Issuer.

7. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	Amount
Ordinary Shares	382,420,304[3]	S$86,572,744.25

(3) The total number of issued Shares (excluding treasury Shares which have no voting rights).

8. Save for the shares issued under the Lum Chang Employee Share Option Scheme 2007, no shares in, or debentures of, the Issuer have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.

BORROWINGS

9. Save as disclosed in Appendix IV, the Group had as at 30 June 2018, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

10. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Issuer will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

11. There has been no significant change in the accounting policies of the Issuer since its audited financial accounts for the financial year ended 30 June 2017.

LITIGATION

12. As at the date of this Information Memorandum, there are no legal or arbitration proceedings pending or threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer or the Group.

MATERIAL ADVERSE CHANGE

13. There has been no material adverse change in the condition (financial or otherwise) or business of the Issuer or the Group since 30 June 2018.

CONSENT

14. PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the inclusion and all the references made herein to (i) its name, and (ii) its Independent Auditor's Reports dated 14 September 2016 and 14 September 2017 in relation to the audited financial statements for the financial years ended 30 June 2016 and 30 June 2017 respectively in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

15. Copies of the following documents may be inspected at the registered office of the Issuer at 14 Kung Chong Road, #08-01 Lum Chang Building, Singapore 159150 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Memorandum and Articles of Association of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 14 above;

    (d) the audited financial statements of the Issuer and its subsidiaries for the financial years ended 30 June 2016 and 30 June 2017 and the Independent Auditor's Reports in relation to the financial years ended 30 June 2016 and 30 June 2017; and

    (e) the unaudited full year financial statements announcement of the Issuer and its subsidiaries for the financial year ended 30 June 2018.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

16. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED FINANCIAL STATEMENTS OF LUM CHANG HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

The information in this Appendix II has been reproduced from the annual report of Lum Chang Holdings Limited and its subsidiaries for the financial year ended 30 June 2016 and has not specifically been prepared for inclusion in this Information Memorandum.

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

Report on the Financial Statements

We have audited the accompanying financial statements of Lum Chang Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 137, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

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.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 14 September 2016

CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 June 2016

		Group	
		2016	2015
	Note	$'000	$'000
Revenue	4	**426,119**	312,394
Cost of sales		**(368,774)**	(268,301)
Gross profit		**57,345**	44,093
Other income	5(a)	**2,131**	3,000
Other (losses)/gains - net	5(b)	**(1,314)**	17,875
Expenses			
- Distribution and marketing		**(1,540)**	(2,646)
- Administrative and general		**(30,033)**	(25,456)
- Finance	8	**(5,034)**	(2,768)
Share of profits of associated companies	20	**14,556**	104
Share of losses of joint venture	19	**(10)**	(8)
Profit before income tax		**36,101**	34,194
Income tax expense	9	**(6,653)**	(4,481)
Net profit		**29,448**	29,713
Net profit attributable to:			
Equity holders of the Company		**29,522**	29,811
Non-controlling interests		**(74)**	(98)
		29,448	29,713
Earnings per ordinary share attributable to the equity holders of the Company (cents per share)	10		
- Basic		**7.73**	7.80
- Diluted		**7.71**	7.77

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2016

	Note	Group 2016 $'000	Group 2015 $'000
Net profit		**29,448**	29,713
Other comprehensive (losses)/income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Losses	28(e)	**(18,555)**	(4,451)
- Reclassification	28(e)	**(212)**	466
Available-for-sale financial assets			
- Fair value gains	28(d)	**-**	124
- Reclassification	28(d)	**-**	(710)
Other comprehensive losses for the year, net of tax		**(18,767)**	(4,571)
Total comprehensive income for the year		**10,681**	25,142
Total comprehensive income attributable to:			
Equity holders of the Company		**10,769**	25,198
Non-controlling interests		**(88)**	(56)
		10,681	25,142

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

BALANCE SHEET - GROUP

as at 30 June 2016

	Note	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**99,958**	44,733
Trade and other receivables	12(a)	**79,791**	99,775
Tax recoverable	9(b)	**908**	496
Properties held for sale	14	**13,633**	1,833
Development properties	15	**56,355**	105,033
Other current assets	17(a)	**1,893**	1,997
		252,538	253,867
Non-current assets			
Trade and other receivables	12(b)	**24,429**	19,596
Club memberships	18	**333**	329
Available-for-sale financial assets	16	**7,440**	4,684
Investments in joint ventures	19	**1,971**	306
Investments in associated companies	20	**15,044**	4,456
Investment properties	22	**220,028**	200,433
Property, plant and equipment	23	**31,152**	35,376
Deferred income tax assets	9(c)	**1,552**	4,118
Other non-current assets	17(b)	**805**	902
		302,754	270,200
Total assets		**555,292**	524,067
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	**147,668**	212,632
Current income tax liabilities	9(b)	**3,735**	3,002
Borrowings	25	**2,541**	23,193
		153,944	238,827
Non-current liabilities			
Trade and other payables	24(b)	**28,659**	13,148
Borrowings	25	**158,352**	58,665
Deferred income tax liabilities	9(c)	**839**	1,456
		187,850	73,269
Total liabilities		**341,794**	312,096
NET ASSETS		**213,498**	211,971
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	**86,596**	86,604
Treasury shares	27	**(1,585)**	(253)
Capital and other reserves	28	**1,299**	20,163
Retained profits	29	**125,917**	104,098
		212,227	210,612
Non-controlling interests		**1,271**	1,359
Total equity		**213,498**	211,971

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

BALANCE SHEET - COMPANY
as at 30 June 2016

	Note	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**42,702**	6,988
Trade and other receivables	12(a)	**61,351**	40,306
Other current assets	17(a)	**520**	218
		104,573	47,512
Non-current assets			
Trade and other receivables	12(b)	**105,131**	187,893
Club memberships	18	**252**	232
Investment in an associated company	20	**2,011**	2,011
Investments in subsidiaries	21	**33,629**	33,994
Property, plant and equipment	23	**1,364**	1,364
		142,387	225,494
Total assets		**246,960**	273,006
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	**91,901**	146,483
Current income tax liabilities	9(b)	**22**	40
Borrowings	25	**25**	20,104
		91,948	166,627
Non-current liabilities			
Borrowings	25	**49,756**	223
		49,756	223
Total liabilities		**141,704**	166,850
NET ASSETS		**105,256**	106,156
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	**86,596**	86,604
Treasury shares	27	**(1,585)**	(253)
Capital and other reserves	28	**3,268**	3,429
Retained profits	30	**16,977**	16,376
Total equity		**105,256**	106,156

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2016

	Note	←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
2016								
Balance as at 1 July 2015		86,604	(253)	20,163	104,098	210,612	1,359	211,971
Employee share option scheme	27, 28(c)							
- Value of employee services		-	-	4	-	4	-	4
- Treasury shares reissued		(8)	1,004	(165)	-	831	-	831
Purchase of treasury shares	27	-	(2,336)	-	-	(2,336)	-	(2,336)
Incorporation of a subsidiary with non-controlling interests		-	-	-	-	-	-*	-*
Transfer of reserves	28(f)	-	-	50	(50)	-	-	-
Interim dividend for FY2016	31	-	-	-	(2,848)	(2,848)	-	(2,848)
Final dividend for FY2015	31	-	-	-	(4,805)	(4,805)	-	(4,805)
Total comprehensive income:								
- Net profit		-	-	-	29,522	29,522	(74)	29,448
- Other comprehensive loss		-	-	(18,753)	-	(18,753)	(14)	(18,767)
Balance as at 30 June 2016		**86,596**	**(1,585)**	**1,299**	**125,917**	**212,227**	**1,271**	**213,498**
2015								
Balance as at 1 July 2014		84,311	(1,324)	25,209	86,926	195,122	11,610	206,732
Employee share option scheme	27, 28(c)							
- Value of employee services		-	-	99	-	99	-	99
- Treasury shares reissued		234	1,071	(252)	-	1,053	-	1,053
Issue of ordinary shares	27, 28(c)	2,059	-	(459)	-	1,600	-	1,600
Acquisition of non-controlling interest	21	-	-	-	(4,788)	(4,788)	(10,195)	(14,983)
Incorporation of a subsidiary with non-controlling interests		-	-	-	-	-	-*	-*
Transfer of reserves	28(f)	-	-	179	(179)	-	-	-
Interim dividend for FY2015	31	-	-	-	(2,877)	(2,877)	-	(2,877)
Final dividend for FY2014	31	-	-	-	(4,795)	(4,795)	-	(4,795)
Total comprehensive income:								
- Net profit		-	-	-	29,811	29,811	(98)	29,713
- Other comprehensive loss		-	-	(4,613)	-	(4,613)	42	(4,571)
Balance as at 30 June 2015		**86,604**	**(253)**	**20,163**	**104,098**	**210,612**	**1,359**	**211,971**

* The non-controlling interest at the date of the incorporation is less than $1,000.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Net profit		**29,448**	29,713
Adjustments for:			
Income tax expense	9(a)	**6,653**	4,481
Share of profits of associated companies and joint venture		**(14,546)**	(96)
Amortisation of club memberships	6	**58**	53
Depreciation of property, plant and equipment	6	**5,761**	5,924
Dividend income from available-for-sale financial assets	4	**(190)**	(202)
Fair value losses/(gains) on investment properties	5(b)	**2,907**	(4,019)
Gain on disposal of a subsidiary	5(b)	**-**	(11,482)
Gain on disposal of club memberships	5(b)	**(17)**	(17)
Gain on disposal of property, plant and equipment – net	5(b)	**(163)**	(304)
Write-back of impairment loss on property, plant and equipment	6	**-**	(52)
Impairment loss on club memberships	6	**23**	-
Interest income	5(a)	**(691)**	(981)
Finance expense	8	**5,034**	2,768
Property, plant and equipment written off	6	**6**	10
Reclassification of fair value reserves to profit or loss on disposal of available-for-sale financial assets	5(b)	**-**	(710)
Share option expense	7	**4**	99
Operating cash flow before working capital changes		**34,287**	25,185
Change in working capital, net of effects from acquisition of a subsidiary:			
- Trade and other receivables		**(1,923)**	(27,778)
- Other current assets		**201**	968
- Development properties/properties held for sale		**30,503**	3,695
- Trade and other payables		**(13,137)**	2,697
- Unrealised currency translation differences		**(157)**	(4,182)
Cash generated from operations		**49,774**	585
Income tax paid	9(b)	**(4,572)**	(4,682)
Net cash provided by/(used in) operating activities		**45,202**	(4,097)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the financial year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Cash flows from investing activities			
Acquisition of a business/subsidiary, net of cash acquired	37	**(38,499)**	(75,849)
Acquisition of interest in a joint venture	19	**(1,675)**	-
Dividends received from an associated company	20	**3,700**	10,800
Dividends received from available-for-sale financial assets		**190**	202
Expenditure on investment properties		**-**	(74)
Investment in an associated company	20	**-**	(2,011)
Interest income received		**763**	846
Proceeds from disposal of a subsidiary, net of selling expenses	11	**-**	39,513
Repayment of intercompany loan on disposal of a subsidiary	11	**-**	8,283
Proceeds from disposal of available-for-sale financial assets		**-**	1,172
Proceeds from disposal of club memberships		**32**	36
Proceeds from disposal of property, plant and equipment		**896**	2,055
Purchase of club memberships		**(99)**	-
Purchase of property, plant and equipment		**(1,989)**	(2,652)
Purchase of available-for-sale financial assets	16	**(2,756)**	-
Advance and repayment from an associated company		**17,100**	400
Repayment to an associated company		**(2,830)**	-
Net cash used in investing activities		**(25,167)**	(17,279)
Cash flows from financing activities			
Cash and cash equivalents released from pledge		**27**	665
Acquisition of non-controlling interests in a subsidiary	21	**-**	(14,983)
Repayment of loan assumed on the acquisition of non-controlling interest in a subsidiary		**(24,765)**	(6,498)
Dividends paid		**(7,653)**	(7,672)
Bank facility fees		**(18)**	(119)
Interest paid		**(3,886)**	(2,575)
Proceeds from bank loans		**96,752**	39,327
Proceeds from issuance of ordinary shares	27	**-**	1,600
Proceeds from re-issuance of treasury shares	27	**832**	1,053
Proceeds from issuance of medium term notes		**49,668**	-
Purchase of treasury shares		**(2,336)**	-
Repayment of bank loans		**(50,953)**	(35,318)
Repayment of finance lease liabilities		**(974)**	(903)
Advance from non-controlling shareholders of a subsidiary		**971**	794
Repayment to non-controlling shareholders of a subsidiary		**(20,764)**	(42)
Net cash provided by/(used in) financing activities		**36,901**	(24,671)
Net increase/(decrease) in cash and cash equivalents		**56,936**	(46,047)
Cash and cash equivalents at beginning of financial year		**43,796**	92,454
Effect of changes in currency translation rates on cash and cash equivalents		**(1,684)**	(2,611)
Cash and cash equivalents at end of financial year	11	**99,048**	43,796

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

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 2016

On 1 July 2015, 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 Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 **Group accounting** (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 **Group accounting** (continued)

(a) Subsidiaries (continued)

(iii) Disposals of subsidiaries or businesses (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 **Group accounting** (continued)

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

(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.

(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).

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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 **Development properties** (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to 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.

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".

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Construction contracts (continued)

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".

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

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

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

(b) Club memberships

Property, plant and equipment

Investments in subsidiaries, associated companies and joint ventures

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 **Financial assets** (continued)

(a) Classification (continued)

(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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

(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.

(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 12 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 2016

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.23 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 **Currency translation** (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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% (2015: 1%), the Group's revenue and gross profit before income tax would have been higher/lower by $5,112,000 (2015: $8,268,000).

If the remaining estimated contract costs for uncompleted contracts as at balance sheet date increased/decreased by 1% (2015: 1%), the Group's gross profit before income tax would decrease/increase by approximately $1,398,000 (2015: $1,875,000).

(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 income capitalisation, investment and direct comparison method, where appropriate (Note 22). The fair value of investment properties as at 30 June 2016 amounts to approximately $220,028,000 (2015: $200,433,000).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

4. REVENUE

	Group	
	2016	2015
	$'000	$'000
Revenue from construction contracts		
- Non-related parties	**351,766**	254,427
- Associated company	**6**	2,236
Revenue from sale of properties	**66,177**	47,840
Management and technical assistance fees from		
- Non-related parties	**35**	565
- Joint venture	**18**	18
Rental income	**7,927**	7,106
Dividend income from available-for-sale financial assets	**190**	202
	426,119	312,394

5(a). OTHER INCOME

	Group	
	2016	2015
	$'000	$'000
Interest income		
- Advances to associated companies	**390**	321
- Others	**301**	660
	691	981
Government grants	**336**	664
Others - net	**1,104**	1,355
	2,131	3,000

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

	Group	
	2016	**2015**
	$'000	**$'000**
Currency translation gains – net	**1,413**	1,343
Fair value (losses)/gains on investment properties – net (Note 22)	**(2,907)**	4,019
Gain on disposal of a subsidiary (Note 11)	**-**	11,482
Gain on disposal of property, plant and equipment – net	**163**	304
Gain on disposal of club membership	**17**	17
Reclassification from other comprehensive income on disposal of available-for-sale financial assets [Note 28(d)]	**-**	710
	(1,314)	17,875

6. EXPENSES BY NATURE

	Group	
	2016	**2015**
	$'000	**$'000**
Subcontractor and other construction costs	**343,609**	247,118
Depreciation of property, plant and equipment (Note 23)	**5,761**	5,924
Employee compensation (Note 7)	**38,017**	33,201
Directors' fees	**255**	255
Auditors fees:		
Fees on audit services paid/payable to:		
- Auditor of the Company	**308**	280
- Other auditors	**169**	108
Fees on non-audit services paid/payable to:		
- Auditor of the Company	**42**	16
- Other auditors	**14**	21
Legal and professional fees	**1,453**	1,887
Rental on operating leases	**241**	320
Amortisation of club memberships	**58**	53
Impairment loss on club memberships	**23**	-
Property, plant and equipment written off	**6**	10
Write-back of impairment loss on property, plant and equipment (Note 23)	**-**	(52)
Stamp duty on purchase of investment property	**2,088**	-
Other	**8,303**	7,262
Total cost of sales, distribution and marketing, and administrative and general expenses	**400,347**	296,403

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2016

7. EMPLOYEE COMPENSATION

	Group	
	2016	**2015**
	$'000	**$'000**
Wages and salaries	**35,720**	33,045
Employer's contribution to defined contribution plans including Central Provident Fund	**2,058**	1,852
Other benefits	**463**	527
Share option expense [Note 28(c)]	**4**	99
	38,245	35,523
Less: Government grant – Jobs Credit Scheme	**(228)**	(94)
	38,017	35,429
Less: Staff costs capitalised in construction contract work-in-progress	**-**	(2,228)
Staff costs recognised in profit or loss (Note 6)	**38,017**	33,201

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

8. FINANCE EXPENSES

	Group	
	2016	**2015**
	$'000	**$'000**
Interest expense:		
- Bank borrowings	**4,060**	2,733
- Finance lease liabilities	**17**	41
- Other	**328**	73
- Medium term notes	**688**	-
	5,093	2,847
Bank facility fees	**18**	119
	5,111	2,966
Less: Amount capitalised in:		
- Development properties	**(72)**	(183)
- Construction contract work-in-progress	**(5)**	(15)
Finance expenses recognised in profit or loss	**5,034**	2,768

9. INCOME TAXES

(a) Income tax expense

	Group	
	2016	**2015**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	**2,745**	2,262
- Foreign	**1,502**	3,172
	4,247	5,434
Deferred income tax	**2,165**	(593)
	6,412	4,841
Under/(over) provision in prior financial years		
- Current income tax	**671**	13
- Deferred income tax	**(430)**	(373)
	6,653	4,481

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	
	2016	**2015**
	$'000	**$'000**
Profit before income tax	**36,101**	34,194
Share of profits of associated companies and joint ventures	**(14,546)**	(96)
	21,555	34,098
Tax calculated at tax rate of 17% (2015: 17%)	**3,664**	5,797
Effects of:		
- Statutory stepped income exemption	**(104)**	(105)
- Different tax rates in other countries	**1,091**	889
- Tax incentives	**(699)**	(445)
- Income not subject to tax	**(1,689)**	(3,518)
- Expenses not deductible for tax purposes	**3,883**	2,288
- Utilisation of previously unrecognised deferred tax assets	**(96)**	(161)
- Deferred tax assets not recognised	**362**	96
- Under/(over) provision of tax	**241**	(360)
	6,653	4,481

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

9. INCOME TAXES (CONTINUED)

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**2,506**	2,013	**40**	19
Currency translation differences	**(25)**	(159)	**-**	-
Income tax paid	**(4,572)**	(4,682)	**(39)**	(19)
Tax expense	**4,247**	5,434	**22**	40
Disposal of a subsidiary (Note 11)	**-**	(113)	**-**	-
Under/(over) provision in prior financial years	**671**	13	**(1)**	-
End of financial year	**2,827**	2,506	**22**	40
Representing:				
Current income tax liabilities	**3,735**	3,002	**22**	40
Tax recoverable	**(908)**	(496)	**-**	-
	2,827	2,506	**22**	40

(c) **Deferred income taxes**

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**(2,662)**	(2,036)	**-**	-
Currency translation differences	**214**	340	**-**	-
Charged/(credited) to profit or loss	**2,165**	(593)	**-**	-
Over provision in prior financial years	**(430)**	(373)	**-**	-
End of financial year	**(713)**	(2,662)	**-**	-

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:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets				
- to be recovered within one year	**(1,028)**	(2,888)	**-**	-
- to be recovered after one year	**(524)**	(1,230)	**-**	-
	(1,552)	(4,118)	**-**	-
Deferred income tax liabilities				
- to be settled within one year	**8**	8	**-**	-
- to be settled after one year	**831**	1,448	**-**	-
	839	1,456	**-**	-

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

	Accelerated tax depreciation	Profits on sale of development properties	Tax losses and others	Total
	$'000	**$'000**	**$'000**	**$'000**
Group				
2016				
Beginning of financial year	1,456	(3,517)	(601)	(2,662)
Currency translation differences	(1)	198	17	214
(Credited)/charged to profit or loss	(616)	2,559	(208)	1,735
End of financial year	839	(760)	(792)	(713)
2015				
Beginning of financial year	1,658	(3,445)	(249)	(2,036)
Currency translation differences	(1)	320	21	340
Credited to profit or loss	(201)	(392)	(373)	(966)
End of financial year	1,456	(3,517)	(601)	(2,662)

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2016

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	
	2016	**2015**
	$'000	**$'000**
Unutilised tax losses	**40,198**	40,694
Unabsorbed capital allowances	**136**	144
	40,334	40,838

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	
	2016	**2015**
Net profit attributable to equity holders of the Company ($'000)	**29,522**	29,811
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**382,024**	382,131
Adjustments for share options ('000)	**951**	1,746
Weighted average number of ordinary shares for diluted earnings per share ('000)	**382,975**	383,877
Earnings per share (in cents per share)		
- Basic	**7.73**	7.80
- Diluted	**7.71**	7.77

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 2016 and 30 June 2015, the Company has one category of dilutive potential ordinary shares in the form of share options under the Option Scheme 2007.

10. EARNINGS PER SHARE (CONTINUED)

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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	**70,213**	38,327	**42,700**	6,985
Short-term bank deposits	**29,745**	6,406	**2**	3
	99,958	44,733	**42,702**	6,988

Included in cash and cash equivalents of the Group is an amount of approximately $592,000 (2015: $1,397,000) 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 2016, cash at bank of $Nil (2015: $1,000) and short-term bank deposits of $910,000 (2015: $936,000) 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	
	2016	**2015**
	$'000	**$'000**
Cash and bank balances (as above)	**99,958**	44,733
Less: Cash and cash equivalents pledged	**(910)**	(937)
Cash and cash equivalents per consolidated statement of cash flows	**99,048**	43,796

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11. CASH AND CASH EQUIVALENTS (CONTINUED)

Acquisition and disposal of subsidiaries

Please refer to Note 37 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

In the previous financial year, the Group disposed its entire interest in Old Court House Propco Limited to a third party for a cash consideration of $41.0 million. The effects of the disposal on the cash flows of the Group were:

	Group 2015 $'000
Carrying amounts of assets and liabilities disposed of	
Investment property	88,803
Trade and other receivables	1,236
Total assets	90,039
Trade and other payables	9,515
Current income tax liabilities	113
Borrowings	52,366
Total liabilities	61,994
Net assets disposed of	28,045

The aggregate cash inflows arising from the disposal of Old Court House Propco Limited were:

	Group 2015 $'000
Net assets disposed of (as above)	28,045
Reclassification of currency translation reserve	(14)
	28,031
Gain on disposal [Note 5(b)]	11,482
Net cash inflows on disposal as reflected in the consolidated statement of cash flows	39,513
Add: Professional fee incurred	1,514
Total cash consideration	41,027

Arising from the disposal, the Group also received a repayment of its loan to Old Court House Propco Limited of $8,283,000.

12. TRADE AND OTHER RECEIVABLES

(a) **Current**

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade receivables				
- Non-related parties	**28,355**	39,309	**-**	74
- Joint venture and associated companies	**5**	5	**-**	-
	28,360	39,314	**-**	74
Less: Allowance for impairment of receivables				
- Non-related parties	**(9)**	(9)	**-**	-
Trade receivables - net	**28,351**	39,305	**-**	74
Construction contracts (Note 13)				
Due from customers				
- Non-related parties	**30,534**	23,910	**-**	-
Retention sums receivable				
- Non-related parties	**18,460**	17,563	**-**	-
- Joint venture and associated company	**-**	100	**-**	-
	18,460	17,663	**-**	-
Advances to subsidiaries (i)	**-**	-	**88,804**	68,084
Less: Allowance for impairment	**-**	-	**(27,453)**	(27,852)
	-	-	**61,351**	40,232
Advance to an associated company (ii)	**1,104**	18,204	**-**	-
Interest receivable	**65**	96	**-**	-
Other receivables	**368**	322	**-**	-
Accrued income	**909**	275	**-**	-
	79,791	99,775	**61,351**	40,306

(i) The advances to subsidiaries are unsecured, repayable on demand and interest-free except for an amount of $382,000 (2015: $443,000) which bears interest at an effective interest rate of 0.5% (2015: 0.5%) per annum at the balance sheet date.

(ii) The advance to an associated company of $1,104,000 (2015: $18,204,000) is unsecured, bears variable interest rate ranging from 1.93% to 2.63% (2015: 1.34% to 2.13%) per annum. In the previous financial year, the loan was subordinated to the bank loan of the associated company.

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for the financial year ended 30 June 2016

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) **Non-current**

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Construction contracts (Note 13)				
Retention sums receivable				
- Non-related parties	**24,429**	19,596	**-**	-
Advances to subsidiaries (i)	**-**	-	**105,131**	187,893
	24,429	19,596	**105,131**	187,893

(i) The advances to subsidiaries amounting to $105,131,000 (2015: $187,893,000) are unsecured, interest-free and have no fixed terms of repayment. Settlement of these 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 Company's net investment in the subsidiaries, and has stated them at cost in accordance with Note 2.11.

Included in the advances to subsidiaries is an amount of $27,458,000 (2015: $Nil) that has been subordinated to a bank loan of a subsidiary.

(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	
	2016	**2015**
	$'000	**$'000**
Aggregate contract costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**1,410,426**	1,159,703
Less: Progress billings	**(1,379,892)**	(1,135,793)
	30,534	23,910
Presented as:		
Due from customers on construction contracts (Note 12)		
- Non-related parties	**30,534**	23,910
Retention sums receivable (Note 12):		
- Current	**18,460**	17,663
- Non-current	**24,429**	19,596
Retention sums payable (Note 24):		
- Current	**7,748**	10,250
- Non-current	**12,596**	10,604

13. CONSTRUCTION CONTRACT WORK-IN-PROGRESS (CONTINUED)

Borrowing costs of approximately $5,000 (2015: $15,000) 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	
	2016	**2015**
	$'000	**$'000**
Properties held for sale – at cost	**13,633**	1,833

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

15. DEVELOPMENT PROPERTIES

	Group	
	2016	**2015**
	$'000	**$'000**
Properties under construction	**56,355**	105,033

Sale and purchase agreements on certain properties under construction have been signed. Advances from customers amounting to $Nil (2015: $34,596,000) on these agreements are presented within "trade and other payables".

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2016

15. DEVELOPMENT PROPERTIES (CONTINUED)

(a) Details of the development properties as of 30 June 2016 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
5 contiguous pieces of land at Lot No. 616, 667, 668, 774 and 775 Mukim of Ulu Kelang, District of Gombak, State of Selangor, Malaysia	Residential development	Freehold/ 100%	120,153	48,960	100%/ December 2015
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	59%/ December 2020
GM7799 Lot 62391 Mukim Cheras, Daerah Hulu Langat, Negeri Selangor	Residential development#	Freehold/ 100%	11,767	-#	-#

* The development property 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. The bank loan was fully repaid during the financial year and as at 30 June 2016, the Group is in the process of discharging the legal mortgage over the development property.

The Group is still in the process of obtaining approval from the authorities to convert the land acquired into residential development.

(b) Borrowing costs of $72,000 (2015: $183,000) 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)

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Beginning of financial year	**4,684**	5,732	**-**	1,048
Fair value gains recognised in other comprehensive income [Note 28(d)]	**-**	124	**-**	124
Addition	**2,756**	-	**-**	-
Disposal	**-**	(1,172)	**-**	(1,172)
End of financial year	**7,440**	4,684	**-**	-

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

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Singapore				
Unlisted equity investments	**7,440**	4,684	**-**	-

The 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 no recent transactions for these unlisted equity investments and their fair values cannot currently be estimated within a reasonable range using valuation techniques.

17. OTHER ASSETS

(a) **Current**

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Deposits	**1,637**	1,526	**520**	216
Prepayments	**256**	471	**-**	2
	1,893	1,997	**520**	218

(b) **Non-current**

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Prepayments	**805**	902	**-**	-

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18. CLUB MEMBERSHIPS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Club memberships, at cost	**1,178**	1,119	**847**	822
Less: Accumulated amortisation	**(729)**	(693)	**(558)**	(550)
Accumulated impairment losses	**(116)**	(97)	**(37)**	(40)
	333	329	**252**	232

19. INVESTMENTS IN JOINT VENTURES

	Group	
	2016	**2015**
	$'000	**$'000**
Beginning of financial year	**306**	314
Acquisition	**1,675**	-
Share of results, net of tax	**(10)**	(8)
End of financial year	**1,971**	306

On 16 May 2016, the Group acquired a 50% interest in Tien Wah Properties Sdn Bhd ("Tien Wah") pursuant to a shareholders' agreement entered into for the purpose of a proposed mixed-use commercial development in Malaysia. Under the shareholders' agreement, both parties have joint control over Tien Wah, and accordingly, this investment has been accounted for as a joint venture.

There are no capital commitments and contingent liabilities relating to the Group's interest in the joint ventures. Details of the joint ventures are provided in Note 40.

Summarised financial information for a joint venture

Set out below is the summarised financial information for Lum Chang Tien Wah Property Sdn Bhd.

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised balance sheet

	Lum Chang Tien Wah Property Sdn Bhd As at 30 June	
	2016	**2015**
	$'000	**$'000**
Current assets	**3,349**	-
Includes:		
- Cash and cash equivalents	**2,191**	-
- Other current assets	**1,158**	-
Net assets	**3,349**	-

Summarised statement of comprehensive income

	Lum Chang Tien Wah Property Sdn Bhd For the year ended 30 June	
	2016	**2015**
	$'000	**$'000**
Revenue	**-**	-
Expenses	**-**	-
Total comprehensive loss	**-**	-

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:

	As at 30 June	
	2016	**2015**
	$'000	**$'000**
Total comprehensive loss	**10**	8

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2016

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:

	Lum Chang Tien Wah Property Sdn Bhd	
	As at 30 June	
	2016	2015
	$'000	$'000
Net Assets		
As at 30 June	**3,349**	-
Interest in joint venture (50%)	**1,675**	-
Carrying value	**1,675**	-
Add:		
Carrying value of individually immaterial joint venture	**296**	306
Carrying value of Group's interest in joint ventures	**1,971**	306

20. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**4,456**	13,044
Acquisition	**-**	2,011
Share of profits, net of tax	**14,556**	104
Dividend received	**(3,700)**	(10,800)
Currency translation differences	**(268)**	97
End of financial year	**15,044**	4,456

	Company	
	2016	2015
	$'000	$'000
Equity investment at cost	**2,011**	2,011

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Details of the associated companies of the Group as at 30 June 2016 are provided in Note 40.

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 As at 30 June		FCL Admiralty Pte Ltd As at 30 June		Faith Global Ventures Inc As at 30 June		Total As at 30 June	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current assets	**3,130**	32,035	**71,822**	11,623	**70**	93	**75,022**	43,751
Includes:								
- Cash and cash equivalents	**3,130**	2,635	**12,294**	11,432	**70**	93	**15,494**	14,160
Current liabilities	**(1,918)**	(19,164)	**(27,903)**	(76,383)	**-**	-	**(29,821)**	(95,547)
Includes:								
- Financial liabilities (excluding trade payables)	**(6)**	-	**(3,680)**	(60,973)	**-**	-	**(3,686)**	(60,973)
Non-current assets	**-**	-	**-**	112,113	**7,090**	7,921	**7,090**	120,034
Non-current liabilities	**-**	-	**-**	(55,761)	**-**	(18)	**-**	(55,779)
Includes:								
- Financial liabilities	**-**	-	**-**	(55,761)	**-**	-	**-**	(55,761)
Net assets	**1,212**	12,871	**43,919**	(8,408)	**7,160**	7,996	**52,291**	12,459

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised statement of comprehensive income

	FCL Compassvale Pte Ltd For the year ended 30 June		FCL Admiralty Pte Ltd For the year ended 30 June		Faith Global Ventures Inc For the year ended 30 June		Total For the year ended 30 June	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Revenue	**-**	4,455	**363,000**	-	**-**	-	**363,000**	4,455
Interest income	**80**	82	**43**	-	**-**	-	**123**	82
Expenses Includes:								
- Depreciation and amortisation	**-**	-	**-**	-	**-**	-	**-**	-
- Interest expense	**-**	-	**(377)**	-	**-**	-	**(377)**	-
Profit/(loss) from continuing operations	**5,736**	1,271	**62,487**	(914)	**52**	(963)	**68,275**	(606)
Income tax credit/ (expense)	**1,105**	381	**(10,160)**	-	**-**	-	**(9,055)**	381
Total comprehensive income/(loss)	**6,841**	1,652	**52,327**	(914)	**52**	(963)	**59,220**	(225)
Dividends distributed	**(18,500)**	(54,000)	**-**	-	**-**	-	**(18,500)**	(54,000)

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

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 As at 30 June		FCL Admiralty Pte Ltd As at 30 June		Faith Global Ventures Inc As at 30 June		Total As at 30 June	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net Assets	**12,871**	65,219	**(8,408)**	(7,494)	**7,996**	-	**12,459**	57,725
Beginning of financial year								
Acquisition in the year#	**-**	-	**-**	-	**-**	8,981	**-**	8,981
Shares issued	**-**	-	**-**	-	**272**	-	**272**	-
Profit/(loss) for the year	**6,841**	1,652	**52,327**	(914)	**52**	(963)	**59,220**	(225)
Foreign exchange differences	**-**	-	**-**	-	**(1,160)**	(22)	**(1,160)**	(22)
Dividends distributed	**(18,500)**	(54,000)	**-**	-	**-**	-	**(18,500)**	(54,000)
End of financial year	**1,212**	12,871	**43,919**	(8,408)	**7,160**	7,996	**52,291**	12,459
Interest in associated companies [20%; 30%; 22.73%# (2015: 20%; 30%; 23.52%#)]	**242**	2,575	**13,175**	(2,522)	**1,627**	1,881	**15,044**	1,934
Share of loss of associate not recognised *	**-**	-	**-**	2,522	**-**	-	**-**	2,522
Carrying value	**242**	2,575	**13,175**	-	**1,627**	1,881	**15,044**	4,456
Carrying value of Group's interest in associated companies							**15,044**	4,456

* In accordance with FRS 28 paragraph 38, if an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognising its share of further losses.

On 20 April 2015, the Group acquired 23.52% interest in Faith Global Ventures Inc ("FGVI"). As at 30 June 2016, the Group's interest in FGVI was reduced to 22.73%.

21. INVESTMENTS IN SUBSIDIARIES

	Company 2016 $'000	Company 2015 $'000
Equity investment at cost	**65,494**	65,494
Less: Allowance for impairment losses	**(31,865)**	(31,500)
	33,629	33,994

Details of subsidiaries are provided in Note 40.

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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

	UK Property Investment Pte Ltd and its subsidiaries $'000	Wembley Properties Pte Ltd and its subsidiaries $'000	Lum Chang (Suzhou) Investments Pte Ltd $'000
2016			
Current			
Assets	4,784	324	29
Liabilities	(14,562)	(22)	(754)
Total current net (liabilities)/assets	(9,778)	302	(725)
Non-current			
Assets	96,430	46,308	3,184
Liabilities	(84,083)	(48,958)	-
Total non-current net assets/(liabilities)	12,347	(2,650)	3,184
Net assets/(liabilities)	2,569	(2,348)	2,459
Non-controlling interests' share of net assets/(liabilities) in subsidiaries (30%; 30%; 49%)	771	(705)	1,205
2015			
Current			
Assets	4,576	-	20
Liabilities	(35,717)	-	(873)
Total current net liabilities	(31,141)	-	(853)
Non-current			
Assets	111,154	-	3,184
Liabilities	(79,287)	-	-
Total non-current net assets	31,867	-	3,184
Net assets	726	-	2,331
Non-controlling interests' share of net assets in subsidiaries (30%; 30%; 49%)	217	-	1,142

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised income statement

	UK Property Investment Pte Ltd and its subsidiaries $'000	Wembley Properties Pte Ltd and its subsidiaries $'000	Lum Chang (Suzhou) Investments Pte Ltd $'000
2016			
Revenue	3,562	402	138
Profit/(loss) before income tax	2,309	(2,650)	128
Income tax expense	(116)	-	-
Post-tax profit/(loss)	2,193	(2,650)	128
Other comprehensive (loss)/income	(350)	302	-
Total comprehensive income/(loss)	1,843	(2,348)	128
Total comprehensive income/(loss) allocated to non-controlling interests	553	(704)	63
2015			
Revenue	562	-	95
Profit before income tax	709	-	84
Income tax expense	-	-	-
Post-tax profit	709	-	84
Other comprehensive income	17	-	-
Total comprehensive income	726	-	84
Total comprehensive income allocated to non-controlling interests	218	-	41

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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
Cash flows from operating activities			
Cash generated from/(used in) operations	1,499	312	(6)
Income tax paid	(13)	-	-
Net cash generated from/(used in) operating activities	1,486	312	(6)
Net cash (used in)/generated from investing activities	-	(54,998)	138
Net cash (used in)/generated from financing activities	(506)	54,998	(123)
Net increase in cash and cash equivalents	980	312	9
Cash and cash equivalents at beginning of year	2,829	-	20
Cash and cash equivalents at end of year	3,809	312	29

(a) Acquisition of additional interest in a subsidiary

In the previous financial year, the Company acquired the remaining 49% of the issued shares of a subsidiary, Kemensah Holdings Pte Ltd, for a purchase consideration of $14,983,000. The Group now holds 100% of the equity share capital of Kemensah Holdings Pte Ltd. As a result, the Group also holds 100% effective interest in the subsidiaries of Kemensah Holdings Pte Ltd, namely Venus Capital Corporation Sdn Bhd, Fabulous Range Sdn Bhd, Sungei Long Holdings Pte Ltd and LC Sungei Long (M) Sdn Bhd.

The carrying amount of the non-controlling interests in Kemensah Holdings Pte Ltd on the date of acquisition was $10,195,000. The Group derecognised non-controlling interests of $10,195,000 and recorded a decrease in equity attributable to owners of the parent of $4,788,000.

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of additional interest in a subsidiary (continued)

Arising from the acquisition, the Company also assumed the loan of $37,190,000 (RM 95,068,000) extended by the non-controlling interests to Kemensah Holdings Pte Ltd. The outstanding loan amount as at 30 June 2016, net of repayments made, amounted to $Nil [2015: $26,878,000 (RM75,568,000)].

The effect of the changes in the ownership interest of Kemensah Holdings Pte Ltd on the equity attributable to owners of the Company during the year is summarised as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Carrying amount of non-controlling interests acquired	-	10,195
Consideration paid to non-controlling interests	-	(14,983)
Excess of consideration paid recognised in parent's equity	-	(4,788)

(b) Effects of transactions with non-controlling interests on the equity attributable to owners of the parent for the year ended 30 June 2015.

	$'000
Changes in equity attributable to shareholders of the Company arising from:	
- Acquisition of additional interests in a subsidiary	(4,788)
Net effect on parent's equity	(4,788)

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for the financial year ended 30 June 2016

22. INVESTMENT PROPERTIES

	Group	
	2016	**2015**
	$'000	**$'000**
Beginning of financial year	**200,433**	178,934
Acquisition of business/subsidiary (Note 37)	**54,998**	109,600
Disposal of subsidiary (Note 11)	**-**	(88,803)
Fair value (losses)/gains recognised in profit or loss - net [Note 5(b)]	**(2,907)**	4,019
Currency translation differences	**(32,496)**	(3,096)
Others	**-**	(221)
End of financial year	**220,028**	200,433

(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
52 to 57 Prince's Square	Hotel	Freehold
130 Wood Street	Office Building	Freehold
Kelaty House, Wembley	Warehouse	Freehold

(b) At 30 June 2016, certain investment properties with total carrying value of $185,085,000 (2015: $85,778,000) are charged by way of mortgages in favour of banks for bank loans as disclosed in Note 25 to the financial statements.

22. INVESTMENT PROPERTIES (CONTINUED)

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

	Group	
	2016	**2015**
	$'000	**$'000**
Rental income	**7,107**	7,016
Fair value (losses)/gains recognised in profit or loss	**(2,907)**	4,019
Direct operating expenses arising from:		
- Investment properties that generated rental income	**(839)**	(905)

(d) Fair value hierarchy

Description	**Fair value measurements using significant unobservable inputs (Level 3) $'000**
Recurring fair value measurements	
30 June 2016	
Singapore:	
- Light industrial building	24,899
- Ground floor shop unit	3,360
United Kingdom:	
- Hotel	49,032
- Office building	96,429
- Warehouse	46,308
Recurring fair value measurements	
30 June 2015	
Singapore:	
- Light industrial building	27,665
- Ground floor shop unit	3,500
United Kingdom:	
- Hotel	58,113
- Office building	111,155

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 2016

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 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 Capitalisation Method where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.

(iii) the Investment 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.

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 2016:

Description	Fair value at 30 June 2016 ($'000)	Fair value at 30 June 2015 ($'000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Singapore						
Light industrial building	24,899	27,665	Direct Comparison Method	Adopted value per square meter of net lettable area	$7,000 per sq. m. (2015: $7,803 per sq. m.)	The higher the adopted value, the higher the fair value
Ground floor shop unit	3,360	3,500	Direct Comparison Method	Adopted value per square meter of gross floor area	$26,880 per sq. m. (2015: $28,000 per sq. m.)	The higher the adopted value, the higher the fair value

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 2016 ($'000)	Fair value at 30 June 2015 ($'000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
United Kingdom						
Hotel	49,032	58,113	Income Capitalisation Method	Capitalisation rate	5% (2015: 5%)	The lower the capitalisation rate, the higher the fair value
Office building	96,429	111,155	Investment Method	Estimated rental value per square feet of net lettable area	$100 to $104 per square feet (2015: $110 to $116 per square feet)	The higher the estimated rental value, the higher the fair value
				Yield rate	5% (2015: 5%)	The lower the yield rate, the higher the fair value
Warehouse	46,308	-#	Direct Comparison Method	Adopted value per acre of site area	$18,231,496 per acre (2015: #)	The higher the adopted value, the higher the fair value
Total	**220,028**	**200,433**				

The Property was only acquired during the current financial year ended 30 June 2016

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

23. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings $'000	Plant and machinery $'000	Furniture, office equipment and fittings $'000	Motor vehicles $'000	Total $'000
Group					
2016					
Cost					
Beginning of financial year	23,004	18,441	7,288	5,335	54,068
Currency translation differences	-	-	(20)	(23)	(43)
Additions	-	1,331	169	787	2,287
Disposals	-	(1,367)	(264)	(674)	(2,305)
End of financial year	23,004	18,405	7,173	5,425	54,007
Accumulated depreciation and impairment losses					
Beginning of financial year	2,685	9,930	4,035	2,042	18,692
Currency translation differences	-	-	(20)	(12)	(32)
Depreciation charge (Note 6)	938	2,899	1,276	648	5,761
Disposals	-	(972)	(255)	(339)	(1,566)
End of financial year	3,623	11,857	5,036	2,339	22,855
Net book value					
End of financial year	**19,381**	**6,548**	**2,137**	**3,086**	**31,152**
2015					
Cost					
Beginning of financial year	23,088	20,967	6,391	5,051	55,497
Currency translation differences	-	-	(32)	(41)	(73)
Additions	94	92	1,102	1,484	2,772
Disposals	-	(2,618)	(173)	(1,159)	(3,950)
Others	(178)	-	-	-	(178)
End of financial year	23,004	18,441	7,288	5,335	54,068
Accumulated depreciation and impairment losses					
Beginning of financial year	1,732	8,397	2,914	2,035	15,078
Currency translation differences	-	-	(31)	(28)	(59)
Depreciation charge (Note 6)	953	3,090	1,223	658	5,924
Write-back of impairment (Note 6)	-	(52)	-	-	(52)
Disposals	-	(1,505)	(71)	(623)	(2,199)
End of financial year	2,685	9,930	4,035	2,042	18,692
Net book value					
End of financial year	**20,319**	**8,511**	**3,253**	**3,293**	**35,376**

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, office equipment and fittings $'000	Motor vehicles $'000	Total $'000
Company			
2016			
Cost			
Beginning of financial year	420	1,705	2,125
Additions	11	466	477
Disposals	(38)	(267)	(305)
End of financial year	393	1,904	2,297
Accumulated depreciation			
Beginning of financial year	237	524	761
Depreciation charge	69	236	305
Disposals	(30)	(103)	(133)
End of financial year	276	657	933
Net book value			
End of financial year	**117**	**1,247**	**1,364**
2015			
Cost			
Beginning of financial year	363	1,386	1,749
Additions	60	649	709
Disposals	(3)	(330)	(333)
End of financial year	420	1,705	2,125
Accumulated depreciation			
Beginning of financial year	169	422	591
Depreciation charge	69	232	301
Disposals	(1)	(130)	(131)
End of financial year	237	524	761
Net book value			
End of financial year	**183**	**1,181**	**1,364**

(a) Included in additions of the Group are motor vehicles acquired under finance leases (Note 26) amounting to $297,000 (2015: $180,000). As at 30 June 2016, the Group has motor vehicles and plant and machinery acquired under finance leases with a net book value of $470,000 (2015: $1,577,000) and $Nil (2015: $1,219,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in additions of the Company are motor vehicles acquired under finance leases (Note 26) amounting to $200,000 (2015: $150,000). As at 30 June 2016, the Company has motor vehicles under finance leases with a net book value of approximately $112,000 (2015: $902,000).

(b) An amount of $2,775,000 (2015: $3,314,000) 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 $14,263,000 (2015: $14,653,000) as at 30 June 2016 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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables				
- Non-related parties	**109,460**	90,607	**-**	-
Construction contracts (Note 13)				
Retention sums payable	**7,748**	10,250	**-**	-
Development projects				
Due to customers				
- Advances from customers for development properties (Note 15)	**-**	34,596	**-**	-
Retention sums payable	**854**	497	**-**	-
Loans and advances from:				
- Subsidiaries (c)	**-**	-	**88,615**	116,755
- Non-controlling shareholders of subsidiaries (d)	**12,135**	34,406	**-**	-
- Associated company (c)	**-**	2,830	**-**	-
- Non-related party [Note 21(a)]	**-**	26,878	**-**	26,878
Accruals for operating expenses	**7,011**	6,275	**2,250**	2,440
Other payables	**7,054**	1,445	**306**	333
Deposits	**1,213**	3,240	**-**	-
Advances received	**58**	72	**-**	-
Rent received in advance	**967**	1,215	**-**	-
Loan interest payable	**1,126**	244	**688**	-
Unclaimed dividends	**42**	77	**42**	77
	147,668	212,632	**91,901**	146,483

24. TRADE AND OTHER PAYABLES (CONTINUED)

(b) **Non-current**

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Deposits	**-**	29	**-**	-
Construction contracts (Note 13)				
Retention sums payable	**12,596**	10,604	**-**	-
Development projects				
Retention sums payable	**1,353**	2,515	**-**	-
Loan from a non-controlling shareholder of a subsidiary (e)	**14,710**	-	**-**	-
	28,659	13,148	**-**	-

(c) Loans and advances from subsidiaries and associated company 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 $366,000 (2015: $425,000) which bears interest at an effective interest rate of 0.5% (2015: 0.5%) per annum at the balance sheet date. The loans are repayable on demand.

(e) The loan from the non-controlling shareholder of a subsidiary, Wembley Properties Pte Ltd, is unsecured, interest-free and is not expected to be repaid within the next financial year.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2016

25. BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current				
Bank loans	**2,465**	22,720	**-**	20,000
Finance lease liabilities (Note 26)	**76**	473	**25**	104
	2,541	23,193	**25**	20,104
Non-current				
Bank loans	**108,555**	58,278	**-**	-
Finance lease liabilities (Note 26)	**103**	387	**62**	223
Medium term notes, net of transaction cost	**49,694**	-	**49,694**	-
	158,352	58,665	**49,756**	223
Total borrowings	**160,893**	81,858	**49,781**	20,327

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

(a) **Security granted**

Total borrowings as at 30 June 2016 included the following:

(i) As at 30 June 2015, term loans and revolving development loans amounting to $1,146,000 of the Group were secured by a legal mortgage over development property of a subsidiary (Note 15) and a fixed and floating charge over all the assets of the subsidiary. These loans were fully repaid during the financial year and there is no outstanding balance as at 30 June 2016. As at 30 June 2016, the Group is in the process of discharging the legal mortgage over the development property and the fixed and floating charge over all the assets of the subsidiary.

(ii) Certain revolving and term loans amounting to $111,020,000 (2015: $59,852,000) are secured over the Group's investment properties (Note 22), a leasehold building (Note 23) and the assignment of sales and rental proceeds and insurance policies relating to the properties.

(iii) 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.

25. BORROWINGS (CONTINUED)

(b) **Fair value of non-current borrowings**

At the balance sheet date, the carrying amounts of borrowings approximate their fair values.

26. FINANCE LEASE LIABILITIES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Minimum lease payments due:				
- not later than 1 year	**82**	512	**28**	104
- between 1 and 5 years	**110**	383	**64**	245
	192	895	**92**	349
Less: Future finance charges	**(13)**	(35)	**(5)**	(22)
Present value of lease liabilities	**179**	860	**87**	327
The present value of finance lease liabilities are analysed as follows:				
- not later than 1 year (Note 25)	**76**	473	**25**	104
- between 1 and 5 years (Note 25)	**103**	387	**62**	223
	179	860	**87**	327

Finance leases are in respect of motor vehicles (2015: motor vehicles and plant and machinery).

27. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital '000	**Treasury shares '000**	**Issued share capital $'000**	**Treasury shares $'000**
Group and Company				
2016				
Beginning of financial year	385,030	(826)	86,604	(253)
Purchase of treasury shares	-	(6,323)	-	(2,336)
Treasury shares reissued	-	2,810	(8)	1,004
End of financial year	**385,030**	**(4,339)**	**86,596**	**(1,585)**
2015				
Beginning of financial year	380,030	(4,493)	84,311	(1,324)
Shares issued	5,000	-	2,059	-
Treasury shares reissued	-	3,667	234	1,071
End of financial year	**385,030**	**(826)**	**86,604**	**(253)**

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27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary 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 year. During the financial year ended 30 June 2015, the Company issued 5,000,000 ordinary shares for a total cash consideration of $1,600,000 pursuant to the Option Scheme 2007. The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) Treasury shares

During the financial year, the Company acquired 6,323,300 (2015: nil) shares in the Company in the open market. The total amount paid to acquire the shares was approximately $2,336,000 (2015: $nil) and this was presented as a component within shareholders' equity.

During the financial year ended 30 June 2016, 2,810,000 (2015: 3,667,000) treasury shares of the Company were reissued pursuant to the Option Scheme 2007 for a total cash consideration of $832,000 (2015: $1,053,000) upon the exercise of options by:

	No. of ordinary shares		Exercise price
Holders of	2016	2015	$
2009 Options	**-**	982,000	0.32
2010 Options	**180,000**	470,000	0.28
2011 Options	**750,000**	365,000	0.29
2012 Options	**740,000**	1,850,000	0.27
2013 Options	**1,140,000**	-	0.32
	2,810,000	3,667,000	

The cost of treasury shares reissued amounted to $1,004,000 (2015: $1,071,000). 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.

27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(b) **Share options** (continued)

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 year.

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

	No. of ordinary shares under option						
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year	Exercise price	Exercise Period
Group and Company							
2016							
2013 Options	4,135,000	-	(320,000)	(1,140,000)	2,675,000	$0.32	21.09.2015 to 20.09.2018
2012 Options	1,600,000	-	(45,000)	(740,000)	815,000	$0.27	28.07.2014 to 27.07.2017
2011 Options	1,130,000	-	(20,000)	(750,000)	360,000	$0.29	23.07.2012 to 21.07.2016
2010 Options	800,000	-	(620,000)	(180,000)	-	$0.28	25.07.2011 to 23.07.2015
	7,665,000	-	(1,005,000)	(2,810,000)	3,850,000		
2015							
2013 Options	4,600,000	-	(465,000)	-	4,135,000	$0.32	21.09.2015 to 20.09.2018
2012 Options	3,640,000	-	(190,000)	(1,850,000)	1,600,000	$0.27	28.07.2014 to 27.07.2017
2011 Options	1,560,000	-	(65,000)	(365,000)	1,130,000	$0.29	23.07.2012 to 21.07.2016
2010 Options	1,295,000	-	(25,000)	(470,000)	800,000	$0.28	25.07.2011 to 23.07.2015
2009 Options	6,838,000	-	(856,000)	(5,982,000)	-	$0.32	13.09.2010 to 10.09.2014
	17,933,000	-	(1,601,000)	(8,667,000)	7,665,000		

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27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(b) **Share options** (continued)

Out of the unexercised options for 3,850,000 (2015: 7,665,000) shares, options for 3,850,000 (2015: 3,530,000) shares are exercisable at the balance sheet date. Options exercised during the financial year ended 30 June 2016 resulted in nil (2015: 982,000), 180,000 (2015: 470,000), 750,000 (2015: 365,000), 740,000 (2015: 1,850,000) and 1,140,000 (2015: nil) treasury shares being reissued at the exercise price of \$0.32, \$0.28, \$0.29, \$0.27 and \$0.32 per share respectively and nil (2015: 5,000,000) new ordinary shares being issued at the exercise price of \$0.32 per share. The weighted average share price during the year was \$0.37 (2015: \$0.38) per share.

There were no options granted during the financial years ended 30 June 2016 and 30 June 2015.

28. CAPITAL AND OTHER RESERVES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
(a) **Composition**				
Capital reserves	**19,131**	19,131	**2,800**	2,800
Share option reserve	**468**	629	**468**	629
Foreign currency translation reserve	**(18,529)**	224	**-**	-
Capital redemption reserve	**229**	179	**-**	-
	1,299	20,163	**3,268**	3,429
(b) **Movement in capital reserves**				
Beginning and end of financial year	**19,131**	19,131	**2,800**	2,800

The capital reserves arise mainly from negative goodwill on the acquisition of subsidiaries and capitalisation of retained profits of subsidiaries.

28. CAPITAL AND OTHER RESERVES (CONTINUED)

		Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
(c)	**Movement in share option reserve**				
	Beginning of financial year	**629**	1,241	**629**	1,241
	Employee share option scheme				
	- Value of employee services (Note 7)	**4**	99	**4**	99
	- Treasury shares reissued on exercise of share options	**(165)**	(252)	**(165)**	(252)
	- Issue of ordinary shares pursuant to exercise of share options	**-**	(459)	**-**	(459)
	End of financial year	**468**	629	**468**	629
(d)	**Movement in fair value reserve**				
	Beginning of financial year	**-**	586	**-**	586
	Fair value gains (Note 16)	**-**	124	**-**	124
	Reclassification to profit or loss [Note 5(b)]	**-**	(710)	**-**	(710)
	End of financial year	**-**	-	**-**	-
(e)	**Movement in foreign currency translation reserve**				
	Beginning of financial year	**224**	4,251	**-**	-
	Net currency translation differences of financial statements of foreign subsidiaries, joint ventures and associated companies	**(18,555)**	(4,451)	**-**	-
	Reclassification on repayment of quasi equity loans	**(212)**	466	**-**	-
	Less: Non-controlling interests	**14**	(42)	**-**	-
	End of financial year	**(18,529)**	224	**-**	-
(f)	**Movement in capital redemption reserve**				
	Beginning of financial year	**179**	-	**-**	-
	Transfer of reserves	**50**	179	**-**	-
	End of financial year	**229**	179	**-**	-

During the financial year ended 30 June 2016 and financial year ended 30 June 2015, wholly-owned Malaysian subsidiaries of the Group redeemed their Class "B" redeemable non-cumulative preference shares out of profits. When the shares were redeemed, an amount which is not available for distribution as dividends to the shareholder was transferred from retained profits to capital redemption reserve as required by the Malaysia Companies Act.

(g) All capital and other reserves are non-distributable.

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29. RETAINED PROFITS OF THE GROUP

Retained profits of the Group are distributable except for the retained profits of associated companies and joint venture amounting to $13,016,000 (2015: $2,138,000). Retained profits of the Company are distributable.

30. RETAINED PROFITS OF THE COMPANY

Movements in retained profits of the Company are as follows:

	Company	
	2016	**2015**
	$'000	**$'000**
Beginning of financial year	**16,376**	29,845
Profit/(loss) for the financial year	**8,254**	(5,797)
Dividends paid (Note 31)	**(7,653)**	(7,672)
End of financial year	**16,977**	16,376

31. DIVIDENDS

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Interim dividend of 0.75 cents (2015: 0.75 cents) per ordinary share, paid in respect of the financial year ended 30 June 2016 (2015: 30 June 2015)	**2,848**	2,877
Final dividend of 1.25 cents (2015: 1.25 cents) per ordinary share, paid in respect of the financial year ended 30 June 2015 (2015: 30 June 2014)	**4,805**	4,795
Total dividends paid	**7,653**	7,672

The directors have proposed a final dividend for 2016 of 1.25 cents per share, amounting to approximately $4,759,000. 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 2017.

32. CONTINGENCIES

(a) **Guarantees (unsecured)**

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Financial guarantees given to banks and finance companies in connection with facilities given to subsidiaries	**-**	-	**94,509**	140,166

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.

32. CONTINGENCIES (CONTINUED)

(b) **Legal and arbitration proceedings**

In 2013, Lum Chang Building Contractors Pte Ltd, a subsidiary of the Group, commenced arbitration proceedings against a third party subcontractor.

During the financial year, the proceedings were concluded and there was no material financial impact on the financial statements of the Group.

33. COMMITMENTS

	Group	
	2016	**2015**
	$'000	**$'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	**6,454**	18,977
Investment commitments	**5,331**	5,312
Purchase of property, plant and equipment	**-**	222
	11,785	24,511

(b) **Operating lease commitments – where the Group is a lessee**

The Group leases office premises and office equipment 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:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	**4**	142	**503**	705
Between 1 and 5 years	**-**	4	**833**	-
	4	146	**1,336**	705

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33. COMMITMENTS (CONTINUED)

(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:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than 1 year	**6,354**	6,352
Between 1 and 5 years	**14,960**	13,883
Later than 5 years	**11,432**	13,742
	32,746	33,977

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 two debtors (2015: seven debtors) that individually represented 34% to 37% (2015: 7% to 20%) of trade receivables.

The construction contracts due from customers of the Group comprise three debtors (2015: six debtors) that individually represented 20% to 41% (2015: 7% to 26%) of construction contract due from customers.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) **Credit risk** (continued)

The retention sums receivable of the Group comprise seven debtors (2015: seven debtors) that individually represented 8% to 21% (2015: 5% to 33%) 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:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
By types of customers				
Associated and joint venture companies	**5**	105	**-**	-
Non-related parties	**101,769**	100,369	**-**	74
	101,774	100,474	**-**	74

(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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Past due less than 3 months	**905**	7,113	**-**	-
Past due 3 to 6 months	**-**	65	**-**	-
Past due over 6 months	**24**	24	**-**	-

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34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) **Credit risk** (continued)

(ii) *Financial assets that are past due and/or impaired (continued)*

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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
Gross amount	**9**	9	**-**	-
Less: Allowance for impairment	**(9)**	(9)	**-**	-
	-	-	**-**	-
Other receivables				
Gross amount	**-**	-	**27,453**	27,852
Less: Allowance for impairment	**-**	-	**(27,453)**	(27,852)
	-	-	**-**	-
Total	**-**	-	**-**	-
Beginning of financial year	**9**	9	**27,852**	27,847
Allowance made	**-**	-	**-**	5
Allowance written back	**-**	-	**(399)**	-
End of financial year	**9**	9	**27,453**	27,852

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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) **Liquidity risk** (continued)

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
Group				
At 30 June 2016				
Trade and other payables	**146,643**	**28,659**	**-**	**175,302**
Borrowings	**8,380**	**170,461**	**-**	**178,841**
At 30 June 2015				
Trade and other payables	176,749	13,148	-	189,897
Borrowings	24,952	61,804	-	86,756
Company				
At 30 June 2016				
Trade and other payables	**91,901**	**-**	**-**	**91,901**
Borrowings	**2,778**	**54,856**	**-**	**57,634**
Financial guarantee contracts	**94,509**	**-**	**-**	**94,509**
At 30 June 2015				
Trade and other payables	146,483	-	-	146,483
Borrowings	20,185	245	-	20,430
Financial guarantee contracts	140,166	-	-	140,166

(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.

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for the financial year ended 30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) **Market risk** (continued)

(i) *Currency risk (continued)*

The currency exposure of the Group and the Company based on the information provided to key management is as follows:

	Group		Company	
	RM	**GBP**	**RM**	**GBP**
	$'000	**$'000**	**$'000**	**$'000**
At 30 June 2016				
Financial assets				
Cash and cash equivalents	13,672	18,491	45	12,127
Trade and other receivables	5,825	987	-	20,716
Intercompany receivables	6,646	85,850	-	-
Other financial assets	461	-	-	-
	26,604	105,328	45	32,843
Financial liabilities				
Borrowings	(59)	(87,330)	-	-
Trade and other payables, excluding construction contracts and development projects	(14,347)	(28,673)	-	-
Intercompany payables	(6,646)	(85,850)	-	-
	(21,052)	(201,853)	-	-
Net financial assets/(liabilities)	**5,552**	**(96,525)**	**45**	**32,843**
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(5,503)	129,368	-	-
Currency exposure	**49**	**32,843**	**45**	**32,843**

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**
At 30 June 2015				
Financial assets				
Cash and cash equivalents	7,755	8,645	48	1,411
Trade and other receivables	4,419	1,970	-	-
Intercompany receivables	7,046	200,311	-	-
Other financial assets	489	-	-	-
	19,709	210,926	48	1,411
Financial liabilities				
Borrowings	(1,197)	(35,222)	-	-
Trade and other payables, excluding construction contracts and development projects	(71,300)	(36,277)	(26,878)	(49,315)
Intercompany payables	(7,046)	(200,311)	-	-
	(79,543)	(271,810)	(26,878)	(49,315)
Net financial liabilities	**(59,834)**	**(60,884)**	**(26,830)**	**(47,904)**
Less: Net financial liabilities denominated in the respective entities' functional currencies	33,004	62,295	-	-
Currency exposure	**(26,830)**	**1,411**	**(26,830)**	**(47,904)**

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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% (2015: 4%) and the GBP changes against the SGD by 6% (2015: 4%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit after tax	
	2016	**2015**
	$'000	**$'000**
Group		
RM against SGD		
- strengthened	**2**	(891)
- weakened	**(2)**	891
GBP against SGD		
- strengthened	**604**	47
- weakened	**(604)**	(47)
Company		
RM against SGD		
- strengthened	**1**	(891)
- weakened	**(1)**	891
GBP against SGD		
- strengthened	**1,636**	(1,590)
- weakened	**(1,636)**	1,590

(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.

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 1.0% (2015: 1.0%) and the GBP interest rate increases / decreases by 0.5% (2015: 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 $813,000 (2015: $562,000) and $246,000 (2015: $85,000) 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**				
	Less than 6 months $'000	**6 to 12 months $'000**	**1 to 5 years $'000**	**Less than 6 months $'000**	**6 to 12 months $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Group								
At 30 June 2016	**111,020**	**-**	**-**	**42**	**9**	**49,822**	**-**	**160,893**
At 30 June 2015	79,852	1,147	51	-	481	327	-	81,858
Company								
At 30 June 2016	**-**	**-**	**-**	**-**	**-**	**49,781**	**-**	**49,781**
At 30 June 2015	20,000	-	-	-	-	327	-	20,327

(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 100% to 150% (2015: 100%). The Group's and the Company's strategies, which were unchanged from 2015, 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.

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for the financial year ended 30 June 2016

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(d) **Capital risk** (continued)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Net debt	**61,845**	38,062	**7,079**	13,339
Total equity	**213,498**	211,971	**105,256**	106,156
Gearing ratio	**29%**	18%	**7%**	13%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2016 and 2015.

(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:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	**205,815**	165,630	**104,573**	47,510
Financial liabilities at amortised cost	**336,195**	271,755	**141,682**	166,810

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	
	2016	**2015**
	$'000	**$'000**
Joint ventures and associated companies		
Management services fees	**18**	18
Interest income on advances to associated companies	**390**	321

Outstanding balances at 30 June 2016, arising from sale/purchase of goods and services, are set out in Notes 12 and 24.

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) **Key management remuneration**

The key management remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or the Company did not incur any costs, the value of the benefit. The key management remuneration is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Salaries and other short-term employee benefits	**7,754**	7,290
Post-employment benefits – contribution to CPF	**108**	92
Share option expense	**5**	26
	7,867	7,408

Included in above is total remuneration to directors of the Company amounting to $5,013,000 (2015: $4,884,000).

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.

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for the financial year ended 30 June 2016

36. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Exco for the reportable segments for the financial years ended 30 June 2016 and 30 June 2015 are as follows:

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Total $'000
Financial year ended 30 June 2016				
Revenue from external customers	352,681	73,248	190	426,119
Inter-segment revenue	-	1,906	27,870	29,776
	352,681	75,154	28,060	455,895
Elimination				(29,776)
Revenue				426,119
Segment results	17,896	28,198	19,876	65,970
Elimination				(24,835)
				41,135
Finance expense				(5,034)
Profit before income tax				36,101
Income tax expense				(6,653)
Net profit				29,448
Segment results include:				
Interest income	121	469	101	691
Depreciation of property, plant and equipment	(4,238)	(1,218)	(305)	(5,761)
Interest expense	(3)	(3,625)	(1,388)	(5,016)
Share of (losses)/profits of associated companies and joint venture	(10)	14,556	-	14,546
Income tax expense	(2,760)	(3,873)	(20)	(6,653)

36. SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Total $'000
Financial year ended 30 June 2015				
Revenue from external customers	257,733	54,459	202	312,394
Inter-segment revenue	-	2,222	2,926	5,148
	257,733	56,681	3,128	317,542
Elimination				(5,148)
Revenue				312,394
Segment results	11,123	29,297	(2,838)	37,582
Elimination				(620)
				36,962
Finance expense				(2,768)
Profit before income tax				34,194
Income tax expense				(4,481)
Net profit				29,713
Segment results include:				
Interest income	172	763	46	981
Depreciation of property, plant and equipment	4,439	1,184	301	5,924
Interest expense	(6)	(2,440)	(203)	(2,649)
Share of (losses)/profits of associated companies and joint venture	(8)	104	-	96
Income tax expense	(2,034)	(2,407)	(40)	(4,481)

NOTES TO THE FINANCIAL STATEMENTS
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36. SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Elimination $'000	Total $'000
As at 30 June 2016					
Segment assets	151,064	351,629	52,646	(2,507)	552,832
Tax recoverable					908
Deferred income tax assets					1,552
Consolidated total assets					555,292
Segment assets include:					
Investment in associates and joint ventures	296	16,719	-	-	17,015
Capital expenditure on property, plant and equipment	1,626	183	478	-	2,287
Segment liabilities	(129,066)	(43,869)	(3,672)	280	(176,327)
Borrowings					(160,893)
Deferred income tax liabilities and current income tax liabilities					(4,574)
Consolidated total liabilities					(341,794)
As at 30 June 2015					
Segment assets	138,195	370,376	13,971	(3,089)	519,453
Tax recoverable					496
Deferred income tax assets					4,118
Consolidated total assets					524,067
Segment assets include:					
Investment in associates and joint venture	306	4,456	-	-	4,762
Capital expenditure on property, plant and equipment	1,325	560	709	-	2,594
Segment liabilities	(114,048)	(81,838)	(30,177)	283	(225,780)
Borrowings					(81,858)
Deferred income tax liabilities and current income tax liabilities					(4,458)
Consolidated total liabilities					(312,096)

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.

Revenue and non-current segment assets are shown by the geographical area where the assets are located.

	Total sales		**Non-current assets***	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**354,101**	259,895	**60,356**	67,599
Malaysia	**66,177**	47,841	**192**	173
United Kingdom	**5,841**	4,658	**191,770**	169,268
	426,119	312,394	**252,318**	237,040
Investment in associated companies and joint ventures			**17,015**	4,762
			269,333	241,802

* Non-current assets exclude financial instruments and deferred tax assets.

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37. BUSINESS COMBINATIONS

Acquisition of Kelaty House in the current financial year

On 14 August 2015, the Group entered into a sale and purchase agreement with UKI (Wembley) Limited to acquire the property, Kelaty House, which is located at First Way, Wembley HA9 0JD, London. The completion date of the acquisition was on 28 August 2015.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	2016 $'000
Purchase consideration - cash paid	38,499
Consideration transferred for the business	38,499

(b) Effect on cash flows of the Group

	2016 $'000
Cash paid (as above)	38,499
Cash outflow on acquisition	38,499

(c) Identifiable assets acquired and liabilities assumed

	2016 At fair value $'000
Investment property	54,998
Total assets	54,998
Total identifiable net assets	54,998
Less: Non-controlling interest at 30%	(16,499)
Consideration transferred for the business	38,499

Non-controlling interest comprise the following:

	2016 $'000
Shareholder loan included in trade and other payables	16,499
Share capital included in equity	-*
	16,499

* The non-controlling interest has contributed a total amount of $5 in the form of share capital which is included in equity.

37. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Kelaty House in the current financial year (continued)

(d) Acquisition-related costs

Acquisition-related costs of $2,743,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Non-controlling interest

The non-controlling interest relates to interest held by Sin Heng Chan (1960) Pte Ltd, a company incorporated in Singapore. The funds provided by non-controlling interest comprise $5 in capital and $16,499,000 in the form of shareholder's loan.

(f) Revenue and profit contribution

The acquired business contributed revenue of $402,000 and net loss of $2,616,000 to the Group from the period from 28 August 2015 to 30 June 2016.

Had Kelaty House been consolidated from 1 July 2015, consolidated revenue and consolidated loss for the year ended 30 June 2016 would have been $478,000 and $2,547,000 respectively.

Acquisition of 130 Wood Street Unit Trust in the previous financial year

In the previous financial year, the Group entered into a sale and purchase agreement with LS 130 Wood St Limited and College Green (Jersey) Limited to acquire the entire units of 130 Wood Street Unit Trust, a Jersey incorporated Unit Trust. The Unit Trust's main asset is a freehold commercial property, 130 Wood Street which is located at 130 to 133 Cheapside, 1, 2 and 2a, Gutter Lane, and 128 to 130 Wood Street, London.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2016

37. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of 130 Wood Street Unit Trust in the previous financial year (continued)

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, were as follows:

(a) Purchase consideration

	2015 $'000
Purchase consideration - cash paid	77,434
Consideration transferred for the business	77,434

(b) Effect on cash flows of the Group

	2015 $'000
Cash paid (as above)	77,434
Less: Cash and cash equivalents in subsidiary acquired	(1,585)
Cash outflow on acquisition	75,849

(c) Identifiable assets acquired and liabilities assumed

	2015 At fair value $'000
Investment property	109,600
Cash and cash equivalents	1,585
Total assets	111,185
Trade and other payables	(565)
Total liability	(565)
Total identifiable net assets	110,620
Less: Non-controlling interests at 30%	(33,186)
Consideration transferred for the business	77,434

Non-controlling interests comprise the following:

	2015 $'000
Shareholders loans included in trade and other payables	33,186
Share capital included in equity	-*
	33,186

* The non-controlling interests contributed a total amount of $30 in the form of share capital which was included in equity.

37. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of 130 Wood Street Unit Trust in the previous financial year (continued)

(d) Acquisition-related costs

Acquisition-related costs of approximately $1,377,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Non-controlling interests

The non-controlling interests relate to interests held by Lum Chang Investments Pte Ltd and Bevrian Pte Ltd, companies incorporated in Singapore which are respectively controlled by Mr Raymond Lum Kwan Sung and Mr David Lum Kok Seng who are directors and shareholders of the companies. The funds provided by non-controlling interests comprise $30 in capital and $33,186,000 in the form of shareholders loans. As at 30 June 2016, the amounts owing to these non-controlling interests were $11,768,000 and are included in Note 24(d).

(f) Revenue and profit contribution

The acquired business contributed revenue of $562,000 and net profit of $2,081,000, which includes fair value gain on investment properties amounting to $1,519,000, to the Group from the period from 13 May 2015 to 30 June 2015.

Had 130 Wood Street Unit Trust been consolidated from 1 July 2014, consolidated revenue and consolidated profit excluding fair value gain on investment properties for the year ended 30 June 2015 would have been $3,900,000 and $3,329,000 respectively.

38. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 3 August 2016, the Group entered into a non-legal binding term sheet ("Term Sheet") with HICOM Megah Sdn Bhd, Mohamed Mustafa & Samsuddin Co. Pte Ltd and B.I. Distributors Pte Ltd (collectively, the "Vendors") to acquire the entire issued and paid-up share capital of Corwin Holding Pte Ltd (the "Target") (such proposed acquisition, the "Proposed Acquisition"). The Target's principal asset is a leasehold commercial property known as "The Verge", located at No.2, Serangoon Road, Singapore.

Upon signing of the Term Sheet, the Company will commence due diligence and will also commence negotiations with the Vendors with a view to agreeing the terms of the definitive agreements for the Proposed Acquisition. However, there is no certainty or assurance that definitive agreements in respect of the Proposed Acquisition will be entered into, or that the Proposed Acquisition will materialise with the entering of the Term Sheet.

Details of the assets acquired and liabilities assumed, revenue and profit contribution of Corwin Holding Pte Ltd, where applicable, and the effects on the cash flows of the Group are not disclosed, as the acquisition has not materialised at the time these financial statements have been authorised for issue.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2016 or later periods and which the Group has not early adopted:

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018)

  This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces FRS 18 *Revenue* and FRS 11 *Construction Contracts* and related interpretations.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)

  This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in FRS 39 that relates to the classification and measurement of financial instruments.

  This standard retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income 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 options at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

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 2016 %	2015 %
	Held by the Company				
	Unquoted equity shares				
1	Lum Chang Asia Pacific Pte Ltd	Investment holding	Singapore	**100**	100
1	Lum Chang Corporation Pte Ltd	Investment holding	Singapore	**100**	100
1	Lum Chang Properties Ltd	Investment holding	Singapore	**100**	100
1	Lum Chang (Suzhou) Investments Pte Ltd	Investment holding	Singapore	**51**	51
2	Nexus Sdn Bhd	Dormant	Malaysia	**100**	100
2	Urban Assignment Sdn Bhd	Dormant	Malaysia	**100**	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 2016 %	2015 %
1	Binjai Holdings Pte Ltd	Investment holding	Singapore	**100**	100
1	Kemensah Holdings Pte Ltd	Investment holding	Singapore	**100**	100
9	Lum Chang Realty Pte Ltd	In member's voluntary liquidation	Singapore	**100**	100
1	Lum Chang Orion Pte Ltd	Investment holding	Singapore	**100**	100
5	Twin Palms Development Sdn Bhd	Property development	Malaysia	**100**	100
	Edu Genus Pte Ltd	Liquidated	Singapore	**-**	100
1	UK Property Investment Pte Ltd	Investment holding	Singapore	**70**	70
1	Wembley Properties Pte Ltd	Investment holding	Singapore	**70**	-
1	Tucana Investments Pte Ltd	Dormant	Singapore	**100**	-
	Held by subsidiaries				
	Unquoted equity shares				
4	Boon Lay Executive Condominiums Pte Ltd	Dormant	Singapore	**100**	100
1	Lum Chang Property Investments Pte Ltd	Property investment	Singapore	**100**	100
1	Lum Chang Building Contractors Pte Ltd	Building construction	Singapore	**100**	100
5	Lum Chang Sdn Bhd	Dormant	Malaysia	**100**	100
2	Uptown Viewpoint Sdn Bhd	Dormant	Malaysia	**100**	100
3	Venus Capital Corporation Sdn Bhd	Property development	Malaysia	**100**	100
3	Fabulous Range Sdn Bhd	Property development	Malaysia	**100**	100
9	Sungei Long Holdings Pte Ltd	In member's voluntary liquidation	Singapore	**100**	100
	LC Sungei Long (M) Sdn Bhd	Liquidated	Malaysia	**-**	100
	Lum Chang UK Properties Limited	Liquidated	Jersey, Channel Islands	**-**	100
7	Pembridge Palace Holdco Limited	Investment holding	Jersey, Channel Islands	**100**	100
7	Pembridge Palace Propco Limited	Property investment	Jersey, Channel Islands	**100**	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 2016 %	2015 %
	Held by subsidiaries				
	Unquoted equity shares				
7	130 WS Holdings Limited	Investment holding	Jersey, Channel Islands	**70**	70
7	130 WS Investments Limited	Investment holding	Jersey, Channel Islands	**70**	70
7	130 Wood Street Unit Trust	Property investment	Jersey, Channel Islands	**70**	70
7	Kelaty Holdings Limited	Investment holding	Jersey, Channel Islands	**70**	-
7	Kelaty Propco Limited	Property investment	Jersey, Channel Islands	**70**	-
11	Kelaty Leaseco Limited	Property investment	Jersey, Channel Islands	**70**	-

(b) The associated companies are as follows:

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group 2016 %	2015 %
	Held by the Company				
	Unquoted equity shares				
10	Faith Global Ventures Inc	Investment holding	British Virgin Islands	**22.73**	23.52
	Held by subsidiaries				
	Unquoted equity shares				
12	FCL Compassvale Pte Ltd	Property development	Singapore	**20**	20
12	FCL Admiralty Pte Ltd	Property development	Singapore	**30**	30

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.

Faith Global Ventures Inc is an investment holding company with an interest in a mixed-use property in the United Kingdom. Faith Global Ventures Inc is a strategic partnership for the Group, providing the Group with access to the development of mixed-use property in the United Kingdom.

40. COMPANIES IN THE GROUP (CONTINUED)

(c) The joint ventures are as follows:

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group 2016 %	Effective equity interest held by Group 2015 %
	Held by subsidiaries				
[11]	Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	**50**	-
[6, 8]	Nishimatsu – Lum Chang JV	Dormant	Singapore	**50**	50

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 commercial development in Malaysia. The joint venture is a continuation of the Group's property development business in Malaysia, representing an investment opportunity to consolidate the Group's property and development portfolio in Malaysia.

[1] Audited by PricewaterhouseCoopers LLP, Singapore.

[2] Audited by LT Lim & Associates, Malaysia.

[3] Audited by PricewaterhouseCoopers, Malaysia.

[4] Audited by Ernst & Young LLP, Singapore.

[5] Audited by S Y Kwong, Foong & Co., Malaysia.

[6] Unincorporated jointly – controlled partnerships.

[7] Audited by PricewaterhouseCoopers LLP, United Kingdom.

[8] Not required to be audited in 2016 as entity is dormant.

[9] Not required to be audited in 2016 as entity is in member's voluntary liquidation.

[10] Audit not required in the country of incorporation.

[11] Incorporated during the financial year. Audit not required in the financial year.

[12] Audited by KPMG LLP, Singapore.

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 2016.

AUDITED FINANCIAL STATEMENTS OF LUM CHANG HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The information in this Appendix III has been reproduced from the annual report of Lum Chang Holdings Limited and its subsidiaries for the financial year ended 30 June 2017 and has not specifically been prepared for inclusion in this Information Memorandum.

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 2017 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 2017;
- the balance sheet of the Company as at 30 June 2017;
- 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 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accounting for construction contracts *Refer to Note 3 (Critical accounting estimates, assumptions and judgements) and Note 13 (Construction Contract Work-in-Progress) to the financial statements.*	
During the financial year ended 30 June 2017, revenue from construction contracts amounted to S$349.2 million and it represented 94.6% of the total revenue of the Group. 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.	We have performed the following audit procedures to address the key audit matter: 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). In relation to total contract revenue, our audit procedures include the following: a. Traced total contract sums to contract and variation orders entered into by the Group and its customer; b. Traced value of work performed to the surveyor/architect certification and assessed the competence of the surveyor/architect; c. Recomputed the percentage of completion; d. Assessed the adequacy of provision for liquidated damages to be net off against contract revenue recognised (where relevant); and e. Assessed the reasonableness of the revenue recognised via discussion with the project teams, obtaining corroborating evidence such as correspondences with the customer.

Our Audit Approach (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Accounting for construction contracts (continued)	
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.	In relation to total contract cost, our audit procedures include the following: a. Reviewed the actual costs incurred by tracing to supplier invoices or sub-contractor progress billings; and b. Reviewed management's estimates of total construction costs and cost to complete via the following: i. Substantiated to quotations and contracts entered for sub-contracting costs. ii. Reviewed the estimation of the materials, labour and other construction costs with reference to the progress of the project. iii. Discussed with the project team and comparing the percentage of costs incurred over the total contract costs incurred against the percentage of completion. Based on the audit procedures performed above, we have assessed management's estimates to be reasonable. 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. 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.

Our Audit Approach (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to Note 3 (Critical accounting estimates, assumptions and judgements) and Note 22 (Investment Properties) to the financial statements.*	
The Group's investment properties carried at fair value amount to S$171.4 million at 30 June 2017 and account for 29.7% of the Group's total assets. The disclosures relating to these investment properties are included in notes to the financial statements. Management uses external valuers to support its determination of the individual fair value of its investment properties annually. 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 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. 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. 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 2017

CONSOLIDATED INCOME STATEMENT

for the Financial Year Ended 30 June 2017

		Group	
		2017	**2016**
	Note	**$'000**	**$'000**
Revenue	4	**369,022**	426,119
Cost of sales		**(318,964)**	(368,774)
Gross profit		**50,058**	57,345
Other income	5(a)	**3,162**	2,131
Other gains/(losses) - net	5(b)	**3,400**	(1,314)
Expenses			
- Distribution and marketing		**(1,556)**	(1,540)
- Administrative and general		**(25,522)**	(30,033)
- Finance	8	**(5,651)**	(5,034)
Share of profits of associated companies	20	**1,012**	14,556
Share of losses of joint ventures	19	**(1,118)**	(10)
Profit before income tax		**23,785**	36,101
Income tax expense	9	**(4,418)**	(6,653)
Net profit		**19,367**	29,448
Net profit attributable to:			
Equity holders of the Company		**18,697**	29,522
Non-controlling interests		**670**	(74)
		19,367	29,448
Earnings per ordinary share attributable to the equity holders of the Company (cents per share)	10		
- Basic		**4.91**	7.73
- Diluted		**4.90**	7.71

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Financial Year Ended 30 June 2017

		Group	
		2017	**2016**
	Note	**$'000**	**$'000**
Net profit		**19,367**	29,448
Other comprehensive (losses)/income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Losses	28(e)	**(4,745)**	(18,555)
- Reclassification	28(e)	**158**	(212)
Available-for-sale financial assets			
- Fair value gains	28(d)	**282**	-
Other comprehensive losses for the year, net of tax		**(4,305)**	(18,767)
Total comprehensive income for the year		**15,062**	10,681
Total comprehensive income attributable to:			
Equity holders of the Company		**14,362**	10,769
Non-controlling interests		**700**	(88)
		15,062	10,681

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

BALANCE SHEET - GROUP

As at 30 June 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**130,760**	99,958
Trade and other receivables	12(a)	**79,075**	79,791
Tax recoverable	9(b)	**1,174**	908
Properties held for sale	14	**4,289**	13,633
Development properties	15	**57,073**	56,355
Other current assets	17(a)	**7,384**	1,893
		279,755	252,538
Non-current assets			
Trade and other receivables	12(b)	**75,251**	24,429
Club memberships	18	**342**	333
Available-for-sale financial assets	16	**7,642**	7,440
Investments in joint ventures	19	**1,989**	1,971
Investments in associated companies	20	**11,542**	15,044
Investment properties	22	**171,383**	220,028
Property, plant and equipment	23	**26,784**	31,152
Deferred income tax assets	9(c)	**1,153**	1,552
Other non-current assets	17(b)	**1,127**	805
		297,213	302,754
Total assets		**576,968**	555,292
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	**175,963**	147,668
Current income tax liabilities	9(b)	**4,784**	3,735
Borrowings	25	**23,661**	2,541
		204,408	153,944
Non-current liabilities			
Trade and other payables	24(b)	**29,500**	28,659
Borrowings	25	**105,013**	158,352
Deferred income tax liabilities	9(c)	**662**	839
		135,175	187,850
Total liabilities		**339,583**	341,794
NET ASSETS		**237,385**	213,498
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	**86,579**	86,596
Treasury shares	27	**(1,273)**	(1,585)
Capital and other reserves	28(a)	**(3,080)**	1,299
Retained profits	30(a)	**138,712**	125,917
		220,938	212,227
Non-controlling interests		**16,447**	1,271
Total equity		**237,385**	213,498

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

BALANCE SHEET - COMPANY

As at 30 June 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**38,717**	42,702
Trade and other receivables	12(a)	**50,529**	61,351
Other current assets	17(a)	**555**	520
		89,801	104,573
Non-current assets			
Trade and other receivables	12(b)	**117,645**	105,131
Club memberships	18	**228**	252
Investment in an associated company	20	**2,011**	2,011
Investments in subsidiaries	21	**66,111**	33,629
Property, plant and equipment	23	**1,103**	1,364
		187,098	142,387
Total assets		**276,899**	246,960
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	**127,667**	91,901
Current income tax liabilities	9(b)	**1**	22
Borrowings	25	**26**	25
		127,694	91,948
Non-current liabilities			
Borrowings	25	**49,838**	49,756
		49,838	49,756
Total liabilities		**177,532**	141,704
NET ASSETS		**99,367**	105,256
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	**86,579**	86,596
Treasury shares	27	**(1,273)**	(1,585)
Capital and other reserves	28(a)	**3,224**	3,268
Retained profits	30(b)	**10,837**	16,977
Total equity		**99,367**	105,256

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2017

		←Attributable to equity holders of the Company→						
	Note	**Share capital $'000**	**Treasury shares $'000**	**Capital and other reserves $'000**	**Retained profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2017								
Balance as at 1 July 2016		**86,596**	**(1,585)**	**1,299**	**125,917**	**212,227**	**1,271**	**213,498**
Net profit		-	-	-	18,697	18,697	670	19,367
Other comprehensive loss		-	-	(4,335)	-	(4,335)	30	(4,305)
Total comprehensive income		**-**	**-**	**(4,335)**	**18,697**	**14,362**	**700**	**15,062**
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)
Total transactions with owners, recognised directly in equity		**(17)**	**312**	**(44)**	**(5,902)**	**(5,651)**	**14,476**	**8,825**
Balance as at 30 June 2017		**86,579**	**(1,273)**	**(3,080)**	**138,712**	**220,938**	**16,447**	**237,385**

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

		←Attributable to equity holders of the Company→						
	Note	**Share capital $'000**	**Treasury shares $'000**	**Capital and other reserves $'000**	**Retained profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2016								
Balance as at 1 July 2015		**86,604**	**(253)**	**20,163**	**104,098**	**210,612**	**1,359**	**211,971**
Net profit		-	-	-	29,522	29,522	(74)	29,448
Other comprehensive loss		-	-	(18,753)	-	(18,753)	(14)	(18,767)
Total comprehensive income		**-**	**-**	**(18,753)**	**29,522**	**10,769**	**(88)**	**10,681**
Employee share option scheme	27,28(c)							
- Value of employee services		-	-	4	-	4	-	4
- Treasury shares reissued		(8)	1,004	(165)	-	831	-	831
Purchase of treasury shares	27	-	(2,336)	-	-	(2,336)	-	(2,336)
Incorporation of a subsidiary with non-controlling interests		-	-	-	-	-	-*	-*
Transfer of reserves	28(f)	-	-	50	(50)	-	-	-
Interim dividend for FY2016	31	-	-	-	(2,848)	(2,848)	-	(2,848)
Final dividend for FY2015	31	-	-	-	(4,805)	(4,805)	-	(4,805)
Total transactions with owners, recognised directly in equity		**(8)**	**(1,332)**	**(111)**	**(7,703)**	**(9,154)**	**-**	**(9,154)**
Balance as at 30 June 2016		**86,596**	**(1,585)**	**1,299**	**125,917**	**212,227**	**1,271**	**213,498**

* The non-controlling interest at the date of the incorporation is less than $1,000.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the Financial Year Ended 30 June 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Net profit		**19,367**	29,448
Adjustments for:			
Income tax expense	9(a)	**4,418**	6,653
Share of losses/(profits) of associated companies and joint ventures		**106**	(14,546)
Amortisation of club memberships	6	**42**	58
Depreciation of property, plant and equipment	6	**5,267**	5,761
Dividend income from available-for-sale financial assets	4	**(172)**	(190)
Fair value losses on investment properties – net	5(b)	**300**	2,907
Gain on disposal of subsidiaries	5(b)	**(4,687)**	-
Gain on disposal of available-for-sale financial assets	5(b)	**(1)**	-
Gain on disposal of club memberships	5(b)	**(62)**	(17)
Gain on disposal of property, plant and equipment – net	5(b)	**(25)**	(163)
Impairment loss on club memberships	6	**-**	23
Interest income	5(a)	**(526)**	(691)
Finance expense	8	**5,651**	5,034
Property, plant and equipment written off	6	**2**	6
Share option expense	7	**-**	4
Operating cash flow before working capital changes		**29,680**	34,287
Change in working capital, net of effects from acquisition of a subsidiary:			
- Trade and other receivables		**(7,074)**	(1,923)
- Other current assets		**(5,813)**	201
- Development properties/properties held for sale		**4,674**	30,503
- Trade and other payables		**35,597**	(13,137)
- Unrealised currency translation differences		**1,534**	(157)
Cash generated from operations		**58,598**	49,774
Income tax paid	9(b)	**(3,481)**	(4,572)
Net cash provided by operating activities		**55,117**	45,202

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

	Note	2017 $'000	2016 $'000
Cash flows from investing activities			
Acquisition of a business/subsidiary, net of cash acquired	37	**-**	(38,499)
Acquisition of interest in a joint venture	19	**(321)**	(1,675)
Dividends received from an associated company	20	**4,500**	3,700
Dividends received from available-for-sale financial assets		**172**	190
Expenditure on investment property	22	**(2,723)**	-
Interest income received		**572**	763
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		**84**	32
Proceeds from disposal of property, plant and equipment		**32**	896
Purchase of club memberships		**(73)**	(99)
Purchase of property, plant and equipment		**(917)**	(1,989)
Purchase of available-for-sale financial assets	16	**-**	(2,756)
Advances and repayment from associated companies		**8,111**	17,100
Advances and repayment to an associated company		**(106)**	(2,830)
Advances to a joint venture		**(45,000)**	-
Net cash used in investing activities		**(12,091)**	(25,167)
Cash flows from financing activities			
Cash and cash equivalents released from pledge		**373**	27
Repayment of loan assumed on the acquisition of non-controlling interest in a subsidiary		**-**	(24,765)
Dividends paid		**(5,902)**	(7,653)
Bank facility fees		**(31)**	(18)
Interest paid		**(5,308)**	(3,886)
Proceeds from bank loans		**9,130**	96,752
Proceeds from re-issuance of treasury shares	27	**251**	832
Proceeds from issuance of medium term notes		**-**	49,668
Purchase of treasury shares		**-**	(2,336)
Repayment of bank loans		**(11,303)**	(50,953)
Repayment of finance lease liabilities		**(75)**	(974)
Advance from non-controlling shareholders of a subsidiary		**1,865**	971
Repayment to non-controlling shareholders of a subsidiary		**(64)**	(20,764)
Net cash (used in)/provided by financing activities		**(11,064)**	36,901
Net increase in cash and cash equivalents		**31,962**	56,936
Cash and cash equivalents at beginning of financial year		**99,048**	43,796
Effect of changes in currency translation rates on cash and cash equivalents		**(787)**	(1,684)
Cash and cash equivalents at end of financial year	11	**130,223**	99,048

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

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 2017

On 1 July 2016, 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 Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 **Revenue recognition** (continued)

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 2017

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 2017

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 2017

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 2017

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 2017

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 2017

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 2017

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 2017

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 2017

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% (2016: 1%), the Group's revenue and gross profit before income tax would have been higher/lower by $3,347,000 (2016: $5,112,000).

If the remaining estimated contract costs for uncompleted contracts as at balance sheet date increased/decreased by 1% (2016: 1%), the Group's gross profit before income tax would decrease/increase by approximately $1,105,000 (2016: $1,398,000).

(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 capitalisation method, income and comparison method and residual valuation method where appropriate (Note 22). The fair value of investment properties as at 30 June 2017 amounts to approximately $171,383,000 (2016: $220,028,000).

For the financial year ended 30 June 2017, there was a change in valuation technique during the financial year from using the direct market comparison method to the residual valuation method for one of the Group's investment properties. Management is of the view that the change results in fair value measurement which is more representative of management's intention to redevelop the property into a mixed development comprising of student accommodation and serviced apartments.

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 30 June 2017

4. REVENUE

	Group 2017 $'000	Group 2016 $'000
Revenue from construction contracts		
- Non-related parties	**349,245**	351,766
- Associated company	**-**	6
Revenue from sale of properties	**12,284**	66,177
Management and technical assistance fees from		
- Non-related parties	**108**	35
- Joint venture	**208**	18
Rental income	**7,005**	7,927
Dividend income from available-for-sale financial assets	**172**	190
	369,022	426,119

5(a). OTHER INCOME

	Group 2017 $'000	Group 2016 $'000
Interest income		
- Advances to associated companies	**11**	390
- Others	**515**	301
	526	691
Government grants	**658**	336
Maintenance fees from development properties	**745**	722
Write back of retention sums payable	**589**	-
Others - net	**644**	382
	3,162	2,131

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

	Group	
	2017	**2016**
	$'000	**$'000**
Currency translation (losses)/gains – net	**(1,537)**	1,413
Fair value losses on investment properties – net (Note 22)	**(300)**	(2,907)
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	**25**	163
Gain on disposal of club memberships	**62**	17
	3,400	(1,314)

6. EXPENSES BY NATURE

	Group	
	2017	**2016**
	$'000	**$'000**
Subcontractor and other construction costs	**297,246**	343,609
Depreciation of property, plant and equipment (Note 23)	**5,267**	5,761
Employee compensation (Note 7)	**34,511**	38,017
Directors' fees	**247**	255
Auditors fees:		
Fees on audit services paid/payable to:		
- Auditor of the Company	**304**	308
- Other auditors	**128**	169
Fees on non-audit services paid/payable to:		
- Auditor of the Company	**73**	42
- Other auditors	**16**	14
Legal and professional fees	**1,347**	1,453
Rental on operating leases	**171**	241
Amortisation of club memberships	**42**	58
Impairment loss on club memberships	**-**	23
Property, plant and equipment written off	**2**	6
Stamp duty on purchase of investment property	**-**	2,088
Other	**6,688**	8,303
Total cost of sales, distribution and marketing, and administrative and general expenses	**346,042**	400,347

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

7. EMPLOYEE COMPENSATION

	Group	
	2017	**2016**
	$'000	**$'000**
Wages and salaries	**34,111**	35,720
Employer's contribution to defined contribution plans including Central Provident Fund	**2,132**	2,058
Other benefits	**400**	463
Share option expense [Note 28(c)]	**-**	4
	36,643	38,245
Less: Government grant – Jobs Credit Scheme	**(180)**	(228)
	36,463	38,017
Less: Staff costs capitalised in construction contract work-in-progress	**(1,952)**	-
Staff costs recognised in profit or loss (Note 6)	**34,511**	38,017

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

8. FINANCE EXPENSES

	Group	
	2017	**2016**
	$'000	**$'000**
Interest expense:		
- Bank borrowings	**2,541**	4,060
- Finance lease liabilities	**6**	17
- Other	**326**	328
- Medium term notes	**2,748**	688
	5,621	5,093
Bank facility fees	**31**	18
	5,652	5,111
Less: Amount capitalised in:		
- Development properties	**-**	(72)
- Construction contract work-in-progress	**(1)**	(5)
Finance expenses recognised in profit or loss	**5,651**	5,034

9. INCOME TAXES

(a) Income tax expense

	Group	
	2017	**2016**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	**4,536**	2,745
- Foreign	**119**	1,502
	4,655	4,247
Deferred income tax	**161**	2,165
	4,816	6,412
(Over)/under provision in prior financial years		
- Current income tax	**(411)**	671
- Deferred income tax	**13**	(430)
	4,418	6,653

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	
	2017	**2016**
	$'000	**$'000**
Profit before income tax	**23,785**	36,101
Share of losses/(profits) of associated companies and joint ventures	**106**	(14,546)
	23,891	21,555
Tax calculated at tax rate of 17% (2016: 17%)	**4,061**	3,664
Effects of:		
- Statutory stepped income exemption	**(27)**	(104)
- Different tax rates in other countries	**116**	1,091
- Tax incentives	**(266)**	(699)
- Income not subject to tax	**(1,420)**	(1,689)
- Expenses not deductible for tax purposes	**2,319**	3,883
- Utilisation of previously unrecognised deferred tax assets	**-**	(96)
- Deferred tax assets not recognised	**33**	362
- (Over)/under provision of tax	**(398)**	241
	4,418	6,653

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 30 June 2017

9. INCOME TAXES (CONTINUED)

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**2,827**	2,506	**22**	40
Currency translation differences	**38**	(25)	**-**	-
Income tax paid	**(3,481)**	(4,572)	**(20)**	(39)
Tax expense	**4,655**	4,247	**-**	22
Disposal of subsidiaries (Note 11)	**(18)**	-	**-**	-
(Over)/under provision in prior financial years	**(411)**	671	**(1)**	(1)
End of financial year	**3,610**	2,827	**1**	22
Representing:				
Current income tax liabilities	**4,784**	3,735	**1**	22
Tax recoverable	**(1,174)**	(908)	**-**	-
	3,610	2,827	**1**	22

(c) **Deferred income taxes**

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**(713)**	(2,662)	**-**	-
Currency translation differences	**48**	214	**-**	-
Charged to profit or loss	**161**	2,165	**-**	-
Under/(over) provision in prior financial years	**13**	(430)	**-**	-
End of financial year	**(491)**	(713)	**-**	-

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:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets				
- to be recovered within one year	**(964)**	(1,028)	**-**	-
- to be recovered after one year	**(189)**	(524)	**-**	-
	(1,153)	(1,552)	**-**	-
Deferred income tax liabilities				
- to be settled within one year	**7**	8	**-**	-
- to be settled after one year	**655**	831	**-**	-
	662	839	**-**	-

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

	Accelerated tax depreciation	**Profits on sale of development properties**	**Tax losses and others**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Group				
2017				
Beginning of financial year	839	(760)	(792)	(713)
Currency translation differences	-	30	18	48
(Credited)/charged to profit or loss	(419)	57	536	174
End of financial year	**420**	**(673)**	**(238)**	**(491)**
2016				
Beginning of financial year	1,456	(3,517)	(601)	(2,662)
Currency translation differences	(1)	198	17	214
(Credited)/charged to profit or loss	(616)	2,559	(208)	1,735
End of financial year	**839**	**(760)**	**(792)**	**(713)**

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

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	
	2017	**2016**
	$'000	**$'000**
Unutilised tax losses	**39,836**	40,198
Unabsorbed capital allowances	**130**	136
	39,966	40,334

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	
	2017	**2016**
Net profit attributable to equity holders of the Company ($'000)	**18,697**	29,522
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**380,889**	382,024
Adjustments for share options ('000)	**435**	951
Weighted average number of ordinary shares for diluted earnings per share ('000)	**381,324**	382,975
Earnings per share (in cents per share)		
- Basic	**4.91**	7.73
- Diluted	**4.90**	7.71

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 2017 and 30 June 2016, 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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	**64,414**	70,213	**8,711**	42,700
Short-term bank deposits	**66,346**	29,745	**30,006**	2
	130,760	99,958	**38,717**	42,702

Included in cash and cash equivalents of the Group is an amount of approximately $877,000 (2016: $592,000) 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 2017, short-term bank deposits of $537,000 (2016: $910,000) 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	
	2017	**2016**
	$'000	**$'000**
Cash and bank balances (as above)	**130,760**	99,958
Less: Cash and cash equivalents pledged	**(537)**	(910)
Cash and cash equivalents per consolidated statement of cash flows	**130,223**	99,048

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for the Financial Year Ended 30 June 2017

11. CASH AND CASH EQUIVALENTS (CONTINUED)

Acquisition and disposal of subsidiaries

Please refer to Note 37 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

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:

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

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

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

12. TRADE AND OTHER RECEIVABLES

(a) **Current**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
- Non-related parties	**32,081**	28,355	**-**	-
- Joint venture and associated companies	**6**	5	**1**	-
	32,087	28,360	**1**	-
Less: Allowance for impairment of receivables				
- Non-related parties	**-**	(9)	**-**	-
Trade receivables - net	**32,087**	28,351	**1**	-
Construction contracts (Note 13)				
Due from customers				
- Non-related parties	**27,829**	30,534	**-**	-
Retention sums receivable				
- Non-related parties	**17,948**	18,460	**-**	-
Advances to subsidiaries (i)	**-**	-	**77,702**	88,804
Less: Allowance for impairment	**-**	-	**(27,195)**	(27,453)
	-	-	**50,507**	61,351
Advance to an associated company (ii)	**-**	1,104	**-**	-
Interest receivable	**18**	65	**13**	-
Other receivables	**90**	368	**8**	-
Accrued income	**1,103**	909	**-**	-
	79,075	79,791	**50,529**	61,351

(i) The advances to subsidiaries are unsecured, repayable on demand and interest-free except for an amount of $315,000 (2016: $382,000) which bears interest at an effective interest rate of 0.5% (2016: 0.5%) per annum at the balance sheet date.

(ii) As at 30 June 2016, the advance to an associated company of $1,104,000 was unsecured and bears variable interest rate ranging from 1.93% to 2.63% per annum.

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for the Financial Year Ended 30 June 2017

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) **Non-current**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Construction contracts (Note 13)				
Retention sums receivable				
- Non-related parties	**31,028**	24,429	**-**	-
Advance to a joint venture (i)	**45,000**	-	**-**	-
Less: Allowance for impairment	**(883)**	-	**-**	-
	44,117	-	**-**	-
Advances to subsidiaries (ii)	**-**	-	**117,645**	105,131
Advance to an associated company (iii)	**106**	-	**-**	-
	75,251	24,429	**117,645**	105,131

(i) The advance to a joint venture of $45,000,000 (2016: $Nil) 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, and has accounted for the advance in the consolidated financial statements using the equity method of accounting less impairment losses in accordance with Note 2.3(c). The Group has charged $883,000 (2016: $Nil) of the share of losses in a joint venture to the allowance for impairment of the advance to a joint venture (Note 19).

(ii) The advances to subsidiaries amounting to $117,645,000 (2016: $105,131,000) 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, and has stated them at cost less accumulated impairment loss in accordance with Note 2.11.

Included in the advances to subsidiaries is an amount of $27,065,000 (2016: $27,458,000) that has been subordinated to a bank loan of a subsidiary.

(iii) The advance to an associated company amounting to $106,000 (2016: $Nil) 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 Company's net investment in the associated company, and has stated it at cost less accumulated impairment loss in accordance with Note 2.11.

(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 2017 $'000	Group 2016 $'000
Aggregate contract costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**349,691**	511,648
Less: Progress billings	**(321,862)**	(481,114)
	27,829	30,534
Presented as:		
Due from customers on construction contracts (Note 12)		
- Non-related parties	**27,829**	30,534
Retention sums receivable (Note 12):		
- Current	**17,948**	18,460
- Non-current	**31,028**	24,429
Retention sums payable (Note 24):		
- Current	**7,201**	7,748
- Non-current	**14,963**	12,596

Borrowing costs of approximately $1,000 (2016: $5,000) 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 2017 $'000	Group 2016 $'000
Properties held for sale – at cost	**4,289**	13,633

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

NOTES TO THE FINANCIAL STATEMENTS
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15. DEVELOPMENT PROPERTIES

	Group 2017 $'000	Group 2016 $'000
Properties under construction	**57,073**	56,355

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

(a) Details of the development properties as of 30 June 2017 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	60%/ December 2021
GM7799 Lot 62391 Mukim Cheras, Daerah Hulu Langat, Negeri Selangor	Residential development#	Freehold/ 100%	11,767	-#	-#

* The development property was charged by way of a mortgage in favour of a bank for a bank loan. The bank loan was fully repaid as at 30 June 2016 and the legal mortgage over the development property was discharged during the financial year.

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

(b) Borrowing costs of $Nil (2016: $72,000) 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)

	Group 2017 $'000	Group 2016 $'000
Beginning of financial year	**7,440**	4,684
Fair value gains recognised in other comprehensive income [Note 28(d)]	**282**	-
Addition	**-**	2,756
Disposal	**(80)**	-
End of financial year	**7,642**	7,440

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

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

	Group	
	2017	2016
	$'000	$'000
Unlisted equity investments		
At cost		
- Singapore	**4,684**	4,684
At fair value		
- British Virgin Islands	**2,958**	2,756
	7,642	7,440

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 no recent transactions for these unlisted equity investments and their fair values cannot currently be estimated within a reasonable range using valuation techniques.

17. OTHER ASSETS

(a) **Current**

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deposits	**7,115**	1,637	**555**	520
Prepayments	**269**	256	**-**	-
	7,384	1,893	**555**	520

(b) **Non-current**

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Prepayments	**1,127**	805	**-**	-

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for the Financial Year Ended 30 June 2017

18. CLUB MEMBERSHIPS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cost				
Beginning of financial year	**1,178**	1,119	**847**	822
Additions	**73**	67	**20**	33
Disposals	**(99)**	(8)	**(55)**	(8)
End of financial year	**1,152**	1,178	**812**	847
Accumulated amortisation				
Beginning of financial year	**729**	694	**558**	551
Amortisation charge	**42**	58	**23**	30
Disposals	**(59)**	(23)	**(27)**	(23)
End of financial year	**712**	729	**554**	558
Accumulated impairment				
Beginning of financial year	**116**	96	**37**	40
Impairment charge	**-**	23	**-**	-
Disposals	**(18)**	(3)	**(7)**	(3)
End of financial year	**98**	116	**30**	37
Net book value	**342**	333	**228**	252

19. INVESTMENTS IN JOINT VENTURES

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**1,971**	306
Currency translation differences	**(68)**	-
Acquisition	**321**	1,675
Share of results, net of tax	**(235)**	(10)
End of financial year	**1,989**	1,971

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The share of losses of joint ventures amount to $1,118,000 (2016: $10,000) of which $235,000 (2016: $10,000) is charged to investments in joint ventures and $883,000 (2016: $Nil) 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.

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.

During the financial year ended 30 June 2016, the Group invested a 50% interest in Lum Chang Tien Wah Property Sdn Bhd ("LCTWP") pursuant to a shareholders' agreement entered into for the purpose of a proposed mixed-use development in Malaysia. Under the shareholders' agreement, both parties have joint control over LCTWP, and accordingly, this investment has been accounted for as a joint venture.

The Group has $30,193,000 (2016: $31,815,000) 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.

Set out below are the joint ventures of the Group as at 30 June 2017, 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	
			2017	2016
			%	%
Held by subsidiaries				
Dorado Holdings Pte Ltd and its subsidiaries ("Dorado Group")	Property investment	Singapore	**50**	-
Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	**50**	50

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

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for the Financial Year Ended 30 June 2017

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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.

Summarised financial information for joint ventures

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

Summarised balance sheet

	Dorado Holdings Pte Ltd and its subsidiaries As at 30 June		**Lum Chang Tien Wah Property Sdn Bhd As at 30 June**	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current assets	**6,303**	-	**2,129**	3,349
Includes:				
- Cash and cash equivalents	**5,935**	-	**1,510**	2,191
- Other current assets	**135**	-	**-**	1,158
Current liabilities	**(1,449)**	-	**(63)**	-
Includes:				
- Financial liabilities (excluding trade payables)	**(1,416)**	-	**(63)**	-
- Other current liabilities (including trade payables)	**(33)**	-	**-**	-
Non-current assets	**273,358**	-	**1,340**	-
Non-current liabilities	**(279,978)**	-	**-**	-
Includes:				
- Financial liabilities	**(279,978)**	-	**-**	-
Net (liabilities)/assets	**(1,766)**	-	**3,406**	3,349

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.

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income

	Dorado Holdings Pte Ltd and its subsidiaries		Lum Chang Tien Wah Property Sdn Bhd	
	For the year ended		For the year ended	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Revenue	5,031	-	-	-
Other income	-	-	669	-
Interest income	18	-	7	-
Expenses	(6,815)	-	(1,126)	-
Includes:				
- Depreciation	(12)	-	(324)	-
- Interest expense	(3,432)	-	(646)	-
Total comprehensive loss	(1,766)	-	(450)	-

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:

	2017	2016
	$'000	$'000
Total comprehensive loss	10	10

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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:

	Dorado Holdings Pte Ltd and its subsidiaries		Lum Chang Tien Wah Property Sdn Bhd		Total	
	As at 30 June		As at 30 June		As at 30 June	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Net Assets						
Beginning of financial year	**-**	-	**3,349**	-	**3,349**	-
Shares issued	**-***	-	**642**	-	**642**	-
Acquisition	**-**	-	**-**	3,349	**-**	3,349
Loss for the year	**-#**	-	**(450)**	-	**(450)**	-
Foreign exchange differences	**-**	-	**(135)**	-	**(135)**	-
End of financial year	**-**	-	**3,406**	3,349	**3,406**	3,349
Interest in joint venture (50%)	**-**	-	**1,703**	1,675	**1,703**	1,675
Carrying value	**-**	-	**1,703**	1,675	**1,703**	1,675
Carrying value of individually immaterial joint venture					**286**	296
Carrying value of Group's interest in joint ventures					**1,989**	1,971

* 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.

The share of losses of Dorado Holdings Pte Ltd and its subsidiaries amount to $883,000 (2016: $Nil) during the financial year ended 30 June 2017 of which $50 is charged to investment in joint ventures and remaining amount charged to allowance for impairment on a loan to a joint venture [(Note 12(b)].

20. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**15,044**	4,456
Share of profits, net of tax	**1,012**	14,556
Dividend received	**(4,500)**	(3,700)
Currency translation differences	**(14)**	(268)
End of financial year	**11,542**	15,044

	Company	
	2017	2016
	$'000	$'000
Equity investment at cost	**2,011**	2,011

Set out below are the associated companies of the Group as at 30 June 2017, 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.

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2017	2016
			%	%
Held by the Company				
Unquoted equity shares				
Faith Global Ventures Inc	Investment holding	British Virgin Islands	**22.73**	22.73
Held by subsidiaries				
Unquoted equity shares				
FCL Compassvale Pte Ltd	Property development	Singapore	**20**	20
FCL Admiralty Pte Ltd	Property development	Singapore	**30**	30

Faith Global Ventures Inc is a dormant investment holding company.

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20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	**3,059**	3,130	**49,228**	71,822	**9,707**	70	**61,994**	75,022
Includes:								
- Cash and cash equivalents	**3,059**	3,130	**25,703**	12,294	**226**	70	**28,988**	15,494
Current liabilities	**(1,029)**	(1,918)	**(19,718)**	(27,903)	**(10,054)**	-	**(30,801)**	(29,821)
Includes:								
- Financial liabilities (excluding trade payables)	**(1)**	(6)	**-**	(3,680)	**-**	-	**(1)**	(3,686)
Non-current assets	**-**	-	**-**	-	**10,400**	7,090	**10,400**	7,090
Non-current liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Net assets	**2,030**	1,212	**29,510**	43,919	**10,053**	7,160	**41,593**	52,291

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	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**-**	-	**3,442**	363,000	**-**	-	**3,442**	363,000
Interest income	**-**	80	**61**	43	**-**	-	**61**	123
Expenses								
Includes:								
- Interest expense	**-**	-	**(36)**	(377)	**-**	-	**(36)**	(377)
Profit before income tax	**818**	5,736	**618**	62,487	**2,956**	52	**4,392**	68,275
Income tax credit/(expense)	**-**	1,105	**(27)**	(10,160)	**-**	-	**(27)**	(9,055)
Total comprehensive income	**818**	6,841	**591**	52,327	**2,956**	52	**4,365**	59,220
Dividends distributed	**-**	(18,500)	**(15,000)**	-	**-**	-	**(15,000)**	(18,500)

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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 As at 30 June		FCL Admiralty Pte Ltd As at 30 June		Faith Global Ventures Inc As at 30 June		Total As at 30 June	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Net Assets								
Beginning of financial year	**1,212**	12,871	**43,919**	(8,408)	**7,160**	7,996	**52,291**	12,459
Shares issued	**-**	-	**-**	-	**-**	272	**-**	272
Profit for the year	**818**	6,841	**591**	52,327	**2,956**	52	**4,365**	59,220
Foreign exchange differences	**-**	-	**-**	-	**(63)**	(1,160)	**(63)**	(1,160)
Dividends distributed	**-**	(18,500)	**(15,000)**	-	**-**	-	**(15,000)**	(18,500)
End of financial year	**2,030**	1,212	**29,510**	43,919	**10,053**	7,160	**41,593**	52,291
Interest in associated companies [20%;30%;22.73% (2016: 20%; 30%; 22.73%)]	**406**	242	**8,853**	13,175	**2,285**	1,627	**11,544**	15,044
Carrying value	**406**	242	**8,853**	13,175	**2,285**	1,627	**11,544**	15,044
Carrying value of individually immaterial associated companies, in aggregate							**(2)**	-
Carrying value of Group's interest in associated companies							**11,542**	15,044

21. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 $'000	**2016 $'000**
Equity investment at cost	**97,173**	65,494
Less: Allowance for impairment losses	**(31,062)**	(31,865)
	66,111	33,629

Details of subsidiaries are provided in Note 40.

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

	UK Property Investment Pte Ltd and its subsidiaries $'000	Wembley Properties Pte Ltd and its subsidiaries $'000	Lum Chang (Suzhou) Investments Pte Ltd $'000
As at 30 June 2017			
Current			
Assets	5,667	4,254	28
Liabilities	(2,679)	(524)	(624)
Total current net assets/(liabilities)	2,988	3,730	(596)
Non-current			
Assets	95,944	48,010	3,184
Liabilities	(93,813)	(6,265)	-
Total non-current net assets	2,131	41,745	3,184
Net assets	5,119	45,475	2,588
Non-controlling interests' share of net assets in subsidiaries (30%; 30%; 49%)	**1,536**	**13,643**	**1,268**
As at 30 June 2016			
Current			
Assets	4,784	324	29
Liabilities	(14,562)	(22)	(754)
Total current net (liabilities)/assets	(9,778)	302	(725)
Non-current			
Assets	96,430	46,308	3,184
Liabilities	(84,083)	(48,958)	-
Total non-current net assets/(liabilities)	12,347	(2,650)	3,184
Net assets/(liabilities)	2,569	(2,348)	2,459
Non-controlling interests' share of net assets/(liabilities) in subsidiaries (30%; 30%; 49%)	771	(705)	1,205

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 30 June 2017

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised income statement

	UK Property Investment Pte Ltd and its subsidiaries $'000	Wembley Properties Pte Ltd and its subsidiaries $'000	Lum Chang (Suzhou) Investments Pte Ltd $'000
For the year ended 30 June 2017			
Revenue	3,730	406	138
Profit/(loss) before income tax	2,679	(437)	129
Income tax expense	(122)	(96)	-
Post-tax profit/(loss)	2,557	(533)	129
Other comprehensive (loss)/income	(7)	105	-
Total comprehensive income/(loss)	2,550	(428)	129
Total comprehensive income/(loss) allocated to non-controlling interests	765	(128)	63
For the year ended 30 June 2016			
Revenue	3,562	402	138
Profit/(loss) before income tax	2,309	(2,650)	128
Income tax expense	(116)	-	-
Post-tax profit/(loss)	2,193	(2,650)	128
Other comprehensive (loss)/income	(350)	302	-
Total comprehensive income/(loss)	1,843	(2,348)	128
Total comprehensive income/(loss) allocated to non-controlling interests	553	(704)	63

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
Cash flows from operating activities			
Cash generated from/(used in) operations	1,910	122	(6)
Income tax paid	(158)	(34)	-
Net cash generated from/ (used in) operating activities	1,752	88	(6)
Net cash (used in)/generated from investing activities	-	(2,723)	138
Net cash (used in)/generated from financing activities	(2,487)	6,265	(133)
Net (decrease)/increase in cash and cash equivalents	(735)	3,630	(1)
Cash and cash equivalents at beginning of year	3,809	312	29
Cash and cash equivalents at end of year	3,074	3,942	28

22. INVESTMENT PROPERTIES

	Group	
	2017 $'000	**2016 $'000**
Beginning of financial year	**220,028**	200,433
Capitalisation of expenditure for re-development of investment property	**2,723**	-
Acquisition of business/subsidiary (Note 37)	**-**	54,998
Disposal of subsidiary (Note 11)	**(47,925)**	-
Fair value losses recognised in profit or loss [Note 5(b)]	**(300)**	(2,907)
Currency translation differences	**(3,143)**	(32,496)
End of financial year	**171,383**	220,028

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

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

(b) At 30 June 2017, certain investment properties with total carrying value of $120,013,000 (2016: $185,085,000) 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	
	2017	**2016**
	$'000	**$'000**
Rental income	**6,228**	7,107
Fair value losses recognised in profit or loss	**(300)**	(2,907)
Direct operating expenses arising from:		
- Investment properties that generated rental income	**(846)**	(839)

22. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy

Description	Fair value measurements using significant unobservable inputs (Level 3) $'000
Recurring fair value measurements	
30 June 2017	
Singapore:	
- Light industrial building	24,069
- Ground floor shop unit	3,360
United Kingdom:	
- Office building	95,944
- Warehouse	48,010
Recurring fair value measurements	
30 June 2016	
Singapore:	
- Light industrial building	24,899
- Ground floor shop unit	3,360
United Kingdom:	
- Hotel	49,032
- Office building	96,429
- Warehouse	46,308

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 2017

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 Capitalisation Method where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.

(iii) 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.

(iv) 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 2017:

Description	Fair value at 30 June 2017 ($'000)	Fair value at 30 June 2016 ($'000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Singapore						
Light industrial building	24,069	24,899	Direct Market Comparison Method	Adopted value per square meter of net lettable area	$6,780 per sq. m. (2016: $7,000 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. (2016: $26,880 per sq. m.)	The higher the adopted value, the higher the fair value
United Kingdom						
Hotel	-	49,032	Income Capitalisation Method	Capitalisation rate	NA# (2016: 5%)	The lower the capitalisation rate, the higher the fair value
Office building	95,944	96,429	Income and Comparison Method	Estimated rental value per square feet of net lettable area	$76 to $103 per square feet (2016: $100 to $104 per square feet)	The higher the estimated rental value, the higher the fair value
				Yield rate	4.85% (2016: 5%)	The lower the yield rate, the higher the fair value

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

NA denotes not applicable

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

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 2017 ($'000)	Fair value at 30 June 2016 ($'000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
United Kingdom						
Warehouse	48,010	46,308	FY2017: Residual Valuation Method	Total gross development value	$238,063,000	The higher the total gross development value, the higher the fair value
				Total estimated cost to completion	$165,420,000	The lower the total estimated cost to completion, the higher the fair value
			FY2016: Direct Market Comparison Method	Adopted value per acre of site area	$18,231,496 per acre	The higher the adopted value, the higher the fair value
Total	**171,383**	**220,028**				

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

For the financial year ended 30 June 2017, there was a change in valuation technique during the financial year from using the Direct Market Comparison method to the Residual Valuation method for one of the Group's investment properties. Management is of the view that the change results in fair value measurement which is more representative of management's intention to redevelop the property into a mixed development comprising of student accommodation and serviced apartments.

23. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings $'000	Plant and machinery $'000	Furniture, office equipment and fittings $'000	Motor vehicles $'000	Total $'000
Group					
2017					
Cost					
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
Accumulated depreciation and impairment losses					
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
Net book value					
End of financial year	**18,442**	**4,246**	**1,202**	**2,894**	**26,784**
2016					
Cost					
Beginning of financial year	23,004	18,441	7,288	5,335	54,068
Currency translation differences	-	-	(20)	(23)	(43)
Additions	-	1,331	169	787	2,287
Disposals	-	(1,367)	(264)	(674)	(2,305)
End of financial year	23,004	18,405	7,173	5,425	54,007
Accumulated depreciation and impairment losses					
Beginning of financial year	2,685	9,930	4,035	2,042	18,692
Currency translation differences	-	-	(20)	(12)	(32)
Depreciation charge (Note 6)	938	2,899	1,276	648	5,761
Disposals	-	(972)	(255)	(339)	(1,566)
End of financial year	3,623	11,857	5,036	2,339	22,855
Net book value					
End of financial year	**19,381**	**6,548**	**2,137**	**3,086**	**31,152**

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, office equipment and fittings $'000	Motor vehicles $'000	Total $'000
Company			
2017			
Cost			
Beginning of financial year	393	1,904	2,297
Additions	21	-	21
End of financial year	414	1,904	2,318
Accumulated depreciation			
Beginning of financial year	276	657	933
Depreciation charge	67	215	282
End of financial year	343	872	1,215
Net book value			
End of financial year	**71**	**1,032**	**1,103**
2016			
Cost			
Beginning of financial year	420	1,705	2,125
Additions	11	466	477
Disposals	(38)	(267)	(305)
End of financial year	393	1,904	2,297
Accumulated depreciation			
Beginning of financial year	237	524	761
Depreciation charge	69	236	305
Disposals	(30)	(103)	(133)
End of financial year	276	657	933
Net book value			
End of financial year	**117**	**1,247**	**1,364**

(a) Included in additions of the Group are motor vehicles acquired under finance leases (Note 26) amounting to $Nil (2016: $297,000). As at 30 June 2017, the Group has motor vehicles acquired under finance leases with a net book value of $138,000 (2016: $470,000).

Included in additions of the Company are motor vehicles acquired under finance leases (Note 26) amounting to $Nil (2016: $200,000). As at 30 June 2017, the Company has motor vehicles under finance leases with a net book value of approximately $83,000 (2016: $112,000).

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) An amount of $2,966,000 (2016: $2,775,000) 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 $13,873,000 (2016: $14,263,000) as at 30 June 2017 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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables				
- Non-related parties	**131,940**	109,460	**112**	-
Construction contracts (Note 13)				
Retention sums payable	**7,201**	7,748	**-**	-
Development projects				
Retention sums payable	**1,472**	854	**-**	-
Loans and advances from:				
- Subsidiaries (c)	**-**	-	**123,316**	88,615
- Non-controlling shareholders of subsidiaries (d)	**303**	12,135	**-**	-
- Associated company (c)	**7,007**	-	**2,207**	-
Accruals for development costs	**150**	-	**-**	-
Accruals for operating expenses	**6,493**	7,011	**1,016**	2,250
Other payables	**6,193**	7,054	**258**	306
Deposits	**822**	1,213	**-**	-
Advances received	**12,188**	58	**-**	-
Rent received in advance	**1,202**	967	**-**	-
Loan interest payable	**950**	1,126	**716**	688
Unclaimed dividends	**42**	42	**42**	42
	175,963	147,668	**127,667**	91,901

NOTES TO THE FINANCIAL STATEMENTS
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24. TRADE AND OTHER PAYABLES (CONTINUED)

(b) **Non-current**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Deposits	**296**	-	**-**	-
Construction contracts (Note 13)				
Retention sums payable	**14,963**	12,596	**-**	-
Development projects				
Retention sums payable	**762**	1,353	**-**	-
Loans from non-controlling shareholders of subsidiaries (e)	**13,479**	14,710	**-**	-
	29,500	28,659	**-**	-

(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 $303,000 (2016: $366,000) which bears interest at an effective interest rate of 0.5% (2016: 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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Bank loans	**23,621**	2,465	**-**	-
Finance lease liabilities (Note 26)	**40**	76	**26**	25
	23,661	2,541	**26**	25
Non-current				
Bank loans	**55,149**	108,555	**-**	-
Finance lease liabilities (Note 26)	**62**	103	**36**	62
Medium term notes, net of transaction costs	**49,802**	49,694	**49,802**	49,694
	105,013	158,352	**49,838**	49,756
Total borrowings	**128,674**	160,893	**49,864**	49,781

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

(a) **Security granted**

Total borrowings as at 30 June 2017 included the following:

(i) Certain revolving and term loans amounting to $78,770,000 (2016: $111,020,000) are secured by one of the Group's investment property (Note 22), a leasehold building (Note 23) and the assignment of sales and rental proceeds and insurance policies relating to the properties.

(ii) 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.

(b) **Fair value of non-current borrowings**

At the balance sheet date, the carrying amounts of borrowings approximate their fair values.

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for the Financial Year Ended 30 June 2017

26. FINANCE LEASE LIABILITIES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Minimum lease payments due:				
- not later than 1 year	**83**	82	**64**	28
- between 1 and 5 years	**25**	110	**-**	64
	108	192	**64**	92
Less: Future finance charges	**(6)**	(13)	**(2)**	(5)
Present value of lease liabilities	**102**	179	**62**	87
The present value of finance lease liabilities are analysed as follows:				
- not later than 1 year (Note 25)	**40**	76	**26**	25
- between 1 and 5 years (Note 25)	**62**	103	**36**	62
	102	179	**62**	87

Finance leases are in respect of motor vehicles (2016: 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**
Group and Company				
2017				
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)**
2016				
Beginning of financial year	385,030	(826)	86,604	(253)
Shares issued	-	(6,323)	-	(2,336)
Treasury shares reissued	-	2,810	(8)	1,004
End of financial year	**385,030**	**(4,339)**	**86,596**	**(1,585)**

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary 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 year.

27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(a) **Treasury shares**

During the financial year, the Company acquired nil (2016: 6,323,300) shares in the Company in the open market. The total amount paid to acquire the shares was approximately $Nil (2016: $2,336,000) and this was presented as a component within shareholders' equity.

During the financial year ended 30 June 2017, 850,000 (2016: 2,810,000) treasury shares of the Company were reissued pursuant to the Option Scheme 2007 for a total cash consideration of $251,000 (2016: $832,000) upon the exercise of options by:

Holders of	No. of ordinary shares 2017	2016	Exercise price $
2010 Options	**-**	180,000	0.28
2011 Options	**25,000**	750,000	0.29
2012 Options	**415,000**	740,000	0.27
2013 Options	**410,000**	1,140,000	0.32
	850,000	2,810,000	

The cost of treasury shares reissued amounted to $312,000 (2016: $1,004,000). 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 year.

NOTES TO THE FINANCIAL STATEMENTS

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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						
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year	Exercise price	Exercise Period
Group and Company							
2017							
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
	3,850,000	-	(365,000)	(850,000)	2,635,000		
2016							
2013 Options	4,135,000	-	(320,000)	(1,140,000)	2,675,000	$0.32	21.09.2015 to 20.09.2018
2012 Options	1,600,000	-	(45,000)	(740,000)	815,000	$0.27	28.07.2014 to 27.07.2017
2011 Options	1,130,000	-	(20,000)	(750,000)	360,000	$0.29	23.07.2012 to 21.07.2016
2010 Options	800,000	-	(620,000)	(180,000)	-	$0.28	25.07.2011 to 23.07.2015
	7,665,000	-	(1,005,000)	(2,810,000)	3,850,000		

Out of the unexercised options for 2,635,000 (2016: 3,850,000) shares, options for 2,635,000 (2016: 3,850,000) shares are exercisable at the balance sheet date. Options exercised during the financial year ended 30 June 2017 resulted in nil (2016: 180,000), 25,000 (2016: 750,000), 415,000 (2016: 740,000) and 410,000 (2016: 1,140,000) treasury shares being reissued at the exercise price of $0.28, $0.29, $0.27 and $0.32 per share respectively. The weighted average share price during the year was $0.36 (2016: $0.37) per share.

There were no options granted during the financial years ended 30 June 2017 and 30 June 2016.

28. CAPITAL AND OTHER RESERVES

		Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
(a)	**Composition**				
	Capital reserves	**19,131**	19,131	**2,800**	2,800
	Share option reserve	**424**	468	**424**	468
	Fair value reserve	**282**	-	**-**	-
	Foreign currency translation reserve	**(23,146)**	(18,529)	**-**	-
	Capital redemption reserve	**229**	229	**-**	-
		(3,080)	1,299	**3,224**	3,268
(b)	**Movement in capital reserves**				
	Beginning and end of financial year	**19,131**	19,131	**2,800**	2,800

The capital reserves arise mainly from negative goodwill on the acquisition of subsidiaries and capitalisation of retained profits of subsidiaries.

		Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
(c)	**Movement in share option reserve**				
	Beginning of financial year	**468**	629	**468**	629
	Employee share option scheme				
	- Value of employee services (Note 7)	**-**	4	**-**	4
	- Treasury shares reissued on exercise of share options	**(44)**	(165)	**(44)**	(165)
	End of financial year	**424**	468	**424**	468
(d)	**Movement in fair value reserve**				
	Beginning of financial year	**-**	-	**-**	-
	Fair value gains (Note 16)	**282**	-	**-**	-
	End of financial year	**282**	-	**-**	-
(e)	**Movement in foreign currency translation reserve**				
	Beginning of financial year	**(18,529)**	224	**-**	-
	Net currency translation differences of financial statements of foreign subsidiaries, joint ventures and associated companies	**(4,745)**	(18,555)	**-**	-
	Reclassification on repayment of quasi-equity loans	**158**	(212)	**-**	-
	Less: Non-controlling interests	**(30)**	14	**-**	-
	End of financial year	**(23,146)**	(18,529)	**-**	-

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for the Financial Year Ended 30 June 2017

28. CAPITAL AND OTHER RESERVES (CONTINUED)

		Group		Company	
		2017	**2016**	**2017**	**2016**
		$'000	**$'000**	**$'000**	**$'000**
(f)	**Movement in capital redemption reserve**				
	Beginning of financial year	**229**	179	**-**	-
	Transfer of reserves	**-**	50	**-**	-
	End of financial year	**229**	229	**-**	-

During the financial year ended 30 June 2016, wholly-owned Malaysian subsidiaries of the Group redeemed their Class "B" redeemable non-cumulative preference shares out of profits. When the shares were redeemed, an amount which is not available for distribution as dividends to the shareholder was transferred from retained profits to capital redemption reserve as required by the Malaysia Companies Act.

(g) All capital and other reserves are non-distributable.

29. NON-CONTROLLING INTERESTS

	Group	
	2017	**2016**
	$'000	**$'000**
Beginning of financial year	**1,271**	1,359
Profit/(loss) for the financial year	**670**	(74)
Other comprehensive income/(loss)	**30**	(14)
Capital contribution by a non-controlling interest	**14,476**	-
End of financial year	**16,447**	1,271

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 (2016: $Nil) and $14,476,000 (2016: $Nil) 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 $9,304,000 (2016: $13,016,000). Retained profits of the Company are distributable.

(b) **Company**

Movements in retained profits of the Company are as follows:

	Company	
	2017	**2016**
	$'000	**$'000**
Beginning of financial year	**16,977**	16,376
(Loss)/profit for the financial year	**(238)**	8,254
Dividends paid (Note 31)	**(5,902)**	(7,653)
End of financial year	**10,837**	16,977

31. DIVIDENDS

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Interim dividend of 0.3 cents (2016: 0.75 cents) per ordinary share, paid in respect of the financial year ended 30 June 2017 (2016: 30 June 2016)	**1,141**	2,848
Final dividend of 1.25 cents (2016: 1.25 cents) per ordinary share, paid in respect of the financial year ended 30 June 2016 (2016: 30 June 2015)	**4,761**	4,805
Total dividends paid	**5,902**	7,653

The directors have proposed a final dividend for 2017 of 1.2 cents per share, amounting to approximately $4,578,000. 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 2018.

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for the Financial Year Ended 30 June 2017

32. CONTINGENCIES

Guarantees (unsecured)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Financial guarantees given to banks and finance companies in connection with facilities given to subsidiaries	**-**	-	**126,186**	94,509
Financial guarantees given to banks and finance companies in connection with facilities given to joint ventures	**95,265**	-	**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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'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	**9,163**	6,454	**-**	-
Investment commitments	**5,451**	5,331	**-**	-
Purchase of property, plant and equipment	**280**	-	**280**	-
	14,894	11,785	**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:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	**165**	4	**503**	503
Between 1 and 5 years	**-**	-	**330**	833
	165	4	**833**	1,336

(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:

	Group	
	2017	**2016**
	$'000	**$'000**
Not later than 1 year	**5,937**	6,354
Between 1 and 5 years	**14,723**	14,960
Later than 5 years	**10,135**	11,432
	30,795	32,746

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for the Financial Year Ended 30 June 2017

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 two debtors (2016: two debtors) that individually represented 17% to 57% (2016: 34% to 37%) of trade receivables.

The construction contracts due from customers of the Group comprise three debtors (2016: three debtors) that individually represented 12% to 70% (2016: 20% to 41%) of construction contract due from customers.

The retention sums receivable of the Group comprise three debtors (2016: seven debtors) that individually represented 13% to 50% (2016: 8% to 21%) 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:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
By types of customers				
Associated and joint venture companies	**6**	5	**1**	-
Non-related parties	**108,887**	101,769	**-**	-
	108,893	101,774	**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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Past due less than 3 months	**908**	905	**-**	-
Past due 3 to 6 months	**-**	-	**-**	-
Past due over 6 months	**-**	24	**-**	-

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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
Gross amount	**-**	9	**-**	-
Less: Allowance for impairment	**-**	(9)	**-**	-
	-	-	**-**	-
Other receivables				
Gross amount	**-**	-	**27,195**	27,453
Less: Allowance for impairment	**-**	-	**(27,195)**	(27,453)
	-	-	**-**	-
Total	**-**	-	**-**	-
Beginning of financial year	**9**	9	**27,453**	27,852
Allowance made	**(9)**	-	**-**	-
Allowance written back	**-**	-	**(258)**	(399)
End of financial year	**-**	9	**27,195**	27,453

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for the Financial Year Ended 30 June 2017

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
Group				
At 30 June 2017				
Trade and other payables	**162,573**	**17,900**	**11,600**	**192,073**
Borrowings	**28,415**	**110,416**	**-**	**138,831**
Financial guarantee contracts	**95,265**	**-**	**-**	**95,265**
At 30 June 2016				
Trade and other payables	146,643	28,659	-	175,302
Borrowings	8,380	170,461	-	178,841
Company				
At 30 June 2017				
Trade and other payables	**127,667**	**-**	**-**	**127,667**
Borrowings	**2,776**	**52,078**	**-**	**54,854**
Financial guarantee contracts	**221,451**	**-**	**-**	**221,451**
At 30 June 2016				
Trade and other payables	91,901	-	-	91,901
Borrowings	2,778	54,856	-	57,634
Financial guarantee contracts	94,509	-	-	94,509

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:

	Group		Company	
	RM	**GBP**	**RM**	**GBP**
	$'000	**$'000**	**$'000**	**$'000**
At 30 June 2017				
Financial assets				
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	-	-	-
	32,087	80,746	37	2,777
Financial liabilities				
Borrowings	(40)	(56,020)	-	-
Trade and other payables, excluding construction contracts and development projects	(10,952)	(17,737)	-	(2,228)
Intercompany payables	(493)	(67,521)	-	-
	(11,485)	(141,278)	-	(2,228)
Net financial assets/(liabilities)	**20,602**	**(60,532)**	**37**	**549**
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(10,903)	61,363	-	-
Currency exposure	**9,699**	**831**	**37**	**549**

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for the Financial Year Ended 30 June 2017

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**
At 30 June 2016				
Financial assets				
Cash and cash equivalents	13,672	18,491	45	12,127
Trade and other receivables	5,825	987	-	20,716
Intercompany receivables	6,646	85,850	-	-
Other financial assets	461	-	-	-
	26,604	105,328	45	32,843
Financial liabilities				
Borrowings	(59)	(87,330)	-	-
Trade and other payables, excluding construction contracts and development projects	(14,347)	(28,673)	-	-
Intercompany payables	(6,646)	(85,850)	-	-
	(21,052)	(201,853)	-	-
Net financial assets/(liabilities)	**5,552**	**(96,525)**	**45**	**32,843**
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(5,503)	129,368	-	-
Currency exposure	**49**	**32,843**	**45**	**32,843**

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% (2016: 4%) and the GBP changes against the SGD by 5% (2016: 6%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit after tax	
	2017 $'000	**2016 $'000**
Group		
RM against SGD		
- strengthened	**322**	2
- weakened	**(322)**	(2)
GBP against SGD		
- strengthened	**34**	1,636
- weakened	**(34)**	(1,636)
Company		
RM against SGD		
- strengthened	**1**	1
- weakened	**(1)**	(1)
GBP against SGD		
- strengthened	**23**	1,636
- weakened	**(23)**	(1,636)

(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.

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for the Financial Year Ended 30 June 2017

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% (2016: 1.0%) and the GBP interest rates increases/decreases by 0.5% (2016: 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 $386,000 (2016: $813,000) and $7,000 (2016: $246,000) 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				
	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	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 30 June 2017	**78,770**	**-**	**-**	**21**	**19**	**49,864**	**-**	**128,674**
At 30 June 2016	111,020	-	-	42	9	49,822	-	160,893
Company								
At 30 June 2017	**-**	**-**	**-**	**13**	**13**	**49,838**	**-**	**49,864**
At 30 June 2016	-	-	-	-	-	49,781	-	49,781

(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% (2016: 100% to 150%). The Group's and the Company's strategies, which were unchanged from 2016, 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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(d) **Capital risk** (continued)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Net debt	**(1,549)**	61,845	**11,147**	7,079
Total equity	**237,385**	213,498	**99,367**	105,256
Gearing ratio	**(1%)**	29%	**11%**	7%

As at 30 June 2017, the Group's gearing ratio is negative 1% as it has more cash and cash equivalents than its borrowings. The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2017 and 2016.

(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:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	**292,201**	205,815	**89,801**	104,573
Financial liabilities at amortised cost	**320,747**	336,195	**177,531**	141,682

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

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	
	2017	**2016**
	$'000	**$'000**
Joint ventures and associated companies		
Management services fees	**208**	18
Project management fees	**356**	-
Interest income on advances to associated companies	**11**	390

Outstanding balances at 30 June 2017, 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	
	2017	**2016**
	$'000	**$'000**
Salaries and other short-term employee benefits	**7,234**	7,754
Post-employment benefits – contribution to CPF	**116**	108
Share option expense	**-**	5
	7,350	7,867

Included in above is total remuneration to directors of the Company amounting to $4,140,000 (2016: $5,013,000).

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 segment information provided to the Exco for the reportable segments for the financial years ended 30 June 2017 and 30 June 2016 are as follows:

	Construction	Property development and investment	Investment holding and others	Total
	$'000	$'000	$'000	$'000
Financial year ended 30 June 2017				
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
Segment results	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)
Net profit				19,367
Segment results include:				
Interest income	288	153	85	526
Depreciation of property, plant and equipment	(3,746)	(1,239)	(282)	(5,267)
Interest expense	-	(2,693)	(2,958)	(5,651)
Share of losses of associated companies and joint venture	(10)	(94)	(2)	(106)
Income tax expense	(3,766)	(652)	-	(4,418)

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for the Financial Year Ended 30 June 2017

36. SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Total $'000
Financial year ended 30 June 2016				
Revenue from external customers	352,681	73,248	190	426,119
Inter-segment revenue	-	1,906	27,870	29,776
	352,681	75,154	28,060	455,895
Elimination				(29,776)
Revenue				426,119
Segment results	17,896	28,198	19,876	65,970
Elimination				(24,835)
				41,135
Finance expense				(5,034)
Profit before income tax				36,101
Income tax expense				(6,653)
Net profit				29,448
Segment results include:				
Interest income	121	469	101	691
Depreciation of property, plant and equipment	(4,238)	(1,218)	(305)	(5,761)
Interest expense	(3)	(3,625)	(1,388)	(5,016)
Share of (losses)/profits of associated companies and joint venture	(10)	14,556	-	14,546
Income tax expense	(2,760)	(3,873)	(20)	(6,653)

36. SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Elimination $'000	Total $'000
As at 30 June 2017					
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
Segment assets include:					
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)
As at 30 June 2016					
Segment assets	151,064	351,629	52,646	(2,507)	552,832
Tax recoverable					908
Deferred income tax assets					1,552
Consolidated total assets					555,292
Segment assets include:					
Investment in associates and joint ventures	296	16,719	-	-	17,015
Capital expenditure on property, plant and equipment	1,626	183	478	-	2,287
Segment liabilities	(129,066)	(43,869)	(3,672)	280	(176,327)
Borrowings					(160,893)
Deferred income tax liabilities and current income tax liabilities					(4,574)
Consolidated total liabilities					(341,794)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

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.

	Total sales		Non-current assets*	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**351,766**	354,101	**55,541**	60,356
Malaysia	**12,284**	66,177	**141**	192
United Kingdom	**4,972**	5,841	**143,954**	191,770
	369,022	426,119	**199,636**	252,318
Investment in associated companies and joint venture			**13,531**	17,015
			213,167	269,333

* Non-current assets exclude financial instruments and deferred tax assets.

37. BUSINESS COMBINATIONS

Acquisition of Kelaty House in the previous financial year

In the previous financial year, the Group entered into a sale and purchase agreement with UKI (Wembley) Limited to acquire the property, Kelaty House, which is located at First Way, Wembley HA9 0JD, London.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	2016
	$'000
Purchase consideration - cash paid	38,499
Consideration transferred for the business	38,499

(b) Effect on cash flows of the Group

Cash paid (as above)	38,499
Cash outflow on acquisition	38,499

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 30 June 2017

37. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Kelaty House in the previous financial year (continued)

(c) Identifiable assets acquired and liabilities assumed

	2016 At fair value $'000
Investment property	54,998
Total assets	54,998
Total identifiable net assets	54,998
Less: Non-controlling interest at 30%	(16,499)
Consideration transferred for the business	38,499

Non-controlling interest comprise the following:	2016 $'000
Shareholder's loan included in trade and other payables	16,499
Share capital included in equity	-*
	16,499

* The non-controlling interest has contributed a total amount of $5 in the form of share capital which is included in equity.

(d) Acquisition-related costs

Acquisition-related costs of $2,743,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Non-controlling interest

The non-controlling interest relates to interest held by Sin Heng Chan (1960) Pte Ltd, a company incorporated in Singapore. The funds provided by non-controlling interest comprise $5 in capital and $16,499,000 in the form of shareholder's loan.

(f) Revenue and profit contribution

The acquired business contributed revenue of $402,000 and net loss of $2,616,000 to the Group from the period from 28 August 2015 to 30 June 2016.

Had Kelaty House been consolidated from 1 July 2015, consolidated revenue and consolidated loss for the year ended 30 June 2016 would have been $478,000 and $2,547,000 respectively.

38. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 18 August 2017, a wholly owned subsidiary of the Group, Lum Chang Auriga Pte. Ltd., obtained approval from the Strata Title Board for the collective sale of all 13 strata units and common areas in the freehold residential property known as One Tree Hill Gardens, located at 12 One Tree Hill, Singapore (the "Property") for a consideration of $65,000,000 from the owners of the Property. The Group plans to re-develop the property into landed homes for sale, comprising a mix of semi-detached and detached houses.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2017 or later periods and which the Group has not early adopted:

- FRS 115 *Revenue from Contracts with Customers*
  (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It 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 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.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements.

  At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessment of the impact over the next twelve months.

- FRS 109 *Financial Instruments*
  (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- FRS 109 *Financial Instruments* (continued)

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss.

  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 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.

  The new standard is not expected to have any significant impact on the financial statements of the Group.

- 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.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $165,000 (Note 33(b)). However, the Group has yet to determine to what extent these commitments 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.

  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.

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 2017 %	Effective equity interest held by Group 2016 %
	Held by the Company				
	Unquoted equity shares				
[1]	Lum Chang Asia Pacific Pte Ltd	Investment holding	Singapore	**100**	100
[1]	Lum Chang Corporation Pte Ltd	Investment holding	Singapore	**100**	100
[1]	Lum Chang Properties Ltd	Investment holding	Singapore	**100**	100
[1]	Lum Chang (Suzhou) Investments Pte Ltd	Investment holding	Singapore	**51**	51
[2]	Nexus Sdn Bhd	Dormant	Malaysia	**100**	100
[2]	Urban Assignment Sdn Bhd	Dormant	Malaysia	**100**	100
[1]	Binjai Holdings Pte Ltd	Investment holding	Singapore	**100**	100
[1]	Kemensah Holdings Pte Ltd	Investment holding	Singapore	**100**	100
[8]	Lum Chang Realty Pte Ltd	In member's voluntary liquidation	Singapore	**100**	100
[8]	Lum Chang Orion Pte Ltd	In member's voluntary liquidation	Singapore	**100**	100
[3]	Twin Palms Development Sdn Bhd	Property development	Malaysia	**100**	100
[1]	UK Property Investment Pte Ltd	Investment holding	Singapore	**70**	70
[1]	Wembley Properties Pte Ltd	Investment holding	Singapore	**70**	70
[1]	Tucana Investments Pte Ltd	Investment holding	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

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 2017 %	2016 %
	Held by subsidiaries				
	Unquoted equity shares				
1	Lum Chang Auriga Pte Ltd (formerly known as Boon Lay Executive Condominiums Pte Ltd)	Property development	Singapore	**100**	100
1	Lum Chang Property Investments Pte Ltd	Property investment	Singapore	**100**	100
1	Lum Chang Building Contractors Pte Ltd	Building construction	Singapore	**100**	100
4	Lum Chang Sdn Bhd	Dormant	Malaysia	**100**	100
2	Uptown Viewpoint Sdn Bhd	Dormant	Malaysia	**100**	100
3	Venus Capital Corporation Sdn Bhd	Property development	Malaysia	**100**	100
3	Fabulous Range Sdn Bhd	Property development	Malaysia	**100**	100
8	Sungei Long Holdings Pte Ltd	In member's voluntary liquidation	Singapore	**100**	100
6	Pembridge Palace Holdco Limited	Investment holding	Jersey, Channel Islands	**-**	100
6	Pembridge Palace Propco Limited	Property investment	Jersey, Channel Islands	**-**	100
6	130 WS Holdings Limited	Investment holding	Jersey, Channel Islands	**70**	70
6	130 WS Investments Limited	Investment holding	Jersey, Channel Islands	**70**	70
6	130 Wood Street Unit Trust	Property investment	Jersey, Channel Islands	**70**	70
6	Kelaty Holdings Limited	Investment holding	Jersey, Channel Islands	**70**	70
6	Kelaty Propco Limited	Property investment	Jersey, Channel Islands	**70**	70
6	Kelaty Leaseco Limited	Property investment	Jersey, Channel Islands	**70**	70
6	Lum Chang Development Services Limited	Property management and technical consultancy	England and Wales	**100**	-

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 2017 %	2016 %
	Held by the Company				
	Unquoted equity shares				
9	Faith Global Ventures Inc	Investment holding	British Virgin Islands	**22.73**	22.73
	Held by subsidiaries				
	Unquoted equity shares				
11	FCL Compassvale Pte Ltd	Property development	Singapore	**20**	20
11	FCL Admiralty Pte Ltd	Property development	Singapore	**30**	30
1	Pavo Holdings Pte Ltd	Investment holding	Singapore	**40**	-

(c) The joint ventures are as follows:

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group 2017 %	2016 %
	Held by subsidiaries				
1	Dorado Holdings Pte Ltd	Investment holding	Singapore	**50**	-
12	Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	**50**	50
5,7	Nishimatsu – Lum Chang JV	Dormant	Singapore	**50**	50
	Subsidiaries held by joint venture Dorado Holdings Pte Ltd				
1	Columba Holdings Pte Ltd	Investment holding	Singapore	**50**	-
1	Corwin Holding Pte Ltd	Property investment	Singapore	**50**	-
10	Dorado Retail Holdco Pte Ltd	Investment holding	Singapore	**50**	-
10	Dorado Retail Pte Ltd	Dormant	Singapore	**50**	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

40. COMPANIES IN THE GROUP (CONTINUED)

[1] Audited by PricewaterhouseCoopers LLP, Singapore.

[2] Audited by LT Lim & Associates, Malaysia.

[3] Audited by PricewaterhouseCoopers, Malaysia.

[4] Audited by S Y Kwong, Foong & Co., Malaysia.

[5] Unincorporated jointly – controlled partnerships.

[6] Audited by PricewaterhouseCoopers LLP, United Kingdom.

[7] Not required to be audited in 2017 as entity is dormant.

[8] Not required to be audited in 2017 as entity is in member's voluntary liquidation.

[9] Audit not required in the country of incorporation.

[10] Incorporated during the financial year. Audit not required in the financial year.

[11] Audited by KPMG LLP, Singapore.

[12] 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 2017.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT (UNAUDITED) OF LUM CHANG HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The information in this Appendix IV has been reproduced from the full year financial statements and dividend announcement (unaudited) of Lum Chang Holdings Limited and its subsidiaries for the financial year ended 30 June 2018 and has not specifically been prepared for inclusion in this Information Memorandum.

LUM CHANG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No.: 198203949N

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2018

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Consolidated Income Statement</u>

		GROUP		
		12 months ended		Increase/
	Note	30.06.2018 S$'000	30.06.2017 S$'000	(Decrease) %
Revenue		**260,671**	369,022	(29)
Cost of sales	**(1)**	**(207,716)**	(318,964)	(35)
Gross profit		**52,955**	50,058	6
Other income	**(2a)**	**2,841**	3,162	(10)
Other gains/(losses) - net	**(2b)**	**5,103**	3,400	50
Expenses				
- Distribution and marketing		**(1,035)**	(1,556)	(33)
- Administrative and general		**(29,539)**	(25,522)	16
- Finance		**(5,406)**	(5,651)	(4)
Share of profits of associated companies		**176**	1,012	(83)
Share of profits/(losses) of joint ventures		**7,387**	(1,118)	NM *
Profit before income tax	**(3)**	**32,482**	23,785	37
Income tax expense	**(4)**	**(5,352)**	(4,418)	21
Net profit		**27,130**	19,367	40
Net profit attributable to:				
Equity holders of the Company		**24,851**	18,697	33
Non-controlling interests		**2,279**	670	240
		27,130	19,367	40

Note *: "NM" denotes not meaningful

1(a) Continuation...

Notes to Income Statement :

(1) Cost of sales comprised mainly construction cost and property development cost.

(2a) Other income comprised the following :

	GROUP		
	12 months ended		Increase/
	30.06.2018 S$'000	30.06.2017 S$'000	(Decrease) %
Interest income (i)	**758**	526	44
Government grants (ii)	**776**	658	18
Others - net (iii)	**1,307**	1,978	(34)
	2,841	3,162	(10)

(i) Interest income was S$232,000 higher for the year under review as compared to the preceding year mainly due to higher interest income from fixed deposits and cash at bank.

(ii) Government grants for the year under review and the preceding year mainly relates to grants received from various government productivity schemes.

(iii) Others - net income for the year under review and the preceding year mainly relates to maintenance service income from the Group's property developments in Malaysia. Income in the preceding year also included the write back of retention sums payable from construction projects of S$589,000 by one of the Group's subsidiary in Singapore.

(2b) Other gains/(losses) - net comprised the following :

	GROUP			
	12 months ended		Increase/	
	30.06.2018 S$'000	30.06.2017 S$'000	(Decrease) %	
Currency translation losses - net (iv)	**(482)**	(1,537)	(69)	
Fair value gains/(losses) on investment properties - net (v)	**5,426**	(300)	NM	*
Fair value gain on derivative financial instrument (vi)	**-**	462	(100)	
Gain on disposal of subsidiaries (vii)	**-**	4,687	(100)	
Gain on disposal of available-for-sale financial assets	**-**	1	(100)	
Gain on disposal of property, plant and equipment - net (viii)	**162**	25	548	
(Loss)/gain on disposal of club memberships	**(3)**	62	NM	*
	5,103	3,400	50	

(iv) Currency translation loss - net of S$482,000 for the year under review was mainly due to translation losses of S$297,000 reclassified from translation reserves to the income statement upon liquidation of a subsidiary whose functional currency was in Malaysian Ringgit, and translation losses of S$216,000 reclassified from translation reserves to the income statement upon winding down of operations of an associated company whose functional currency was in Sterling Pound.

Currency translation loss - net of S$1.5 million for the preceding year was mainly in respect of translation losses of S$568,000 on the Company's Sterling Pound denominated cash at bank transactions and translation losses of S$811,000 recognised upon the repayment of Sterling Pound denominated receivables by a subsidiary to the Company.

(v) The net fair value gain on investment properties of S$5.4 million for the year under review relates to the fair value gain of S$6.5 million on one of the Group's freehold property in the United Kingdom. The gain was partially offset by a fair value loss of S$1.1 million on another of the Group's freehold property in the United Kingdom.

The net fair value losses on investment properties of S$300,000 for the preceding year relates to the fair value loss of S$1.2 million on one of the Group's leasehold property in Singapore and a freehold property in the United Kingdom. The losses were partially offset by a fair value gain of S$884,000 on another of the Group's freehold property in the United Kingdom.

(vi) The fair value gain on derivative financial instrument of S$462,000 for the preceding year was in respect of forward currency contracts entered into by the Company on the proceeds from the sale of two wholly-owned subsidiaries in Jersey, Channel Islands, Pembridge Palace Holdco Limited ("PPHL") and Pembridge Palace Propco Limited ("PPPL"). These contracts have been settled as at 30 June 2017.

(vii) The gain on disposal of subsidiaries for the preceding year was related to the disposal of two wholly-owned subsidiaries mentioned above, PPHL and PPPL. PPPL owned the freehold interest in a hotel located at 52 to 57 Princes Square, London.

(viii) The gain on disposal of property, plant and equipment - net during the year under review mainly relates to gains on disposal of various construction equipment.

Note *: "NM" denotes not meaningful

1(a) Continuation...

Notes to Income Statement :

(3) Profit before tax is arrived at after (charging)/crediting the following (other than in (2) above):

	GROUP			
	12 months ended		**Increase/ (Decrease)**	
	30.06.2018 S$'000	**30.06.2017 S$'000**	**%**	
(a) Amortisation of club memberships	**(31)**	(42)	(26)	
(b) Depreciation of property, plant and equipment (ix)	**(3,796)**	(5,267)	(28)	
(c) Dividend income from available-for-sale financial assets	**161**	172	(6)	
(d) Finance expense	**(5,406)**	(5,651)	(4)	
(e) Property, plant and equipment written off	**(20)**	(2)	900	
(f) Write back of impairment loss on club memberships	**12**	-	NM	*
(g) Allowance for impairment of receivables	**9**	-	NM	*

(ix) The depreciation of property, plant and equipment was $3.8 million for the year under review as compared to S$5.3 million for the preceding year. The decrease was mainly due to certain construction equipment that had been fully depreciated in the preceding year and furniture and fittings acquired for the Group's property at Kung Chong Road that had been fully depreciated in the third quarter of the year under review.

(4) Income tax expense attributable to results is made up of:

	GROUP			
	12 months ended		**Increase/ (Decrease)**	
	30.06.2018 S$'000	**30.06.2017 S$'000**	**%**	
Current income tax				
- Singapore (x)	**5,235**	4,536	15	
- Foreign (xi)	**164**	119	38	
	5,399	4,655	16	
Deferred income tax				
- Singapore (x)	**(62)**	(162)	(62)	
- Foreign (xi)	**(57)**	323	NM	*
	(119)	161	NM	*
(Over)/Under provision in prior financial years				
- Current income tax (xii)	**85**	(411)	NM	*
- Deferred income tax	**(13)**	13	NM	*
Income tax expense	**5,352**	4,418	21	

(x) The aggregated current income tax - Singapore and deferred income tax - Singapore for the year under review of S$5.2 million increased by S$799,000 as compared to the preceding year mainly due to higher profits recognised by one of the Group's subsidiary in Singapore and profits from a newly incorporated subsidiary in Singapore.

(xi) The aggregated current income tax - foreign and deferred income tax - foreign for the year under review was S$107,000 compared to S$442,000 for the preceding year. The decrease was mainly due to lower profits recognised by two of the Group's subsidiaries in Malaysia.

(xii) The under provision of current income tax for the year under review of S$85,000 and over provision for the preceding year of S$411,000 was mainly in respect of one of the Group's subsidiary in Singapore.

Note *: "NM" denotes not meaningful

1(a)(i) A statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	GROUP			
	12 months ended		Increase/	
	30.06.2018 S$'000	30.06.2017 S$'000	(Decrease) %	
Net profit	**27,130**	19,367	40	
Other comprehensive income/(losses):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- Gains/(losses) (a)	**3,725**	(4,745)	NM	*
- Reclassification (b)	**513**	158	225	
Available-for-sale financial assets				
- Fair value (loss)/gain (c)	**(262)**	282	NM	*
Share of other comprehensive income of associated companies	**22**	-	NM	*
Other comprehensive income/(losses) for the year, net of tax	**3,998**	(4,305)	NM	*
Total comprehensive income for the year	**31,128**	15,062	107	
Total comprehensive income attributable to:				
Equity holders of the Company	**28,872**	14,362	101	
Non-controlling interests	**2,256**	700	222	
	31,128	15,062	107	

(a) Foreign currency translation differences are recognised on the translation of the Group's share of net assets of various subsidiaries in Malaysia and Jersey, Channel Islands. Foreign currency translation gain of S$3.7 million for the year under review was mainly due to S$4.0 million gain recognised as a result of the appreciation of the Malaysian Ringgit, offset by a S$276,000 loss from the depreciation of the Sterling Pound.

The losses for the preceding year of S$4.7 million were mainly due to depreciation of the Malaysian Ringgit and Sterling Pound.

(b) Reclassification of currency translation differences of S$513,000 for the year under review arose mainly from the liquidation of a subsidiary whose functional currency was in Malaysian Ringgit and the winding down of operations of an associated company whose functional currency was in Sterling Pound, resulting in translation losses of S$297,000 and S$216,000 respectively.

During the preceding year, foreign currency losses of S$101,000 on a quasi-equity loan was reclassified to the income statement upon repayment of the loan by a foreign subsidiary. The loan was regarded to form part of the net investment in the foreign subsidiary as it was extended to partly finance the development of residential properties.

(c) Fair value (loss)/gain on available-for-sale financial assets for the year under review and the preceding year were in respect of the Group's unquoted investment.

Note *: "NM" denotes not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30.06.2018 S$'000	**30.06.2017 S$'000**	**30.06.2018 S$'000**	**30.06.2017 S$'000**
ASSETS				
Current assets				
Cash and cash equivalents	94,225	130,760	7,027	38,717
Trade and other receivables	78,147	79,075	64,007	50,529
Tax recoverable	1,214	1,174	-	-
Properties held for sale	1,372	4,289	-	-
Development properties	137,560	57,073	-	-
Other current assets	1,150	7,384	154	555
	313,668	279,755	**71,188**	89,801
Non-current assets				
Trade and other receivables	74,116	75,251	136,846	117,645
Club memberships	321	342	225	228
Available-for-sale financial assets	7,383	7,642	-	-
Investments in joint ventures	8,478	1,989	-	-
Investments in associated companies	1,909	11,542	-	2,011
Investments in subsidiaries	-	-	71,796	66,111
Investment properties	180,658	171,383	-	-
Property, plant and equipment	25,389	26,784	1,263	1,103
Deferred income tax assets	1,224	1,153	-	-
Other non-current assets	957	1,127	-	-
	300,435	297,213	**210,130**	187,098
Total assets	**614,103**	576,968	**281,318**	276,899
LIABILITIES				
Current liabilities				
Trade and other payables	121,867	175,963	116,134	127,667
Current income tax liabilities	5,498	4,784	69	1
Borrowings	50,992	23,661	49,916	26
	178,357	204,408	**166,119**	127,694
Non-current liabilities				
Trade and other payables	23,869	29,500	-	-
Borrowings	148,247	105,013	-	49,838
Deferred income tax liabilities	554	662	-	-
	172,670	135,175	**-**	49,838
Total liabilities	**351,027**	339,583	**166,119**	177,532
NET ASSETS	**263,076**	237,385	**115,199**	99,367
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital	86,574	86,579	86,574	86,579
Treasury shares	(1,025)	(1,273)	(1,025)	(1,273)
Capital and other reserves	888	(3,080)	3,194	3,224
Retained profits	157,836	138,712	26,456	10,837
Shareholders' equity	**244,273**	220,938	**115,199**	99,367
Non-controlling interests	18,803	16,447	-	-
Total equity	**263,076**	237,385	**115,199**	99,367

1(b)(ii) **Aggregate amount of Group's borrowings and debt securities.**

Group borrowings excluding finance leases:

<u>Amount repayable in one year or less, or on demand</u>

As at 30.06.2018		As at 30.06.2017	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
1,023	49,916	23,621	-

<u>Amount repayable after one year</u>

As at 30.06.2018		As at 30.06.2017	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
148,058	-	55,149	49,802

<u>Details of any collateral:</u>

1) <u>S$149.1 million (£30.8 million and S$94.0 million) term loans</u>

- Legal mortgages over the freehold development properties of a subsidiary in Singapore, a leasehold property owned by a subsidiary in Singapore and a freehold property owned by a subsidiary in Jersey, Channel Islands

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period for the immediately preceding financial year.

		GROUP	
		12 months ended	
		30.06.2018 S$'000	30.06.2017 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		27,130	19,367
Adjustments for:			
Income tax expense		5,352	4,418
Share of (profits)/losses of associated companies and joint ventures		(7,563)	106
Allowance for impairment of receivables		9	-
Amortisation of club memberships		31	42
Depreciation of property, plant & equipment		3,796	5,267
Dividend income from available-for-sale financial assets		(161)	(172)
Fair value (gains)/losses on investment properties - net		(5,426)	300
Gain on disposal of subsidiaries		-	(4,687)
Gain on disposal of available-for-sale financial assets		-	(1)
Loss/(gain) on disposal of club memberships		3	(62)
Gain on disposal of property, plant and equipment - net		(162)	(25)
Write-back of impairment loss on club memberships		(12)	-
Interest income		(758)	(526)
Finance expense		5,406	5,651
Property, plant and equipment written off		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	(a)	29,723	(7,074)
Other current assets	(b)	957	(5,813)
Development properties/properties held for sale	(c)	(67,505)	4,674
Trade and other payables	(d)	(53,692)	35,597
Unrealised currency translation differences		(23)	1,534
Cash (used in)/generated from operations		(62,875)	58,598
Income tax paid		(4,749)	(3,481)
Net cash (used in)/provided by operating activities		**(67,624)**	55,117
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of interest in a joint venture		-	(321)
Dividends received from an associated company	(e)	7,500	4,500
Dividends received from available-for-sale financial assets		161	172
Expenditure on investment property	(f)	(4,030)	(2,723)
Interest income received		721	572
Proceeds from disposal of subsidiaries, net of selling expenses	(g)	-	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	(h)	1,113	32
Purchase of club memberships		(3)	(73)
Purchase of property, plant and equipment	(i)	(3,133)	(917)
Purchase of available-for-sale financial assets		(3)	-
Advances and repayment from associated companies	(j)	-	8,111
Advances and repayment to associated companies	(k)	(4,706)	(106)
Advances to joint ventures	(l)	(26,602)	(45,000)
Net cash used in investing activities		**(28,980)**	(12,091)

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period for the immediately preceding financial year. (Continuation....)

		GROUP	
		12 months ended	
		30.06.2018 S$'000	30.06.2017 S$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
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	(m)	106,135	9,130
Proceeds from re-issuance of treasury shares		213	251
Repayment of bank loans	(m)	(35,899)	(11,303)
Repayment of finance lease liabilities		(93)	(75)
Advance from a non-controlling shareholder of a subsidiary	(n)	1,093	1,865
Repayment to a non-controlling shareholder of a subsidiary		(63)	(64)
Net cash provided by/(used in) financing activities		**59,476**	(11,064)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(37,128)	31,962
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)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR [Note (1)]		**93,644**	130,223

Notes to Cash Flow Statement:

(1) Cash and cash equivalents comprised the following:

	GROUP	
	12 months ended	
	30.06.2018 S$'000	30.06.2017 S$'000
Cash at bank and on hand	57,621	64,414
Short-term bank deposits	36,604	66,346
Less: Cash and cash equivalents pledged	(581)	(537)
Cash and cash equivalents at end of financial year	**93,644**	130,223

(a) The decrease in trade and other receivables of S$29.7 million during the year under review was mainly due to net collections from several completed construction projects of S$17.7 million and a substantially completed construction project of S$23.7 million. The decrease was partially offset by the increase in amount of work carried out for three ongoing construction projects of S$10.3 million and the increase in amount of work carried out for the sold units of the Group's Malaysian development of S$3.3 million.

The increase in trade and other receivables of S$7.1 million for the preceding year was mainly due to the increase in amount of work carried out for four construction projects, resulting in an increase in trade and other receivables of S$41.0 million. The increase was partially offset by net collections from completed construction projects of S$34.6 million.

(b) The increase in other current assets of S$5.8 million for the preceding year was mainly due to stamp duty and deposits of S$5.4 million paid by the Group upon the exercise of the option to purchase a freehold residential property in Singapore.

(c) The increase in development properties/properties held for sale during the year under review of S$67.5 million was mainly due to payment of S$70.3 million on completion of the collective purchase of the entire strata units in a freehold residential property in Singapore and payment for development charge and pre-development cost on the property. The increase was also due to additional development costs incurred on one of the Group's development properties in Malaysia amounting to S$6.6 million, partially offset by an inflow of S$8.6 million from the sale of completed units from the same development.

The decrease in development properties/properties held for sale during the preceding year of S$4.7 million was mainly due to an inflow of S$8.8 million arising from the sale of completed units from two of the Group's development properties in Malaysia. The decrease was partially offset by additional development costs incurred on two of the Group's development properties in Malaysia amounting to S$4.4 million.

1(c) Continuation…

Notes to Cash Flow Statement

(d) The decrease in trade and other payables during the year under review of S$53.7 million was mainly due to payments of S$54.9 million made to subcontractors of several substantially completed construction projects and a repayment of S$12.2 million on an advance previously received for an ongoing construction project. The decrease was partially offset by an increase in trade and other payables of S$11.0 million as a result of an increase in work carried out for three ongoing construction projects and S$2.4 million advances from customers from the sold units of the Group's Malaysian development.

The increase in trade and other payables for the preceding year of S$35.6 million was mainly due to the increase in amount of work carried out for four construction projects, resulting in an increase in trade and other payables of S$65.2 million. In addition, the increase was also due to a mobilisation fund of S$12.2 million received for a major construction project. The increase was partially offset by a decrease in trade and other payables for other construction projects and development projects in Malaysia amounting to S$38.2 million and S$2.8 million due to payments made to subcontractors and contractors respectively.

(e) During the year under review and the preceding year, the Group received dividends from an associated company in Singapore that develops residential properties for sale.

(f) The expenditure on investment properties during the year under review and the preceding year were related to pre-development costs incurred prior to the redevelopment of one of the Group's freehold commercial property in the United Kingdom.

(g) Proceeds from disposal of subsidiaries for the preceding year was in respect of the disposal of two wholly-owned subsidiaries in Jersey, Channel Islands, Pembridge Palace Holdco Limited and Pembridge Palace Propco Limited ("PPPL"). PPPL owned the freehold interest in a hotel located at 52 to 57 Princes Square, London.

(h) Proceeds from disposal of property, plant and equipment during the year under review was in respect of the disposal of various construction equipment and motor vehicles.

(i) During the year under review, the Group purchased several motor vehicles, computers and upgraded the IT infrastructure.

(j) The advances and repayment from associated companies of S$8.1 million during the preceding year were related to an advance and repayment of S$5.9 million received from an associated company in Singapore that develops residential properties for sale and an advance of S$2.2 million from an associated company in the British Virgin Islands which holds interest in a company that owns a freehold property in the United Kingdom.

(k) During the year under review, the Group made a repayment of S$4.8 million to an associated company in Singapore that develops residential properties for sale.

(l) The advances to joint ventures of S$26.6 million during the year under review were in respect of the Group's proportionate share of advances of S$19.1 million to fund the acquisition of a commercial building in Frankfurt, Germany and the Group's proportionate share of advances of S$7.5 million mainly to fund the redevelopment of a leasehold property in Singapore.

The advances to a joint venture of S$45.0 million during the preceding year was in respect of the Group's proportionate share of advances mainly to fund the acquisition of a company that owns a leasehold property in Singapore.

(m) The net proceeds from bank loans of S$70.2 million during the year under review mainly relate to the draw down of S$62.1 million term loan to fund the collective purchase of all the strata units and the payment of development charge in respect of a freehold residential development in Singapore. The increase in bank loans was also due to a S$32.0 million term loan drawn to refinance an existing S$22.3 million loan repaid during the year under review, pertaining to a leasehold property in Singapore.

The net repayment of bank loans of S$2.2 million during the preceding year mainly relates to partial repayment of loans that were drawn down previously to fund the purchase of two freehold properties in the United Kingdom and finance the construction of one of the Group's leasehold property in Singapore.

(n) The advances from a non-controlling shareholder of a subsidiary of S$1.1 million during the year under review and S$1.9 million during the preceding year pertain to the non-controlling shareholder's proportionate share of advances extended to the subsidiary for the purpose of funding the pre-development costs incurred prior to the redevelopment of a freehold commercial property in the United Kingdom.

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEAR ENDED 30 JUNE 2018

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

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

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continuation)

Company - 2018	Share capital	Treasury shares	Capital and other reserves	Retained profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 July 2017	**86,579**	**(1,273)**	**3,224**	**10,837**	**99,367**
- Net profit	-	-	-	21,346	**21,346**
- Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	**-**	**-**	**-**	**21,346**	**21,346**
Employee share option scheme - Treasury shares reissued	(5)	248	(30)	-	**213**
Interim dividend for FY2018	-	-	-	(1,145)	**(1,145)**
Final dividend for FY2017	-	-	-	(4,582)	**(4,582)**
Total transactions with owners, recognised directly in equity	**(5)**	**248**	**(30)**	**(5,727)**	**(5,514)**
Balance as at 30 June 2018	**86,574**	**(1,025)**	**3,194**	**26,456**	**115,199**

Company - 2017	Share capital	Treasury shares	Capital and other reserves	Retained profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 July 2016	**86,596**	**(1,585)**	**3,268**	**16,977**	**105,256**
- Net loss	-	-	-	(238)	**(238)**
- Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	**-**	**-**	**-**	**(238)**	**(238)**
Employee share option scheme - Treasury shares reissued	(17)	312	(44)	-	**251**
Interim dividend for FY2017	-	-	-	(1,141)	**(1,141)**
Final dividend for FY2016	-	-	-	(4,761)	**(4,761)**
Total transactions with owners, recognised directly in equity	**(17)**	**312**	**(44)**	**(5,902)**	**(5,651)**
Balance as at 30 June 2017	**86,579**	**(1,273)**	**3,224**	**10,837**	**99,367**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial year reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the financial year ended 30 June 2018, options on 670,000 (30 June 2017: 850,000) shares were exercised from the options that were granted in 2013. The share options exercised during the year under review resulted in 670,000 (30 June 2017: 850,000) treasury shares being reissued.

The Company did not purchase any of its ordinary shares during the finanancial years ended 30 June 2018 and 30 June 2017.

The Company's issued and fully paid up shares as at 30 June 2018 comprised 382,210,304 (30 June 2017: 381,540,304) ordinary shares with voting rights and 2,819,300 (30 June 2017: 3,489,300) treasury shares with no voting rights.

Under the Option Scheme 2007, the number of shares that may be issued on conversion of all the outstanding share options under the Option Scheme 2007 as at 30 June 2018 was 1,390,000 (30 June 2017: 2,635,000).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.

	30.06.2018	**30.06.2017**
Total number of ordinary shares excluding treasury shares	382,210,304	381,540,304

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Balance as at 30.06.17	3,489,300
Purchase of treasury shares	-
Transfer to employees to fulfil obligations under the Option Scheme 2007	(670,000)
Balance as at 30.06.18	2,819,300

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures in this announcement have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the most recently audited financial statements as at 30 June 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for accounting periods beginning on or after 1 July 2017. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current period or prior years.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	GROUP	
	12 months ended	
Earnings per ordinary share of the Group after deducting any provision for preference dividends:	**30.06.2018**	**30.06.2017**
(a) - Based on weighted average number of ordinary shares in issue	6.51 cents	4.91 cents
(b) - On a fully diluted basis	6.50 cents	4.90 cents

Notes:-

(1) Basic earnings per share is computed based on the weighted average number of ordinary shares (excluding treasury shares which have no voting rights) in issue during the financial year reported on of 381,844,592 shares (30 June 2017: 380,889,386 shares).

(2) For the purpose of calculating diluted earnings per share for the financial year ended 30 June 2018, the weighted average number of shares in issue (excluding treasury shares) during the year under review of 382,081,030 shares (30 June 2017: 381,323,969 shares) were adjusted for the effects of all dilutive outstanding share options.

7. **Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the:-**

(a) current financial period reported on; and

(b) immediately preceding financial year.

	GROUP		COMPANY	
	As at 30.06.2018	**As at 30.06.2017**	**As at 30.06.2018**	**As at 30.06.2017**
Net asset* value per ordinary share based on issued share capital (excluding treasury shares which have no voting rights) as at the end of the financial year reported on	63.91 cents	57.91 cents	30.14 cents	26.04 cents

* Net asset is defined as shareholders' equity

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Revenue

Revenue of S$260.7 million for the year under review was S$108.3 million or 29% lower than reported revenue for the preceding year mainly due to lower revenue of S$105.9 million from two construction projects completed in the previous financial year and lower revenue of S$75.1 million from another construction project substantially completed in the year under review. This was partially offset by commencement of revenue recognition of S$67.5 million for three construction projects.

Cost of sales and Gross profit

Gross profit increased by 6% despite a decrease in revenue of 29%. This was mainly due to higher margins achieved from construction projects.

Administrative and general expenses

Administrative and general expenses of S$29.5 million for the year under review was S$4.0 million or 16% higher than the expenses for the preceding year mainly due to higher staff costs and donations.

Share of profits of associated companies

The share of profits of associated companies decreased by S$836,000 during the year under review as compared to the preceding year. In the preceding year, one of the Group's associated companies disposed its property in the United Kingdom and the Group's share of profits that was reported then was S$672,000.

Share of profits/(losses) of joint ventures

The share of profits of joint ventures of S$7.4 million for the year under review mainly relates to the recognition of the Group's proportionate share of fair value gain on an investment property owned by a joint venture company in Singapore. The share of losses of joint ventures for the preceding year of S$1.1 million mainly relates to the Group's proportionate share of losses from this joint venture company.

8. (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Cash and cash equivalents

Cash and cash equivalents as at 30 June 2018 was S$94.2 million compared to S$130.8 million as at 30 June 2017. Please refer to the cash flow statements for the Group for the year ended 30 June 2018 in item 1(c) of this announcement for further details.

Trade and other receivables (Current + Non Current)

Total trade and other receivables of S$152.3 million as at 30 June 2018 decreased by S$2.0 million compared to S$154.3 million as at 30 June 2017 mainly due to net collections from several completed construction projects of S$17.7 million and a substantially completed construction project of S$23.7 million. The net collections were partially offset by the Group's proportionate share of advances of S$19.1 million and S$7.5 million to two of its joint ventures, mainly to fund the acquisition of a commercial building in Frankfurt, Germany and to fund the redevelopment of a leasehold property in Singapore respectively. The net collections were also offset by the increase in amount of work carried out for three ongoing construction projects of S$10.3 million and the increase in amount of work carried out for the sold units of the Group's Malaysian development of S$3.3 million.

Properties held for sale

Properties held for sale decreased by S$2.9 million since 30 June 2017 mainly due to the sale of some completed units of the Group's development properties in Malaysia.

Development properties

Development properties of S$137.6 million as at 30 June 2018 increased by S$80.5 million compared to S$57.1 million as at 30 June 2017 mainly due to the collective purchase of all the strata units in a freehold residential property in Singapore amounting to S$67.6 million. The property will be redeveloped into residential landed homes for sale. Stamp duty, development charge and pre-development cost totaling S$9.1 million were also incurred on the property.

The increase was also due to additional development costs of S$6.4 million incurred on the Group's development properties in Malaysia, partially offset by the sale of some completed units amounting to S$4.6 million.

Other assets (Current and Non-Current)

Total other assets of S$2.1 million as at 30 June 2018 decreased by S$6.4 million compared to S$8.5 million as at 30 June 2017 mainly due to deposits and stamp duty of S$5.4 million paid for the collective purchase of the freehold residential property in Singapore being reclassified to development properties upon the completion of the purchase of the property.

Investment properties

Investment properties of S$180.7 million as at 30 June 2018 increased by S$9.3 million compared to S$171.4 million as at 30 June 2017. This was mainly due to pre-development costs of S$4.0 million incurred prior to the redevelopment of one of the Group's freehold commercial property in the United Kingdom and net fair value gains of S$5.4 million on the Group's freehold properties in the United Kingdom.

Investments in joint ventures

Investments in joint ventures as at 30 June 2018 increased by S$6.5 million mainly due to the Group's share of fair value gain on an investment property owned by a joint venture company in Singapore.

Investments in associated companies

Investments in associated companies as at 30 June 2018 decreased by S$9.6 million mainly due to the receipt of S$7.5 million dividends from one of the associated companies in Singapore that develops residential properties for sale and also from the winding up of operations of an associated company in the British Virgin Islands amounting to S$2.5 million.

Trade and other payables (Current + Non Current)

Total trade and other payables of S$145.7 million as at 30 June 2018 decreased by S$59.8 million compared to S$205.5 million as at 30 June 2017 mainly due to payments of S$54.9 million made to subcontractors of several substantially completed construction projects, a repayment of S$12.2 million on an advance previously received for an ongoing construction project and a repayment of S$4.8 million owing to an associated company. The decrease was partially offset by an increase in trade and other payables of S$11.0 million as a result of increase in work carried out for three ongoing construction projects and S$2.4 million collections from customers for sold units of the Group's Malaysian development.

Borrowings (Current + Non Current)

Borrowings in total had increased by S$70.6 million since 30 June 2017 mainly due to the drawdown of S$62.1 million term loan to fund the purchase and redevelopment cost of the Group's freehold residential properties in Singapore, and a drawdown of S$32.0 million term loan to repay a S$22.8 million term loan in the year under review.

Non-controlling interests

Non-controlling interests had increased by S$2.4 million since 30 June 2017 mainly due to the non-controlling shareholders' share of profits of S$2.0 million from the Group's freehold properties in the United Kingdom.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current announced results are in line with the comments previously disclosed in part 10 in the results announcement for the third quarter and nine months ended 31 March 2018.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In an announcement on 13 August 2018, the Ministry of Trade and Industry (MTI) said that Singapore's economy expanded 3.9% on a year-on-year basis in the second quarter, easing from the 4.5% growth experienced in the previous quarter. On a quarter annualised basis, the economy grew at a slower pace of 0.6% compared to the 2.2% growth in the preceding quarter.

The construction sector, weighed down primarily by public sector construction works, contracted by 4.6% on a year-on-year basis, easing from the 5.2% decline witnessed in the previous quarter. On a quarter-on-quarter basis, the sector shrank by 15.4%, a reversal from the 0.8% growth in the preceding quarter.

Uncertainties in downside risks in the global economy have increased following the recent tariff measures by the US and retaliatory tariffs imposed on the US by China. Taking these into consideration, MTI expects Singapore's growth to moderate in the second half of 2018 following the strong performance in the first half of the year. It anticipates Singapore's full year GDP to likely grow at between 2.5% to 3.5%.

The Group's total outstanding value of construction projects in progress as at 30 June 2018 was S$648.3 million. In parallel with efforts to secure projects, the Group continues to exercise prudent financial discipline while working to improve operational performance and cost efficiency.

In Malaysia, development plans for its Petaling Jaya project are being fine-tuned, and the Group continues to market its landed residential developments in Twin Palms Sungai Long. So far, 404 units out of a total 573 units have been launched, and despite soft market conditions, 22 units were sold during the year under review. The Group will continue to monitor market sentiments ahead of future marketing launches.

The Group continues with its plan to redevelop Kelaty House in the Wembley Regeneration Area in London.

In Singapore, the construction of Tekka Place, the integrated development located at Serangoon Road is progressing according to schedule. Targeted to complete in the second half of 2019, Tekka Place comprises serviced residences and a retail mall, for which leasing activities have recently commenced.

The Group has finalised plans for its landed residential project at One Tree Hill. Comprising 12 semi-detached and two bungalows, construction on the project is scheduled to start in September 2018 and to complete in the first half of 2020. Todate, one unit had been sold and an Option to Purchase for another unit had been signed.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim (Paid)	Final (Proposed)
Dividend Type	Cash	Cash
Dividend per share	0.3 cents per ordinary share	1.5 cents per ordinary share
Tax Rate	Tax exempt (1-Tier)	Tax exempt (1-Tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim (Paid)	Final (Paid)
Dividend Type	Cash	Cash
Dividend per share	0.3 cents per ordinary share	1.2 cents per ordinary share
Tax Rate	Tax exempt (1-Tier)	Tax exempt (1-Tier)

(c) Date payable - To be announced later.

(d) Books closure date - The Company will give notice of its book closure date later.

12. If no dividend has been declared/recommended, a statement to that effect. - Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Not applicable as no IPT mandate has been obtained.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business Segments (2018)	Construction S$'000	Property development & Investment S$'000	Investment holding & Others S$'000	Total S$'000
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
Segment results	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)
Net profit				27,130
Segment results include:				
- Interest income	387	272	99	758
- Depreciation of property, plant and equipment	(2,528)	(1,015)	(253)	(3,796)
- Interest expense	(4)	(2,394)	(3,008)	(5,406)
- Share of losses of associated companies and joint ventures	(10)	7,577	(4)	7,563
- Income tax expense	(5,151)	(129)	(72)	(5,352)

Business Segments (2017)	Construction S$'000	Property development & Investment S$'000	Investment holding & Others S$'000	Total S$'000
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
Segment results	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)
Net profit				19,367
Segment results include:				
- Interest income	288	153	85	526
- Depreciation of property, plant and equipment	(3,746)	(1,239)	(282)	(5,267)
- Interest expense	-	(2,693)	(2,958)	(5,651)
- Share of losses of associated companies and joint ventures	(10)	(94)	(2)	(106)
- Income tax expense	(3,766)	(652)	-	(4,418)

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (continuation...)
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The factors leading to material changes in contributions to revenue and earnings by the business segments have been explained in paragraph 8 above.

17. A breakdown of sales.

	Group			
	01.07.2017 to 30.06.2018 S$'000	01.07.2016 to 30.06.2017 S$'000	Increase/ (Decrease) S$'000	%
Sales reported for the first half year	117,823	199,356	(81,533)	(41)
Operating profit after taxation before deducting non-controlling interest reported for the first half year	10,059	6,639	3,420	52
Sales reported for the second half year	142,848	169,666	(26,818)	(16)
Operating profit after taxation before deducting non-controlling interest reported for the second half year	17,071	12,728	4,343	34

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total annual dividend - Proposed

	2018 $'000	2017 $'000
Ordinary shares (excluding treasury shares)	6,878	5,723
Preference shares	-	-
Total:	**6,878**	**5,723**

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Adrian Lum Wen Hong	42	Son of David Lum Kok Seng (Managing Director and substantial shareholder) Nephew of Raymond Lum Kwan Sung (Executive Chairman and substantial shareholder)	Position: Director, Property Development Duties: Responsible for formulating business strategy and identifying investment opportunities, land and property development and potential joint ventures, and business acquisitions for the Group. Date when position was first held: 15 September 2015	N.A.
Lum Wen-Yan Emlyn	34	Daughter of Raymond Lum Kwan Sung (Executive Chairman and substantial shareholder) Niece of David Lum Kok Seng (Managing Director and substantial shareholder)	Position: Vice President, Finance Duties: Finance Date when position was first held: 25 July 2018	Redesignation from Manager, Asset Management to Vice President, Finance

BY ORDER OF THE BOARD
TONY FONG
TAN ENG CHAN GERALD
COMPANY SECRETARIES

24 August 2018

Submitted by Tony Fong, Tan Eng Chan Gerald, Company Secretaries on 24 August 2018 to the SGX.