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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 (within the meaning of Regulation S under the Securities Act (as defined below)). 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 (“U.S.”) nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”) nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this email 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 document, 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 may be made pursuant to Section 275(1A) of the SFA, and (B) agree to be bound by the limitations and restrictions described herein.

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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).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Lum Chang Holdings Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

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 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 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



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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) or a Permanent Global Note (as defined herein) which will be deposited on the issue date with either CDP (as defined herein) or a common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) 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 will 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 herein) shall be S\$300,000,000 (or its equivalent in any other currencies) or such higher amount as may be agreed between the Issuer and the Arranger.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, any of the Dealers or the Trustee. 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 may be used for the purpose of, or constitutes 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, 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 and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into

whose possession this Information Memorandum or any such other document or information 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 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, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

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 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.

The Arranger, the Dealers and the Trustee have not 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 therefor 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 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, 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 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, 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 or the issue and offering of the Notes. Each of the Arranger, 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 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 at the specified office of the Issuing and Paying Agent (as defined herein).

Any purchase 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 96 to 97 of this Information Memorandum.

Any person(s) who is/are invited to purchase 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 subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

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 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 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.
- “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 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.
“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.
“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”	:	21 March 2014.
“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 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.
“%”	:	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 Peter Sim Swee Yam Mr Kenneth G R MacLennan Mr Daniel Soh Chung Hian Dr Willie Lee Leng Ghee
Company Secretaries	:	Mr Tony Fong Mr Lee Kin Meng
Registered Office	:	14 Kung Chong Road #08-01 Lum Chang Building Singapore 159150
Auditors to the Issuer	:	PricewaterhouseCoopers LLP 8 Cross Street #17-01 PWC Building Singapore 048424
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 Agent Bank	:	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 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	:	<p>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.</p> <p>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).</p>
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 depository 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 1:1; 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 (as amended and supplemented, the “**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), 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 depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**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 or Savills plc 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 1:1; 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; and
 - (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; and
 - (DD) currency translation reserves which are unrealised; and
 - (IV) excluding any amount attributable to minority 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 equalisation 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 unmaturing 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 unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing 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, unmaturing 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 unmaturing 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 non-compliance 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.

Issuing and Paying Agent

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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

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 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, LCD Global Investments Limited (“**LCDGI**”), formerly known as L.C. Development Ltd. 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 and property investment and development businesses by demerging its hotel investments held principally by LCDGI from the Group.

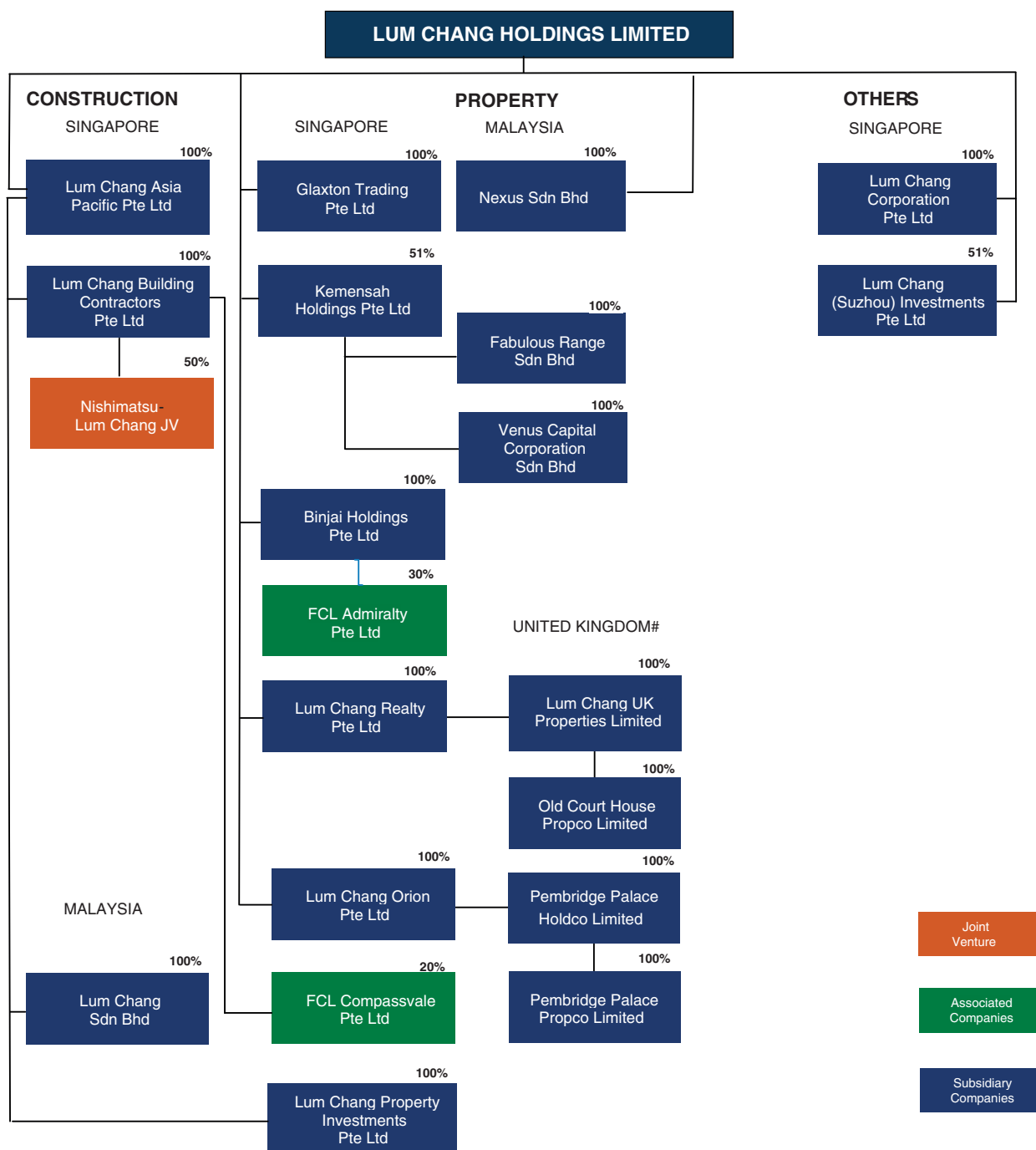
OVERVIEW

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 27 subsidiaries, associates and joint ventures in Singapore, Malaysia and Jersey, Channel Islands. The Group has over 70 years of experience in the construction industry and has amassed over S\$8.0 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:

- ❖ River Springs Pte Ltd
- ❖ Boon Lay Executive Condominiums Pte Ltd
- ❖ Uptown Viewpoint Sdn Bhd
- ❖ Lum Chang Properties Ltd
- ❖ Sungei Long Holdings Pte Ltd (51%)
- ❖ LED System Technology Pte Ltd
- ❖ Urban Assignment Sdn Bhd
- ❖ LC Sungei Long (M) Sdn Bhd (51%)
- ❖ Edu Genus Pte Ltd

The properties are situated in United Kingdom but are held through companies incorporated in Jersey, Channel Islands.

KEY MILESTONES

Key developments and milestones of the Group include:

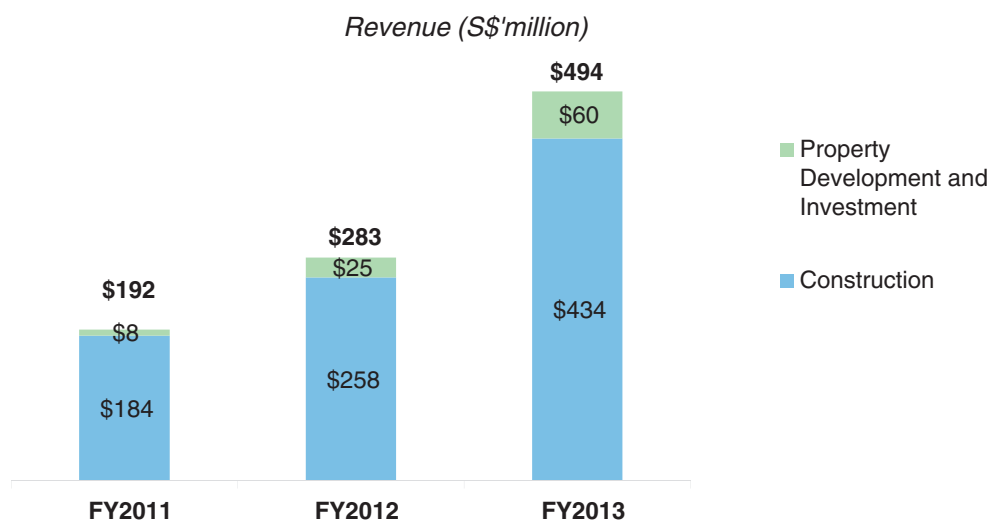
Year	Milestone
1940s	LCBC was founded by the late Mr Lum Chang.
1970	LCBC was incorporated.
1973	Secured the first major construction project spanning 10 years, National University of Singapore.
1980	Diversified into commercial development with its first commercial project, Singapore Shopping Centre located at Clemenceau Avenue.
1982	Awarded its first hotel construction project, Dynasty Hotel (now Singapore Marriott Hotel) along the prime Orchard Road shopping belt.
1984	Initial public offering of LCH.
1984	Nishimatsu-Lum Chang J.V. (a strategic partnership with Japan's Nishimatsu Construction Co., Ltd) was awarded two Mass Rapid Transit ("MRT") contracts, namely the City Hall Station and Bishan Depot.
1988	Awarded substructure contract for UOB Plaza 1, one of Asia's tallest buildings in the heart of Singapore's central business district then. The superstructure contract was subsequently awarded in 1990.
1989	Awarded specialist project, Sentosa Underwater World, an oceanarium project.
1990	Acquired Eu Yan Sang Holdings Limited ("EYS"). The pharmaceutical business in EYS was sold off in 1993 and the property and leisure business was renamed L.C. Development Ltd in 1993.
1991	Developed Kuala Lumpur Golf & Country Club ("KLGCC"), a prestigious golf resort in the prime Damansara area of Kuala Lumpur, Malaysia.
1994	Invested in Singapore-Suzhou Township Development Consortium and was awarded contracts for the earthworks and ancillary works to the start-up area of the Suzhou Industrial Township in Suzhou, China.
1995	Developed Emerald Gardens, a condominium project at Club Street, in the heart of the Chinatown heritage precinct and at the border of the Central Business District.
1995	Completed the Bugis Junction project worth approximately S\$336.0 million.
2001	Awarded the National Library project, a state-of-the-art cultural and civic institution.
2003	LCBC clinched its first mega-sized civil, mechanical and electrical project worth approximately S\$215.0 million, Changi Water Reclamation Plant.
2005	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.
2005	Successful de-merger of hotel and leisure business arm, LCDGI.
2005	LCH won "The Most Transparent Company Award", Construction Category, Securities Investors Association (Singapore) Investors Choice Awards.
2006	Awarded the contract to build Crowne Plaza Changi Airport, Singapore's first airport terminal hotel designed by award winning architect, WOHA.
2007	Awarded 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.

Year	Milestone
2009	Awarded the design-and-build MRT project to build the station at Bukit Panjang and its connecting tunnels along 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.
2010	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, Pembridge Palace Hotel. 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.

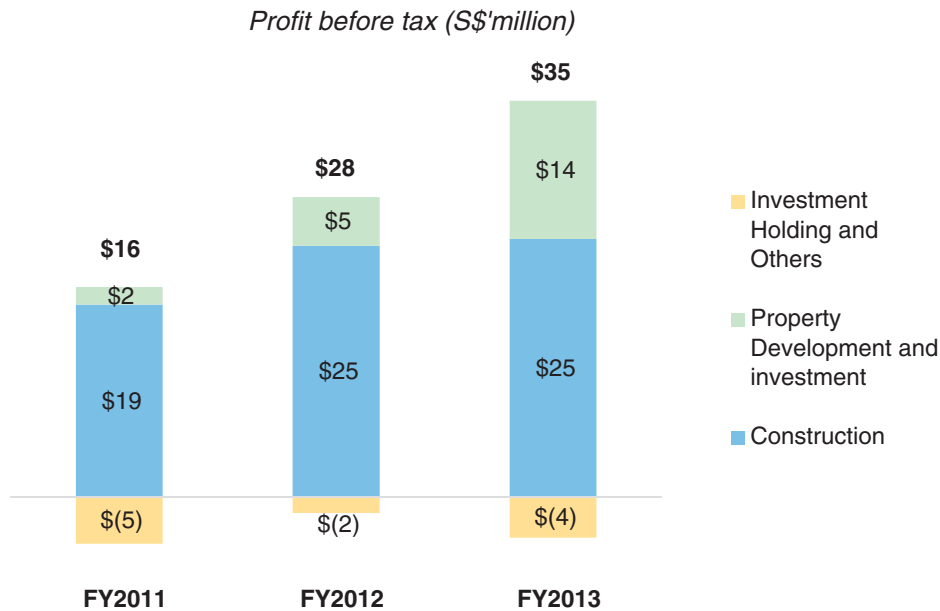
BUSINESS OPERATIONS

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 (FY2011, FY2012 and FY2013):



The following chart sets out by segment the total profit before tax of the Group in the last three financial years (FY2011, FY2012 and FY2013):



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\$1.1 billion as at 31 December 2013. 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 (\$ million)	Remarks
<i>Commercial</i>			
2M2P Building	August 2015	152.2	<p>The project currently known as 2M2P Building is located at Science Park Drive. The development comprises one seven storey and two eight storey buildings.</p> <p>Construction work for 2M2P Building started in May 2011 and is being carried out in two phases. The development involves the revitalisation of Singapore Science Park, along with the redevelopment of the older research buildings. The project is built for Ascendas Land (Singapore) Pte Ltd.</p>
<i>Residential</i>			
Ripple Bay	April 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	Second half of 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.
<i>Civil and Infrastructure</i>			
MRT Downtown Line Stage 2 - Bukit Panjang MRT Station ("C912")	July 2015	504.5	<p>The project known as C912 is located at Upper Bukit Timah Road at the junction of Bukit Panjang and Choa Chu Kang Road/Woodlands Road. The scope of the project includes an underground station with two basement levels (concourse and platform). It is part of the LTA Downtown Line 2 which covers a total of 12 stations and one depot, including three interchange stations which will link the North East Line, the North South Line and the Circle Line. The Downtown Line Stage 2 ("DTL2") will stretch 16.6 kilometres long.</p> <p>C912 will serve to provide residents in the Bukit Panjang and Bukit Timah area easy access to the city centre. Aside from the works on an underground station that has two basement levels (concourse and platform), the scope of C912 also involves constructing a 1.8 kilometre cut-and-cover tunnel stretching from the Gali Batu Depot to the bored tunnel in front of the residential development named The Linear. C912 also includes provisions for future underground pedestrian walkways to adjacent developments on the concourse level. The design and construction works for C912 and its connecting tunnels along the DTL2 are progressing well into its fifth year of construction.</p>

1(b) Completed Construction Projects (Singapore)¹

Project	Year Completed	Approximate Contract Value (\$ million)	Remarks
<i>Commercial and Mixed Developments</i>			
UOB Plaza 1*	1992	314.0	<p>The project known as UOB Plaza 1 is located in Raffles Place in Singapore's Central Business District and comprises a 66-storey building standing at 280 metres high.</p> <p>UOB Plaza 1 was one of Asia's tallest office buildings in the heart of Singapore's central business district.</p>
Bugis Junction*	1995	336.0	<p>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.</p> <p>Bugis Junction is a project which integrates the historical architectural facades of conservation shophouses with the new hotel, office and retail buildings.</p>

¹ Projects indicated with an asterisk are joint venture projects

Project	Year Completed	Approximate Contract Value (S\$ million)	Remarks
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 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.
<u>Residential</u>			
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 area and comprises 82 apartment units.
<u>Industrial</u>			
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.
<u>Institutional, Hospitals, Hotels and Leisure</u>			
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 square metres 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.

Project	Year Completed	Approximate Contract Value (S\$ million)	Remarks
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.
<i>Civil and Infrastructure</i>			
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 square metre 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 (DTSS).

1(c) Completed Construction Projects (Overseas)¹

Project	Completed	Approximate Contract Value (S\$ million)	Remarks
<i>Leisure</i>			
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.

¹ Projects indicated with an asterisk are joint venture projects

Project	Completed	Approximate Contract Value (S\$ million)	Remarks
Suzhou Industrial Township*	1996	24.0	<p>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.</p> <p>The above project was undertaken by a joint venture with Keppel Group and Sum Cheong Piling Pte Ltd.</p> <p>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.</p>
Sime Darby Convention Centre*	2005	23.9	<p>The project known as Sime Darby Convention Centre is located in the grounds of KLGCC.</p> <p>The project for the Sime Darby Convention Centre is a design-and-build contract for a multi-purpose centre.</p>

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 of 31 December 2013)	Remarks
<i>Residential</i>					
Twin Fountains	30%	46,215	2016	Total: 418 Sold: 82%	<p>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.</p> <p>FCL, through its subsidiary, Opal Star Pte Ltd, holds the remaining 70%.</p>

2(b) Ongoing Developments (Overseas)

Project	Effective Interest	Approximate GFA (sqm)	Scheduled Completion	Total Units and Approximate Percentage Sold (as of 31 December 2013)	Remarks
<i>Residential</i>					
Twin Palms, Kemensah	51%	49,160	2016	Total: 127 Launched: 82 Sold: 89%	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. The remaining 49% interest in the development is owned by the joint venture partner, SCPEL.
Twin Palms, Sungai Long	51%	228,800	2019	Total: 573 Launched: 341 Sold: 94%	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 multi-purpose hall, a spa, a Jacuzzi, and outdoor fitness facilities such as the 500 metre-long linear park, exercise stations and a children's playground. The remaining 49% interest in the development is owned by the joint venture partner, SCPEL.

2(c) Completed Developments (Singapore)

Project	Effective Interest	Approximate GFA (sqm)	Year Completed	Total Units and Approximate Percentage Sold (as of 31 December 2013)	Remarks
The Swettenham	100%	8,923	2010	Total: 16 Sold: 100%	<p>The project known as The Swettenham is located in the prestigious District 10 area 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.</p> <p>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 square metres. All units in the development were sold upon completion.</p>
Esparina Residences	20%	57,000	2013	Total: 573 Sold: 99.8%	<p>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.</p> <p>The executive condominium development is jointly developed with FCL's subsidiary Opal Star Pte Ltd. LCBC was the main builder for this development.</p>

2(d) Completed Developments (Overseas)

Project	Effective Interest	Approximate GFA (sqm)	Year Completed	Total Units and Approximate Percentage Sold (as of 31 December 2013)	Remarks
<u>Residential</u>					
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.
<u>Hotels and Leisure</u>					
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 Approx. Valuation (S\$ million)	Remarks
Pembridge Palace (United Kingdom)	100%	2,796	55.0 (as at 17 December 2013)	The freehold property known as Pembridge Palace is located at 52-57 Prince's Square, London and is currently leased out to a sole tenant which operates the property as a hotel. It is situated in the City of Westminster Borough next to tourist attractions such as Hyde Park and Kensington Gardens. The Group will derive rental income from this property.
The Old Court House (United Kingdom)	100%	4,721 (in relation to the retail units only)	87.0 (as at 7 July 2013) (in relation to the retail units only)	The freehold property known as The Old Court House is located at 42-60 (Even) Kensington High Street and comprises retail, commercial and residential units. The commercial and residential units of The Old Court House have previously been sold on long leases of over 120 years. The retail units, situated on the ground level of the development, are tenanted to well-known high street fashion retailers. The Group will derive rental income from these tenants.
8 Kim Tian Road (Singapore)	100%	125	3.4 (as at 30 June 2013)	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	47.5 (as at 30 June 2013)	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.

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 180 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 into 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. Since being awarded an A1 grade by the BCA registry, the Group's subsidiary LCBC has maintained this grade and is able 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 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 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 S\$250 million Construction Productivity and Capability Fund (CPCF) 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 2013, LCBC offered scholarships to two local undergraduates, both of whom will join LCBC in 2015.

Effective cost control and operational efficiency keeps 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 31 December 2013 is S\$480.7 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 in 2014¹, the average construction demand for 2014 in Singapore is forecasted to be between S\$31.0 billion to S\$38.0 billion barring any unforeseen circumstances. This projection is expected to be anchored by public sector projects in view of the strong pipeline of housing and infrastructure construction projects planned by the Government to meet the needs of the population. For 2015 and 2016, average construction demand in Singapore is projected to be sustained at between S\$25.0 billion to S\$34.0 billion per annum.

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 boom 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 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. The Group has also expanded its property development division locally and overseas through collaborations with reputable local developers, partners and foreign funds. It currently has a local property development project with one of Singapore's top developers, FCL, and collaborations in two Malaysian developments

¹ http://www.bca.gov.sg/newsroom/pr09012014_BCA.html "Construction demand for 2014 to remain strong"

with a reputable foreign fund, SCPEL. Collaborations with these reputable partners have helped the Group expand 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. and SCPEL.

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 developments and property investments since the 1980s. The profit before tax contribution from its property division has grown from 10% to 40% from 2011 to 2013. Property development is the main focus of the Group’s property activities, particularly in Malaysia. Recently, the Group has been steadily expanding its property investment portfolio with the development of its head office at 14 Kung Chong Road in Singapore and two commercial freehold properties in the prime area of London, United Kingdom. These investments will provide the Group with a steady stream of recurring income and have potential upside in their capital value.

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 Integrity 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 recently 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

Award	Development	Year
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

The Group has obtained the following certifications in recent years:

(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. He has 40 years of industry experience and contributed significantly to the development of the Group's construction business. Mr Lum 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 is the Honorary Consul of the Honorary Consulate General of Ghana, Singapore, an appointment by the Government of the Republic of Ghana since 1996. 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. He has more than 40 years of industry experience and contributed significantly to the development of the Group's construction business. He also successfully led the expansion of the Group's property development activities in Singapore and Malaysia. Mr Lum is also the Executive Chairman of LCDGI, a listed company on the Singapore Exchange and also serves on the boards of Kwong Wai Shiu Hospital & Nursing Home, Nanyang Girls' High School Ltd and Nanyang International Education (Holdings) Limited.

Tony Fong

Mr Tony Fong is an Executive Director of LCH and also a Director of the Group's subsidiary, Lum Chang Building Contractors Pte Ltd. 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 joined LCH as Group Financial Controller and Company Secretary in 2004. 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.

Peter Sim Swee Yam

Mr Peter Sim Swee Yam, BBM, PBM, is a non-executive director of LCH. Mr Sim chairs the Remuneration Committee and serves on both the Audit and Risk Committee and Nominating Committees of LCH. 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. Mr Sim is also an independent director of the following listed companies: Marco Polo Marine Ltd, Mun Siong Engineering Limited and Haw Par Corporation Limited. Mr Sim serves as a director of the Young Men's Christian Association (YMCA) of Singapore and the Singapore Heart Foundation.

Kenneth G. R. MacLennan

Mr Kenneth G. R. MacLennan is a non-executive independent director of LCH. Mr MacLennan chairs the Nominating Committee and is a member of the Audit and Risk Committee and Remuneration Committees of LCH. Mr MacLennan is a Partner at JCA Group Coaching LLP and a director of Wispay Properties Limited. He also acts as an advisor to a number of large international companies, both publicly and privately owned. Mr MacLennan previously held senior positions at Standard Chartered Bank, and was also Chief Executive of Korn/Ferry International U.K. Ltd. He is a director of a number of unlisted companies in the United Kingdom.

Daniel Soh Chung Hian

Mr Daniel Soh Chung Hian is a non-executive independent director of LCH. Mr Soh chairs the Audit and Risk Committee and also serves on the Nominating Committee of LCH. Mr Soh is a fellow member of the Institute of Singapore Chartered Accountants and began his career in 1977 with Ernst & Young LLP, Singapore, and was a partner from 1990 till his retirement in 2012. His 35 years of experience saw him auditing many listed companies and working on many initial public offerings of listed companies. Mr Soh is an audit committee member of the Asian Women's Welfare Association (AWWA), a charity organisation. He is an independent director of Eu Yan Sang Limited and QAF Limited, and also sits on the Board of Governors of Raffles Institution and Raffles Girls' School. Mr Soh graduated from the then University of Singapore with a degree in Accountancy in 1977 and holds 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. He is a member of the Audit and Risk Committee and the Remuneration Committee of LCH. Dr Lee has a MBBS from the then University of Singapore and has been a medical practitioner for over 40 years.

MATERIAL LITIGATION

On 28 August 2013, LCH announced that its wholly-owned subsidiary, LCBC, had commenced arbitration proceedings against Ryobi Kiso (S) Pte Ltd ("**Ryobi Kiso**"), for a claim relating to the breach of and default of Ryobi Kiso's duties and obligations in its capacity as subcontractor for a project known as C912 (defined above). The claim amount is approximately S\$32.0 million and Ryobi Kiso has in turn filed a counterclaim for alleged sums owed for work done in respect of the C912 project, amounting to approximately S\$19.0 million.

As at the Latest Practicable Date, the arbitration is still ongoing. LCH is advised that, on a preliminary assessment of the case based on the present pleadings, LCBC has a good arguable case in respect of its claim and also has a credible defence to the counterclaim. The Company is thus of the view that the claim and counterclaim are unlikely to have a material adverse impact on the Group's financial statements for the financial year ending 30 June 2014.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out (i) the Group's consolidated statement of financial position as at and for the financial years ended 30 June 2011 ("FY2011"), 2012 ("FY2012") and 2013 ("FY2013") and (ii) the Group's consolidated income statement as at and for the period ended 31 December 2012 ("1H FY2013") and 31 December 2013 ("1H FY2014"). The selected consolidated financial data for FY2011, FY2012 and FY2013 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 audited financial statements of the Group have been drawn up in accordance with the Singapore Financial Reporting Standards.

CONSOLIDATED INCOME STATEMENT

	Unaudited 1H FY2014	Unaudited 1H FY2013	Audited FY2013	Audited FY2012	Audited FY2011 (restated)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	181,644	267,026	494,550	282,890	191,455
Cost of sales	(161,029)	(242,395)	(440,715)	(246,081)	(159,785)
Gross profit	20,615	24,631	53,835	36,809	31,670
Other gains/income - net	152	874	8,200	10,148	331
Expenses					
- Distribution and marketing	(1,627)	(1,669)	(4,168)	(2,225)	(744)
- Administrative and general	(10,560)	(7,786)	(21,891)	(16,650)	(16,311)
- Finance	(934)	(24)	(715)	(176)	(627)
Share of profits/(losses) of associated companies and joint ventures	12,876	(13)	(322)	(31)	1,718
Profit before income tax	20,522	16,013	34,939	27,875	16,037
Income tax expenses	(2,326)	(3,900)	(6,683)	(4,649)	(71)
Net profit	18,196	12,113	28,256	23,226	15,966
Net profit attributed to:					
- Equity holders of the Company	16,970	9,070	21,482	20,997	16,015
- Non-controlling interests	1,226	3,043	6,774	2,229	(49)
	18,196	12,113	28,256	23,226	15,966

CONSOLIDATED FINANCIAL POSITION

	Unaudited 1H FY2014	Unaudited 1H FY2013	Audited FY2013	Audited FY2012	Audited FY2011 (restated)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	90,408	77,655	63,648	80,516	76,018
Trade and other receivables	63,641	73,602	113,478	67,119	62,724
Tax recoverable	33	94	91	97	283
Construction contract work-in-progress	-	-	-	420	4,171
Properties held for sale	6,172	12,949	8,452	10,931	629
Development properties	100,666	105,458	99,641	119,693	120,774
Available-for-sale financial assets	1,500	1,500	1,500	1,500	1,500
Other current assets	9,570	14,594	4,712	5,193	4,047
	271,990	285,852	291,522	285,469	270,146
Non-current assets					
Trade and other receivables	43,925	60,187	39,792	31,291	18,793
Club memberships	457	521	505	551	660
Available-for-sale financial assets	3,709	3,724	3,713	3,695	5,417
Investments in associated companies	12,893	300	-	-	-
Investments in joint ventures	321	347	338	360	395
Investment properties	114,787	23,456	108,437	16,180	17,036
Property, plant and equipment	44,824	42,331	47,721	38,530	15,201
Deferred income tax assets	3,245	2,622	2,554	2,675	855
	224,161	133,488	203,060	93,282	58,357
Total assets	496,151	419,340	494,582	378,751	328,503
LIABILITIES					
Current liabilities					
Trade and other payables	173,750	172,117	193,971	164,775	127,664
Current income tax liabilities	4,852	6,472	5,061	5,264	3,925
Borrowings	27,721	24,329	19,586	14,044	16,118
	206,323	202,918	218,618	184,083	147,707
Non-current liabilities					
Trade and other payables	15,823	19,946	14,219	10,745	4,692
Borrowings	75,650	21,833	79,434	17,001	18,980
Deferred income tax liabilities	1,838	1,379	1,852	1,379	1,600
	93,311	43,158	95,505	29,125	25,272
Total liabilities	299,634	246,076	314,123	213,208	172,979
NET ASSETS	196,517	173,264	180,459	165,543	155,524
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	84,089	83,922	84,060	83,895	83,889
Treasury shares	(2,038)	(2,941)	(2,194)	(3,046)	-
Capital and other reserves	22,940	20,993	20,346	20,869	14,962
Retained profits	81,555	59,623	69,249	55,177	50,122
	186,546	161,597	171,461	156,895	148,973
Non-controlling interests	9,971	11,667	8,998	8,648	6,551
Total equity	196,517	173,264	180,459	165,543	155,524

Financial Review

1H FY2014 versus 1H FY2013

Financial Performance

Revenue for 1H FY2014 was S\$85.4 million or 32% lower than 1H FY2013 mainly due to lower revenue recognised from three construction projects amounting to S\$123.5 million as the projects were substantially completed as at 30 June 2013. The decrease was also due to lower revenue of S\$12.2 million from the Group's Malaysian developments as revenue from the sale of 21 units from one development phase was recognised upon completion in 1H FY2014 as compared to 45 units sold from two development phases in 1H FY2013.

The lower revenue was partially offset by higher revenue of S\$31.7 million from another construction project. No revenue was recognised for this project during the corresponding last year as the construction progress then, had not yet reach the stage where revenue recognition could commence. In addition, the increase in work performed for two other construction projects during 1H FY2014 as compared to 1H FY2013 also resulted in higher revenue of S\$21.5 million being recognised.

Cost of sales for 1H FY2014 decreased by 34% compared to a decrease in revenue of 32% mainly due to cost savings for a major construction project.

Administrative and general expenses of S\$10.6 million during 1H FY2014 were higher than the expenses for 1H FY2013 of S\$7.8 million mainly due to higher depreciation expense and staff costs.

Finance expenses for 1H FY2014 were S\$934,000 as compared to S\$24,000 for 1H FY2013 mainly due to interest expense incurred on a bank loan obtained in the third quarter of FY2013 to partially fund the purchase of a freehold property in the United Kingdom.

The share of profits of associated companies and joint venture for 1H FY2014 was S\$12.9 million compared to losses of S\$13,000 for 1H FY2013 due to the recognition of the Group's 20% proportionate share of profits of an associated company.

Income tax expense for 1H FY2014 was S\$2.3 million compared to S\$3.9 million for 1H FY2013. The lower income tax was mainly due to lower profits recognised by a subsidiary in Malaysia.

The profit attributable to non-controlling interests for 1H FY2014 and 1H FY2013 mainly relates to the non-controlling interest's share of the results of two Malaysia subsidiaries of the Group. The lower profit for 1H FY2014 of S\$1.2 million was mainly due to lower profits recognised by one of the Malaysian subsidiaries.

FY2013 versus FY2012

Financial Performance

Revenue for FY2013 was significantly higher than FY2012 by S\$211.7 million or 75% due mainly to the commencement of revenue recognition for two construction projects, which together reported revenues amounting to S\$125.4 million. No revenue was recognised for these projects in FY2012 as construction progress then had not reached the stage where revenue recognition could commence. The increase in work performed from two other construction projects during FY2013 as compared to FY2012 also resulted in higher revenue of S\$82.0 million being recognised. The increase was partially offset by a construction project that had completed in FY2013 and revenue recognised for this project in FY2013 was only S\$2.2 million compared to S\$26.5 million in FY2012.

Higher revenue of S\$39.2 million for FY2013 was also due to more phases completed in one of the Group's developments in Malaysia compared to FY2012. In accordance with the Group's accounting policy, revenue from the sale of units from the Group's Malaysian development properties can only be recognised upon the completion of the construction of a development phase.

Cost of sales for FY2013 increased by 79% compared to an increase in revenue of 75%. The higher increase in cost of sales was due mainly to rising construction costs. This resulted in only a 46% increase in gross profit.

Distribution and marketing expenses of S\$4.2 million in FY2013 was higher than S\$2.2 million in FY2012 mainly due to higher sales from the Group's developments in Malaysia in FY2013.

Administrative and general expenses of S\$21.9 million in FY2013 were higher than S\$16.7 million in FY2012. This is due mainly to higher staff costs, higher depreciation expenses and acquisition costs incurred from the purchase of the Group's freehold property in the United Kingdom.

Finance expenses for FY2013 were S\$715,000 compared to S\$176,000 in FY2012 mainly due to interest expenses on a bank loan obtained to partially fund the purchase of a freehold property in the United Kingdom.

The share of losses of S\$322,000 in FY2013 mainly relates to the Group's share of losses in an associated company that develops residential properties for sale. The profits from the sale of properties are recognised only upon the completion of construction of the properties.

The income tax expense for FY2013 was S\$6.7 million compared to S\$4.6 million for FY2012. The higher tax expense was mainly due to higher profits recognised by one of the Group's property developments in Malaysia upon the completion of construction of certain development phases.

The profit attributable to non-controlling interests of S\$6.8 million for FY2013 and S\$2.2 million for FY2012 mainly relates to the non-controlling interest's share of the results of two Malaysian subsidiaries of the Group. The higher profit for FY2013 was mainly due to higher profits recognised by one of the Malaysian subsidiaries.

Financial Position

Total assets as at 30 June 2013 of S\$494.6 million increased by 31% or S\$115.8 million from S\$378.8 million as at 30 June 2012.

Total trade and other receivables of S\$153.3 million as at 30 June 2013 increased by S\$54.9 million compared to S\$98.4 million as at 30 June 2012 mainly due to the increase in amount of work carried out for six construction projects, resulting in an increase in trade and other receivables of S\$44.4 million. The increase was also due to an advance of S\$18.2 million made to an associated company to partly finance the development of residential properties for sale. In addition, the sale of the Group's Malaysian development properties also resulted in an increase in trade and other receivables of S\$4.6 million. The increase was partially offset by net collections of S\$14.5 million from completed construction projects.

Properties held for sale as at 30 June 2013 was S\$8.5 million compared to S\$10.9 million as at 30 June 2012. Properties held for sale decreased by S\$5.5 million due to the sale of some completed units of the Group's development properties in Malaysia. The decrease was partially offset by an increase of S\$3.1 million upon the completion of certain phases for one of the Group's development properties in Malaysia.

Development properties of S\$99.6 million as at 30 June 2013 decreased by S\$20.1 million compared to S\$119.7 million as at 30 June 2012. Development properties decreased by S\$38.1 million due to the completion of certain phases of one of the Group's Malaysian developments, of which the cost for sold completed units of S\$35.0 million was transferred to cost of sales and the cost of unsold completed units of S\$3.1 million was transferred to properties held for sale. The decrease was partially offset by additional development costs incurred on two of the Group's development projects in Malaysia amounting to S\$18.2 million.

The increase in investment properties of S\$92.3 million since 30 June 2012 to S\$108.4 million as at 30 June 2013 was due to the purchase of the freehold property in the United Kingdom for S\$80.7 million and additional expenditure of S\$5.8 million allocated as investment property for the development of the Group's leasehold building in Singapore. In addition, the Group recognised a net fair value gain of S\$5.8 million on the Group's leasehold properties in Singapore and the freehold property in the United Kingdom.

Property, plant and equipment as at 30 June 2013 increased by S\$9.2 million mainly due to additional expenditure of S\$4.7 million allocated as fixed asset for the development of the Group's leasehold building in Singapore and purchases of plants and machinery for various construction projects amounting to S\$7.0 million. The increase was partially offset by a depreciation of property, plant and equipment of S\$3.8 million.

Total liabilities as at 30 June 2013 of S\$314.1 million increased by 47% or S\$100.9 million from S\$213.2 million as at 30 June 2012.

Total trade and other payables of S\$208.2 million as at 30 June 2013 increased by S\$32.7 million compared to S\$175.5 million as at 30 June 2012 mainly due to an increase in the work performed for construction projects, resulting in an increase in trade and other payables of S\$36.3 million. In addition, the increase was also due to an advance of S\$3.0 million from a non-controlling shareholder of a subsidiary. The increase was partially offset by a decrease in advances of S\$9.9 million previously received from progress billings of uncompleted units sold from the Group's Malaysian development properties. The construction on these units was completed in FY2013 and these advances were recognised as revenue.

Borrowings in total had increased by S\$68.0 million since 30 June 2012 mainly due to drawdowns of a term loan of S\$50.4 million to partially fund the acquisition of the Group's freehold property in the United Kingdom, a term loan of S\$12.4 million to finance the construction of one of the Group's leasehold properties in Singapore and a development loan of S\$14.4 million to partially fund one of the Group's property developments in Malaysia. The increase was partially offset by the partial repayment of a term loan of S\$1.7 million that was previously drawn to finance the construction of the Group's leasehold property in Kranji in Singapore and a partial repayment of development loans of S\$6.0 million that was previously drawn to fund the Group's property developments in Malaysia.

FY2012 versus FY2011

Financial Performance

Revenue for FY2012 was significantly higher than FY2011 by S\$91.4 million or 48% mainly due to the commencement of revenue recognition for two construction projects, which reported revenues amounting to S\$118.3 million. This was partially offset by the completion of two other construction projects. The revenues reported for these projects in FY2011 amounted to S\$51.7 million. The completion of two phases of the Group's residential developments in Malaysia led to the revenue recognition of S\$25.8 million from the sale of 28 units. Included in the FY2011's revenue was the remaining amount of S\$7.3 million reported from the sales of the four bungalows that were sold from the Group's development in Swettenham Road in Singapore.

Cost of sales for FY2012 increased by 54% compared to an increase in revenue of 48%. The higher increase in cost of sales was mainly due to rising prices in construction costs. This resulted in only a 16% increase in gross profit.

Distribution and marketing expenses increased to S\$2.2 million for FY2012 compared to S\$744,000 for FY2011. The increase was mainly due to sales and advertising costs of S\$1.4 million incurred for one of the Group's subsidiaries in Malaysia. Before June 2011, this company was an associated company of the Group and its results were equity accounted for in the consolidated financial statements of the Group for 11 months. It became a subsidiary following a step acquisition in June 2011.

Finance expenses for FY2012 was S\$176,000 compared to S\$627,000 for FY2011 mainly due to less borrowings in FY2012.

The share of profits of S\$1.7 million for FY2011 was mainly due to the Group's share of profits from a then associated company in Malaysia. In June 2011, the Group had increased its interest in the associated company, resulting in that associated company becoming a subsidiary of the Group. Accordingly, the results of that company have been consolidated with the Group's results in FY2012.

Financial Position

Total assets as at 30 June 2012 of S\$378.8 million increased by 15% or S\$50.3 million from S\$328.5 million as at 30 June 2011.

Total trade and other receivables of S\$98.4 million as at 30 June 2012 increased by S\$16.9 million compared to S\$81.5 million as at 30 June 2011 mainly due to the increase in amount of work carried out for six construction projects, resulting in an increase in trade and other receivables of S\$30.8 million.

The increase was partially offset by net collections of S\$6.4 million from completed construction projects, the receipt of S\$4.1 million of the balance sales proceeds from the sale of the Group's bungalows in Singapore and the repayment of S\$3.6 million from non-related companies.

Construction contract work-in-progress decreased by S\$3.8 million since 30 June 2011 to S\$420,000 as at 30 June 2012 due to the utilisation of construction materials for a construction project.

Properties held for sale as at 30 June 2012 relates to completed development properties in Malaysia which had not been sold as at 30 June 2012.

Other current assets of S\$5.2 million as at 30 June 2012 increased by S\$1.1 million since 30 June 2011 mainly due to a tender deposit paid of S\$1.4 million.

Available-for-sale financial assets decreased by S\$1.7 million since 30 June 2011 mainly due to the sale of the Group's investment in FirstOffice Pte Ltd, a special purpose company that owns the commercial development Twenty Anson.

Investment properties of S\$16.2 million as at 30 June 2012 decreased by S\$856,000 compared to S\$17.0 million as at 30 June 2011. In FY2012, the construction cost incurred on the redevelopment of the Group's property at Kung Chong Road in Singapore amounted to S\$9.3 million. The portion of the carrying cost for investment properties that was designated to house the Group's corporate offices and its related companies amounted to S\$11.3 million and has been reclassified to property, plant and equipment as at 30 June 2012. The fair value gain on the remaining investment property portion amounted to S\$1.1 million.

Property, plant and equipment of S\$38.5 million as at 30 June 2012 increased by S\$23.3 million since 30 June 2011 mainly due to a S\$11.3 million cost being reclassified from investment properties to property, plant and equipment, following management's review of the intended usage of the property at Kung Chong Road in Singapore. In addition, the increase was also due to additional expenditure on the Group's leasehold building at Kranji in Singapore amounting to S\$5.4 million and purchase of plant and machinery for a major construction project of S\$7.5 million.

Total liabilities as at 30 June 2012 of S\$213.2 million increased by 23% or S\$40.2 million from S\$173.0 million as at 30 June 2011.

Total trade and other payables of S\$175.5 million as at 30 June 2012 increased by S\$43.1 million compared to S\$132.4 million as at 30 June 2011 mainly due to the increase in activity for ongoing constructions, resulting in a net increase in trade and other payables of S\$32.2 million. In addition, the increase was also due to S\$12.0 million of monies received from progress billings on uncompleted properties sold from the Group's property developments in Malaysia, of which revenues from these units have not yet been recognised. The increase was partially offset by a decrease in trade and other payables of S\$3.3 million following the closing of final accounts with subcontractors for a development in Singapore.

Current income tax liabilities of S\$5.3 million as at 30 June 2012 increased by S\$1.3 million since 30 June 2011 mainly due to the current income tax provision of S\$2.4 million of a wholly-owned subsidiary in Singapore, an underprovision of Singapore income tax of S\$1.1 million of another wholly-owned subsidiary in Singapore, and the current income tax provision of S\$2.4 million in respect of the Group's two subsidiaries in Malaysia. The increase is partially offset by tax payments of S\$5.2 million during FY2012.

Borrowings in total of S\$31.0 million as at 30 June 2012 decreased by S\$4.1 million since 30 June 2011 mainly due to a net repayment of S\$13.1 million of a development loan that was previously drawn to fund one of the Group's property development in Malaysia and payment of hire purchase commitments of S\$2.2 million. The decrease was partially offset by a drawdown of loans amounting to S\$11.2 million for the purpose of financing the construction of the Group's property at Kung Chong Road in Singapore and a leasehold building at Kranji in Singapore.

Deferred income tax assets of S\$2.7 million as at 30 June 2012 increased by S\$1.8 million compared to S\$855,000 as at 30 June 2011 due to deferred tax assets provided on losses incurred for one of the Group's subsidiaries in Malaysia following the Group's adoption of the new Interpretation of Financial Reporting Standard (INT FRS 115), where profits from the sale of properties in Malaysia are recognised only upon the completion of construction of the properties.

Treasury shares as at 30 June 2012 was S\$3.0 million compared to nil as at 30 June 2011. In FY2012, the Company had purchased 11,103,000 of its ordinary shares by way of on-market purchase and held them as treasury shares.

The increase in non-controlling interests of S\$2.1 million since 30 June 2011 to S\$8.6 million as at 30 June 2012 was mainly due to the non-controlling interest's share of the profits for two Malaysian subsidiaries of the Group.

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 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 business, assets, financial condition, performance or prospects of the Issuer and its subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Notes. Additional investment considerations which the Issuer is currently unaware of may also impair its business, assets, financial condition, performance or prospects. If any of the following investment considerations develop into actual events, the business, assets, financial condition, performance 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.

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 holder of the Notes 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 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 NOTES

Limited Liquidity of the Notes issued under the Programme.

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, 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.

Liquidity may have a severely adverse effect on the market value of the Notes. Although the issue 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 issue in the market of such additional Notes.

Fluctuation of the market value of Notes.

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries and/or its associated companies (if any), 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 operating results and/or the financial condition of the Issuer, its subsidiaries and/or its associated companies (if any).

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 bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain 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. Noteholders would 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 tax 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 2018 are intended, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by MAS on 28 June 2013, 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 relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement 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 relevant 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 relevant 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 relevant 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 and such instruments may be purchased 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 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 such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem 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 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 risk in light of other investments available at that time.

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.

The secondary market generally.

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.

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.

The Terms and Conditions of the Notes 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 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 Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of 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 or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstance 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 FY2011, FY2012 and FY2013, a substantial part of the Group's revenue was derived from its construction business, accounting for 95.8%, 91.2% and 87.9% 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. Further, the Singapore government has, since 2009, implemented several rounds of cooling measures to moderate the increase in housing prices. More recently, the Monetary Authority of Singapore introduced a maximum Total Debt Servicing Ratio of 60% of an individual's gross income so as to discourage speculative activity in the property market. In the event that such measures result in lowered demand for construction activities, the Group's business operations, financial performance and financial condition may be adversely affected.

The Group is subject to government legislation, regulations or policies which affect the construction industry in Singapore and require 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:

- (a) employment of workers (including foreign workers) in Singapore, such as 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. To maintain LCBC'S CRS grading status of A1 (under the category CW01 for General Building and CW02 for Civil Engineering), the Issuer must, amongst others, satisfy BCA that it has:

- a relevant track record and good performance in the scope of work in the workhead and grade in which it is registered;
- sufficient financial resources to meet the financial commitments for the respective workheads and grades; and
- the necessary full-time personnel resources stationed in Singapore to undertake the work corresponding to the registration head applied for.

In the event that LCBC does not maintain its A1 status because it fails to comply with any of the requirements laid out by the BCA in respect thereof, LCBC's CRS registration status would accordingly be downgraded and this would cause the Group to lose its ability to tender for public construction projects of an 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. According to the BCA's website as at 6 February 2014, there are 64 registered general building contractors, including LCBC, graded A1 under the General Building (CW01) category. Furthermore, additional contractors can obtain such gradings if they fulfill the BCA's minimum requirements for such gradings. In the event that such additional contractors are successful in obtaining such gradings, 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 Group's order books may not be an accurate indicator of its future performance.

As at 31 December 2013, the Group's outstanding order books amounted to approximately S\$480.7 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 may face liquidity and non-payment risks and is exposed to credit risks of its customers.

The nature of the Group's industry is that work is performed before payment is made, even when progress payments are provided for. For the Group's construction business, there is a time lag between expenditure incurred and actual receipt of payment from customers.

Further, in compliance with the Building and Construction Industry Security of Payment Act, Chapter 30B of Singapore, the Group must make payment to its subcontractors, whether or not the Group has received payments from its customers.

Generally the Group bills its customers on a monthly basis according to the proportion of work completed with respect to the contract value of the project as recommended by its customer's quantity surveyor and as stated in the architect's certificate issued to us. Such progress payments will be received over the course of the project, which may take between one to three years to complete.

In the event that the Group fails to closely monitor its receivables and/or make timely submissions of its progress payment claims, the Group may encounter liquidity problems. Furthermore, the time lag increases the risk of bad debts as the financial position of the Group's customers may deteriorate over the same period of time. The Group's operating results will be adversely affected if there is any significant default in payment by its customers.

The Group is also exposed to the credit risks of its customers. 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 at all. In such an event, the Group's profitability will 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 the 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 TOP 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 offset 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, 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 we undertake 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 (M&E) 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, and/or violation of environmental 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, the MOM has implemented a demerit points system for the construction sector. All main contractors and subcontractors in the construction sector will be issued with demerit points for breaches under the Workplace Safety and Health Act, Chapter 354A of Singapore ("**WSHA**") and relevant subsidiary legislation. The number of demerit points awarded depends on the severity of the infringement. A contractor that has received more than 18 demerit points within a 12-month period will receive a formal warning from MOM, while the continued accumulation of demerit points will result in more stringent corrective actions. If a contractor continues to commit workplace safety and health offences, applications from the company for new and renewal of all types of work passes for all foreign employees will be rejected by MOM.

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, under the WSHA, the Commissioner of Workplace Safety and Health ("**CWSH**") may issue a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. Further, if the CBC is of the opinion that any building works are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property, (ii) will cause, or will be likely to cause, or may have caused a total or partial collapse of the building in respect of which building works are or have been carried out or any building, street or natural formation opposite, parallel, adjacent or in otherwise close proximity to those building works, or any part of such building, street, slope or land; or (iii) will render, or will be likely to render, or may have rendered the building in respect of which building works are or have been carried out or any building, street, slope or natural formation opposite, parallel, adjacent or in otherwise close proximity to those building works, or any part of such building, street or land, so unstable or dangerous that it will collapse or be likely to collapse either totally or partially, he may, amongst others, by order, direct the person for whom or on whose behalf those building works are carried out to immediately stop the building works and to execute or caused to be executed such measures as he may specify to prevent the abovementioned situations from happening.

The MOM has also implemented the Business Under Surveillance (“BUS”) programme to regulate poor performing companies to focus on developing and implementing a robust safety and health management system to improve their workplace safety and health performance.

In the event that the Group is issued such stop-work orders in the future, this may severely disrupt the Group’s operations and lead to a delay in the completion of a project. These circumstances and any future inclusion in the BUS programme 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.

In addition, violation of environmental regulatory requirements may occur at the construction sites for the Group’s projects even though the Group has put in place certain measures as may be required. The Group may incur fines and penalties imposed by the National Environmental Agency in relation to any breaches of environmental regulations on worksites. In such an event, the Group’s business operations, financial performance and financial condition may be materially and adversely affected. In the event that the Group is issued such stop-work orders in the future, 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, due to 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 consists 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.

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 sudden withdrawal in the supply of foreign workers which will negatively impact the Group's earnings and financial performance. Similarly, any such increase in such levies and any sudden withdrawal 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.

In addition, if the MOM imposes further restrictions on the supply of foreign labour, the Group may have to explore alternative and more costly sources of labour for its projects. In such event, the Group's payroll costs may increase and the profitability of the Group may be materially and adversely affected. In the Singapore Government Budget 2012, the MOM announced a further 5% cut in the MYE quota for new projects with effect from July 2012. This is in addition to the 15% cut in the MYE quota for new projects with effect from July 2013 as announced in the Singapore government's Budget 2011 and the reduction in the MYE quota by 25% over three years from 2010 to 2012 for the construction sector as announced in the Singapore government's Budget 2010. As such, the Group is entitled to employ fewer foreign workers and if the Group is unable to seek alternative source of labour for its projects at the same or lower cost, 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 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, availability of raw materials, increases in construction costs, 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 if it does not 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.

For the year ended 30 June 2013, revenue from the Group's property development business segment accounted for 12% of the Group's total revenue. 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 regulation.

The Group is subject to numerous laws and regulations in Singapore, Malaysia and the United Kingdom, including those relating to property development. The success of the Group's strategy to acquire new properties or commence the development of properties is contingent upon, among other things, receipt of all required licences, permits and authorisations, including local land use permits, building and zoning permits, environmental and health and safety permits. Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or launch of a project or could result in the loss of an existing licence.

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 in Singapore 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 property may be adversely affected by a number of factors.

The revenue earned from, and the value of, the Group's commercial property, 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 retail and office space 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 retail and 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 retail and commercial units in the Group's retail and commercial properties, for example, in the case of retail units, because of the loss of the departed key tenant's customer-drawing power. In addition, the Group may face difficulties in finding suitable replacement tenants for space 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 retail and 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 and/or identifying technologies and/or work processes which may improve its operations. 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.

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.

The ability of the subsidiaries and associates 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 our 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. 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 terrorist attacks and other acts of violence, wars, or outbreaks of diseases.

Any fresh occurrence of terrorist attacks such as those which occurred in the United States, India and Indonesia or other acts of violence may lead to uncertainty in the economic outlook of the Group's market. All these could have a negative impact on the demand for the Group's services and the Group's sales, and the Group's business operations, financial performance and financial condition may be adversely affected.

Furthermore, an outbreak of infectious diseases such as the influenza A (H1N1) and severe acute respiratory syndrome (SARS) 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 infectious 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 infectious diseases and this may affect the Group's day-to-day operations.

The Group's business 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.

Since the global economic downturn in the late 2008, there have been negative developments in the global financial markets including the downgrading by major international credit rating agencies of sovereign debts issued by some of the European Union member countries and the difficult conditions in the global credit and capital markets. 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. 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 other 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 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 denominated in Singapore dollar 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 dollar based on the exchange rates for the relevant financial period or year. Any significant fluctuation of the Singapore dollar 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 United Kingdom and any significant revaluation of the Malaysian ringgit and 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 (WICA), 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 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 of 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, sub-contractors, 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 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 Companies Act 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 holder of the Notes 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 20.0%. 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 is arranged by CIMB Bank Berhad (acting through its Singapore branch), which is 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), 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 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” (the “**MAS Circular**”) issued by MAS on 28 June 2013, 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 of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed, 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 funds from that 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 of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), 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 of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed,

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 the issue of such Relevant Notes is held beneficially 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 of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), 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 be redeemed, called, exchanged or converted within 10 years from the date 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 the issue of such Relevant Notes is held beneficially 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.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. The MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

The MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

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 39 (“**FRS 39**”) 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. Please see the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular 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.

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 exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**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 out 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.

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 that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act.

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, except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong, 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 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 the MAS. Accordingly, each Dealer has represented and agreed 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 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, 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 Peter Sim Swee Yam	Non-executive Independent Director
Mr Kenneth G R MacLennan	Non-executive Independent Director
Mr Daniel Soh Chung Hian	Non-executive Independent Director
Dr Willie Lee Leng Ghee	Non-executive 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.

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 2013 up to the Latest Practicable Date except for (i) 300,000 share options granted to Mr Tony Fong on 20 September 2013 and 200,000 share options exercised by Mr Tony Fong on 25 February 2014 and (ii) 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	10,059,997	2.69	59,839,742	16.00
David Lum Kok Seng	7,588,436	2.03	61,891,000	16.55
Tony Fong	300,000	0.08	17,000	n/m ⁽²⁾

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Kenneth G R MacLennan	-	-	-	-
Peter Sim Swee Yam	10,000	n/m ⁽²⁾	-	-
Dr Willie Lee Leng Ghee	-	-	-	-
Daniel Soh Chung Hian	-	-	-	-

Substantial Shareholders

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Raymond Lum Kwan Sung	10,059,997	2.69	59,839,742	16.00
David Lum Kok Seng	7,588,436	2.03	61,891,000	16.55
Lum Chang Investments Pte Ltd	59,839,742	16.00	-	-
Beverian Holdings Pte Ltd	61,891,000	16.55	-	-

⁽¹⁾ As a percentage of the total number of issued Shares as at the Latest Practicable Date, comprising 374,021,604 Shares (excluding treasury Shares which have no voting rights).

⁽²⁾ n/m: not meaningful

SHARE CAPITAL

- 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.
- 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	374,021,604 ⁽³⁾	S\$84,173,373

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

- 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

- Save as disclosed in Appendix IV, the Group had as at 31 December 2013 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

- 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 2013.

LITIGATION

12. Except as disclosed in 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 31 December 2013.

CONSENT

14. PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports 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; and
 - (d) the audited financial statements of the Issuer and its subsidiaries for the financial years ended 30 June 2012 and 30 June 2013 and the unaudited second quarter financial statements announcement of the Issuer and its subsidiaries for the financial period ended 31 December 2013.

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 2012**

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 2012 and has not been specifically 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 51 to 126, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 2012, 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 profit and loss accounts and balance sheets 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 state of affairs of the Group and of the Company as at 30 June 2012, and of the results, 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 subsidiaries 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 Certified Public Accountants

Singapore, 14 September 2012



CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 June 2012

	Note	Group	
		2012 \$'000	2011 (restated) \$'000
Revenue	4	282,890	191,455
Cost of sales		(246,081)	(159,785)
Gross profit		36,809	31,670
Other gains – net	5	10,148	331
Expenses			
- Distribution and marketing		(2,225)	(744)
- Administrative and general		(16,650)	(16,311)
- Finance	8	(176)	(627)
Share of (losses)/profits of associated companies and joint ventures		(31)	1,718
Profit before income tax		27,875	16,037
Income tax expense	9	(4,649)	(71)
Net profit		23,226	15,966
Net profit attributable to:			
Equity holders of the Company		20,997	16,015
Non-controlling interests		2,229	(49)
		23,226	15,966
Earnings per ordinary share attributable to the equity holders of the Company (cents per share)	10		
- Basic		5.62	4.22
- Diluted		5.61	4.21

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2012

	Note	Group	
		2012 \$'000	2011 (restated) \$'000
Net profit		23,226	15,966
Other comprehensive (losses)/income:			
Foreign currency translation differences arising from consolidation		(49)	(1,597)
Realisation of losses in foreign currency translation reserve	5	-	1,089
Fair value losses on available-for-sale financial assets		(22)	(33)
Other comprehensive losses for the year, net of tax		(71)	(541)
Total comprehensive income for the year		23,155	15,425
Total comprehensive income attributable to:			
Equity holders of the Company		21,058	15,472
Non-controlling interests		2,097	(47)
		23,155	15,425

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



BALANCE SHEET - GROUP

as at 30 June 2012

	Note	2012 \$'000	2011 (restated) \$'000	2010 (restated) \$'000
ASSETS				
Current assets				
Cash and cash equivalents	11	80,516	76,018	74,362
Trade and other receivables	12(a)	67,119	62,724	68,134
Tax recoverable	9(b)	97	283	79
Construction contract work-in-progress	13	420	4,171	12,842
Properties held for sale	14	10,931	629	-
Development properties	15	119,693	120,774	29,663
Available-for-sale financial assets	16	1,500	1,500	1,500
Other current assets	17	5,193	4,047	6,507
		285,469	270,146	193,087
Non-current assets				
Trade and other receivables	12(b)	31,291	18,793	17,939
Club memberships	18	551	660	729
Available-for-sale financial assets	16	3,695	5,417	5,402
Investments in joint ventures	19	360	395	522
Investments in associated companies	20	-	-	22,740
Investment properties	22	16,180	17,036	930
Property, plant and equipment	23	38,530	15,201	7,815
Deferred income tax assets	9(c)	2,675	855	-
		93,282	58,357	56,077
Total assets		378,751	328,503	249,164
LIABILITIES				
Current liabilities				
Trade and other payables	24(a)	164,775	127,664	72,339
Current income tax liabilities	9(b)	5,264	3,925	6,904
Borrowings	25	14,044	16,118	367
		184,083	147,707	79,610
Non-current liabilities				
Trade and other payables	24(b)	10,745	4,692	4,591
Borrowings	25	17,001	18,980	16,256
Deferred income tax liabilities	9(c)	1,379	1,600	1,629
		29,125	25,272	22,476
Total liabilities		213,208	172,979	102,086
NET ASSETS		165,543	155,524	147,078
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital	27	83,895	83,889	83,788
Treasury shares	27	(3,046)	-	(70)
Capital and other reserves	28	20,869	14,962	15,058
Retained profits	29	55,177	50,122	47,375
		156,895	148,973	146,151
Non-controlling interests	30	8,648	6,551	927
Total equity		165,543	155,524	147,078

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



BALANCE SHEET - COMPANY

as at 30 June 2012

	Note	2012 \$'000	2011 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	11,753	33,029
Trade and other receivables	12(a)	93,201	77,858
Other current assets	17	1,423	17
		106,377	110,904
Non-current assets			
Club memberships	18	349	408
Available-for-sale financial assets	16	511	533
Investments in subsidiaries	21	15,843	12,729
Property, plant and equipment	23	1,177	737
		17,880	14,407
Total assets		124,257	125,311
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	14,550	17,794
Current income tax liabilities	9(b)	17	8
Borrowings	25	182	48
		14,749	17,850
Non-current liabilities			
Borrowings	25	461	227
Deferred income tax liabilities	9(c)	58	-
		519	227
Total liabilities		15,268	18,077
NET ASSETS		108,989	107,234
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	83,895	83,889
Treasury shares	27	(3,046)	-
Capital and other reserves	28	4,247	4,053
Retained profits	29	23,893	19,292
Total equity		108,989	107,234

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2012

← 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
2012							
Balance as at 1 July 2011							
- As previously stated	83,889	-	14,912	49,616	148,417	9,554	157,971
- Effects of restatement	2.1	-	50	506	556	(3,003)	(2,447)
Balance as at 1 July 2011, restated	83,889	-	14,962	50,122	148,973	6,551	155,524
Purchase of treasury shares	-	(3,222)	-	-	(3,222)	-	(3,222)
Employee share option scheme	27						
- Value of employee services	-	-	252	-	252	-	252
- Treasury shares reissued	6	176	(36)	-	146	-	146
Interim dividend for FY2012	31	-	-	(2,783)	(2,783)	-	(2,783)
Final dividend for FY2011	31	-	-	(7,529)	(7,529)	-	(7,529)
Liquidation of a subsidiary	-	-	5,630	(5,630)	-	-	-
Total comprehensive income	-	-	61	20,997	21,058	2,097	23,155
Balance as at 30 June 2012	83,895	(3,046)	20,869	55,177	156,895	8,648	165,543
2011 (restated)							
Balance as at 1 July 2010							
- As previously stated	83,788	(70)	15,098	48,512	147,328	927	148,255
- Effects of restatement	2.1	-	(40)	(1,137)	(1,177)	-	(1,177)
Balance as at 1 July 2010, restated	83,788	(70)	15,058	47,375	146,151	927	147,078
Employee share option scheme	27						
- Value of employee services	-	-	481	-	481	-	481
- Treasury shares reissued	54	70	(25)	-	99	-	99
Issue of ordinary shares	27	47	(9)	-	38	-	38
Dilution of equity interest in subsidiaries	30	-	-	(5,671)	(5,671)	5,671	-
Final dividend for FY2010	31	-	-	(7,597)	(7,597)	-	(7,597)
Total comprehensive income for the financial year ended 30 June 2011							
- As previously stated	-	-	(633)	17,146	16,513	182	16,695
- Effects of restatement	-	-	90	(1,131)	(1,041)	(229)	(1,270)
- As restated	-	-	(543)	16,015	15,472	(47)	15,425
Balance as at 30 June 2011	83,889	-	14,962	50,122	148,973	6,551	155,524

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



CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2012

	2012	2011 (restated)
	\$'000	\$'000
Cash flows from operating activities		
Net profit	23,226	15,966
Adjustments for:		
Income tax expense	4,649	71
Share of losses/(profits) of associated companies and joint ventures	31	(1,718)
Amortisation of club memberships	60	60
Depreciation of property, plant and equipment	2,579	1,625
Dividend income from available-for-sale financial assets	(209)	(88)
Fair value gain on investment properties	(1,179)	(20)
Gain on disposal of available-for-sale financial assets	(6,325)	-
Loss/(gain) on liquidation of subsidiaries and joint ventures	40	(338)
Loss on disposal of property, plant and equipment	87	81
Loss on disposal of club memberships	-	80
Impairment/(write-back of) loss on club memberships	50	(31)
Write-back of impairment loss on non-trade receivables	(2,221)	(1,138)
Interest income	(946)	(1,379)
Interest expense	176	627
Property, plant and equipment written off	2	72
Share option expense	252	481
Realisation of losses in foreign currency translation reserve	-	1,089
Unrealised currency translation differences	1,725	1,538
Operating cash flow before working capital changes	21,997	16,978
Change in working capital, net of effects from acquisition and liquidation of subsidiaries:		
- Trade and other receivables	(20,297)	8,280
- Other current assets	(1,150)	1,075
- Construction contract work-in-progress	3,751	8,671
- Development properties/properties held for sale	(10,057)	(6,058)
- Trade and other payables	42,055	5,309
Cash generated from operations	36,299	34,255
Income tax paid	(5,172)	(3,257)
Net cash provided by operating activities	31,127	30,998

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



		2012	2011
	Note	\$'000	(restated) \$'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	21	-	(39,251)
Dividends received from available-for-sale financial assets		209	218
Expenditure on investment properties		(7,285)	(14,082)
Interest income received		1,072	284
Loan to non-related companies		-	(978)
Repayment from non-related companies		5,813	1,326
Proceeds from disposal of property, plant and equipment		1,155	1,058
Proceeds from disposal of available-for-sale financial assets		8,025	-
Net cash outflow arising from liquidation of subsidiaries and joint ventures		(36)	(5)
Purchase of available-for-sale financial assets		-	(48)
Purchase of club memberships		(2)	(42)
Purchase of property, plant and equipment		(14,826)	(3,429)
Advances to associated companies		(400)	-
Net cash used in investing activities		(6,275)	(54,949)
Cash flows from financing activities			
Cash and cash equivalents released from pledge		875	2,448
Dividends paid		(10,312)	(7,597)
Interest paid		(1,560)	(845)
Purchase of treasury shares		(3,222)	-
Proceeds from bank loans		19,996	3,348
Proceeds from issuance of ordinary shares		-	38
Proceeds from re-issuance of treasury shares		146	99
Repayment of bank loans		(22,624)	(2,636)
Repayment of finance lease liabilities		(2,206)	(1,743)
Repayment to a non-controlling shareholder of a subsidiary		(39)	(35)
Loan from a non-controlling shareholder of a subsidiary	21	-	35,555
Net cash (used in)/provided by financing activities		(18,946)	28,632
Net increase in cash and cash equivalents		5,906	4,681
Cash and cash equivalents at beginning of financial year		74,310	70,206
Effect of changes in currency translation rates on cash and cash equivalents		(533)	(577)
Cash and cash equivalents at end of financial year	11	79,683	74,310

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



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

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 1 Selegie Road, #06-02 PoMo, Singapore 188306.

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 2012

On 1 July 2011, the Group adopted the new or amended FRS and Interpretations to 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 except as disclosed below:

INT FRS 115 *Agreements for the Construction of Real Estate*, (with an Accompanying Note ("AN") to be read in conjunction with INT FRS 115, (Effective for annual periods beginning on or after 1 January 2011))

INT FRS 115 applies retrospectively for annual periods beginning on or after 1 January 2011. Prior to the adoption of INT FRS 115, revenue from sales of properties (both Singapore and overseas properties) was recognised using the percentage-of-completion method.

Upon adoption of INT FRS 115, revenue from sale of Singapore residential properties that are within the scope as described in paragraph 2 of the AN continues to be recognised on a percentage-of-completion method. However, for the sale of overseas properties, revenue is recognised only upon completion of construction.



2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Prior period comparatives of the Group's financial statements have been restated and the effects on adoption are as follows:

	Increase/(Decrease)		
	At 30 June 2012 \$'000	At 30 June 2011 \$'000	At 1 July 2010 \$'000
Consolidated balance sheet			
Trade and other receivables - current	(3,619)	(1,655)	(530)
Development properties	24,362	15,920	353
Investments in associated companies	(3,516)	(501)	(1,000)
Deferred income tax assets	2,428	848	-
Trade and other payables - current	29,072	17,059	-
Capital and other reserves	135	50	(40)
Retained profits	(5,095)	506	(1,137)
Non-controlling interests	(4,457)	(3,003)	-

	Increase/(Decrease)	
	2012 \$'000	2011 \$'000
Consolidated income statement		
Revenue	(14,552)	(4,066)
Cost of sales	(9,926)	(2,890)
Share of profits of associated companies and joint ventures	(3,516)	(250)
Income tax expense	(1,622)	(60)
Non-controlling interests	(1,425)	(235)
Profit attributable to:		
Equity holders of the Company	(5,095)	(1,131)
Non-controlling interests	(1,425)	(235)
Earnings per ordinary share attributable to the equity holders of the Company (cents per share):		
- Basic	(1.36)	(0.29)
- Diluted	(1.36)	(0.30)

Consolidated statement of comprehensive income

Total comprehensive income attributable to:		
Equity holders of the Company	(4,981)	(1,041)
Non-controlling interests	(1,454)	(229)

The adoption of the INT FRS 115 had no impact on the financial statements of the Company for the current or prior financial years.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

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

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

(a) *Construction contracts*

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

(b) *Development properties*

Revenue and profits from development properties within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 – Agreements for the Construction of Real Estate continues to be recognised on a percentage-of-completion method. Revenue and profits from overseas 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) *Sale of goods*

Revenue from sale of goods is recognised when a Group entity has delivered the goods to locations specified by its customers and it is probable that the goods will not be returned.

(e) *Rendering of services*

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

(f) *Other income*

Rental income from operating leases on investment properties and property, plant and equipment is recognised on a straight-line basis over the lease term.

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

Interest income is recognised using the effective interest method.



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 power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which 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 are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interest based on their respective interests in a subsidiary, even if this results in the non-controlling interest having a deficit balance.

(ii) Acquisition of businesses

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 the fair value of any pre-existing equity interest in the subsidiary.

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 net identifiable assets.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisition of businesses (continued)

The excess of (i) 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 (ii) fair value of the net identifiable 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 Company'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 contractual arrangements to jointly share control over the economic activity of the entities with one or more parties.

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.



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 associate and joint venture over the Group's share of the fair value of the identifiable net assets of the associate/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 are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint venture.

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

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures are 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.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 building	14 to 42 years
Plant and machinery	10 to 15 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.



2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 cost and an allowance is made for foreseeable losses where the cost of any completed property exceeds its net realisable value. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties.

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 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 profit (less recognised losses) exceed progress billings, the balance is shown as due from customers on development properties, under "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, under "trade and other payables".



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries and businesses on or after 1 July 2010 represents the excess of (i) 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 net identifiable 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 net identifiable assets acquired.

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

Goodwill on associated companies 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 constructions.

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.



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 possible 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 the architects' certificates. 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 profit (less recognised loss) on each uncompleted 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 are included within "trade and other payables".



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties

Investment properties of the Group include those portions of office 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 not subject to depreciation.

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 investments in subsidiaries, joint ventures or associated companies, 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 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.



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

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

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

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

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

An impairment loss for an asset other than goodwill is reversed if, and 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" and "cash and cash equivalents" on the balance sheet.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

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 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. 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 profit or loss. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income, 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.

(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.



2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables (continued)

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 impairment allowance 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, associated companies and a joint venture partner. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries, associated companies and the joint venture partner fail to make principal or interest payments when due in accordance with the terms of their borrowings.

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

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

Intra-group transactions are eliminated on consolidation.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(a) Borrowings

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.

(b) Redeemable cumulative convertible preference shares

Redeemable cumulative convertible preference shares are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance expenses.

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). If not, 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 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 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 analyses, 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.



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.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

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 at the time of the transaction affects neither accounting nor taxable profit or loss.

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, 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.

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.



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 fair 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.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

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.

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; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation 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.

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.



2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consideration paid including 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 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 architect's certificates.

Significant assumptions and judgements are also required to estimate the total contract costs, as well as the recoverable variation works 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.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

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

(a) Construction contracts (continued)

If the remaining estimated contract costs for uncompleted contracts as at balance sheet date increased/decreased by 1%, the Group's gross profit before income tax would decrease/increase by approximately \$1,919,000 (2011: \$855,000).

(b) Income taxes

Significant estimates are required in determining the deductibility of certain expenses in providing for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on an assessment of whether additional tax will be due. When the final tax outcome is different from the initial provision, such differences will impact the income tax provision in the period in which such determination is made.

The Group recognises deferred income tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profit and/or taxable temporary differences against which the tax losses can be utilised. Deferred tax assets on unutilised tax losses and unabsorbed capital allowances not recognised by the Group at balance sheet date are disclosed in Note 9. When the final tax outcome is different from the initial recognition, such differences will impact the income tax provision in the period in which such determination is made.

4. REVENUE

	Group	
	2012	2011 (restated)
	\$'000	\$'000
Revenue from construction contracts		
- Non-related parties	210,425	180,627
- Joint ventures and associated companies	47,026	3,667
Revenue from sale of properties	25,128	6,466
Revenue from sale of goods	-	79
Management and technical assistance fees from associated companies/joint ventures	36	400
Rental income	66	128
Dividend income from available-for-sale financial assets	209	88
	282,890	191,455



5. OTHER GAINS - NET

	Group	
	2012	2011
	\$'000	\$'000
Loss on disposal of property, plant and equipment	(87)	(81)
Loss on disposal of club memberships	-	(80)
Gain on disposal of available-for-sale financial assets	6,325	-
(Loss)/gain on liquidation of subsidiaries and joint ventures	(40)	338
Interest income		
- Deposits with financial institutions	303	256
- Investee company	153	211
- Other	490	912
Currency translation loss (net)	(881)	(1,467)
Fair value gain on investment properties (Note 22)	1,179	20
Write-back of impairment loss on non-trade receivables (a)	2,221	1,138
Realisation of losses in foreign currency translation reserve	-	(1,089)
Other (net)	485	173
	10,148	331

- (a) The write-back of impairment loss on non-trade receivables for the financial year ended 30 June 2012 of \$2,221,000 pertains to a recovery of a loan due from a former joint venture partner.

Included in write-back of impairment loss on non-trade receivables for the financial year ended 30 June 2011 were \$716,000 pertaining to partial repayment of a loan from a joint venture and \$422,000 pertaining to repayment of a loan receivable from a non-related party.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

6. EXPENSES BY NATURE

	Group	
	2012	2011 (restated)
	\$'000	\$'000
Subcontractor and other construction costs	228,330	147,673
Depreciation of property, plant and equipment (Note 23)	2,579	1,625
Employee compensation (Note 7)	26,803	21,631
Directors' fees	284	268
Auditors fees:		
Fees on audit services paid/payable to:		
- Auditor of the Company	266	270
- Other auditors	57	57
Fees on non-audit services paid/payable to:		
- Auditor of the Company	75	25
- Other auditors	15	47
Other legal and professional fees	257	807
Rental on operating leases	897	870
Amortisation of club memberships	60	60
Impairment/(write-back of) loss on club memberships	50	(31)
Property, plant and equipment written off	2	72
Impairment/(write-back) of sundry payables	1	(132)
Other	5,280	3,598
Total cost of sales, distribution and marketing costs, administrative and general expenses	264,956	176,840

7. EMPLOYEE COMPENSATION

	Group	
	2012	2011
	\$'000	\$'000
Wages and salaries	26,686	21,044
Employer's contribution to defined contribution plans including Central Provident Fund	1,777	1,421
Other benefits	182	287
Share option expense (Note 28)	252	481
	28,897	23,233
Less: Staff costs capitalised in construction contract work-in-progress	(2,094)	(1,602)
Staff costs expensed off in profit or loss (Note 6)	26,803	21,631

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



8. FINANCE EXPENSES

	Group	
	2012	2011
	\$'000	\$'000
Interest expense:		
- Bank borrowings	1,478	848
- Finance lease liabilities	45	35
- Other	129	584
	1,652	1,467
Less: Amount capitalised in investment property, development property and construction contract work-in-progress	(1,476)	(840)
Finance expenses recognised in profit or loss	176	627

9. INCOME TAXES

(a) **Income tax expense**

	Group	
	2012	2011
	\$'000	(restated) \$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	3,254	3,708
- Foreign	2,308	17
	5,562	3,725
Deferred income tax	(2,133)	(98)
	3,429	3,627
Underprovision in prior financial years		
- Current income tax	1,174	(3,556)
- Deferred income tax	46	-
	4,649	71



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

9. INCOME TAXES (CONTINUED)

(a) Income tax expense (continued)

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	
	2012	2011 (restated)
	\$'000	\$'000
Profit before income tax and share of results of associated companies and joint ventures	27,906	14,319
Tax calculated at tax rate of 17% (2011: 17%)	4,744	2,434
Effects of:		
- Statutory stepped income exemption	(59)	(61)
- Different tax rates in other countries	142	5
- Tax incentives	(522)	(195)
- Income not subject to tax	(1,935)	(474)
- Expenses not deductible for tax purposes	1,064	1,708
- Utilisation of previously unrecognised deferred tax assets	(178)	(61)
- Deferred tax assets not recognised	173	271
	3,429	3,627

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

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	3,642	6,825	8	92
Currency translation differences	(39)	(20)	-	-
Acquisition of a subsidiary (Note 21)	-	(75)	-	-
Income tax (paid)/refunded	(5,172)	(3,257)	6	(63)
Tax expense	5,562	3,725	6	8
Under/(over) provision in prior financial years	1,174	(3,556)	(3)	(29)
End of financial year	5,167	3,642	17	8
Representing:				
Current income tax liabilities	5,264	3,925	17	8
Tax recoverable	(97)	(283)	-	-
	5,167	3,642	17	8



9. INCOME TAXES (CONTINUED)

(c) **Deferred income taxes**

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

	Group		Company	
	2012	2011 (restated)	2012	2011
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	745	1,629	-	-
Currency translation differences	46	8	-	-
Acquisition of a subsidiary (Note 21)	-	(794)	-	-
(Credited)/charged to profit or loss	(2,133)	(98)	58	-
Underprovision in prior financial years	46	-	-	-
End of financial year	(1,296)	745	58	-
Deferred income tax assets:				
- to be recovered within one year	(2,675)	(855)	-	-
Deferred income tax liabilities:				
- to be settled within one year	1,379	1,600	58	-

The movement in deferred income tax liabilities and assets is as follows:

Group	Accelerated	Profits on	Tax losses and	Total
	tax	sale of	others	
	depreciation	development	properties	
	\$'000	\$'000	\$'000	\$'000
2012				
Beginning of financial year	902	(157)	-	745
Currency translation differences	-	42	4	46
Charged/(credited) to profit or loss	419	(2,321)	(185)	(2,087)
End of financial year	1,321	(2,436)	(181)	(1,296)
2011 (restated)				
Beginning of financial year	645	984	-	1,629
Currency translation differences	-	8	-	8
Acquisition of a subsidiary (Note 21)	9	(803)	-	(794)
Charged/(credited) to profit or loss	248	(346)	-	(98)
End of financial year	902	(157)	-	745



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

9. INCOME TAXES (CONTINUED)

(c) Deferred income taxes (continued)

Company	Others
2012	\$'000
Beginning of financial year	-
Charged to profit or loss	58
End of financial year	58
2011	
Beginning and end of financial year	-

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	
	2012	2011
	\$'000	\$'000
Unutilised tax losses	44,630	44,309
Unabsorbed capital allowances	119	100
	44,749	44,409

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	
	2012	2011 (restated)
Net profit attributable to equity holders of the Company (\$'000)	20,997	16,015
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	373,904	379,820
Adjustments for share options ('000)	418	637
Weighted average number of ordinary shares for diluted earnings per share ('000)	374,322	380,457
Earnings per share (in cents per share)		
- Basic	5.62	4.22
- Diluted	5.61	4.21

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 2012 and 30 June 2011, 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.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at bank and on hand	21,663	36,895	2,515	25,018
Short-term bank deposits	58,853	39,123	9,238	8,011
	80,516	76,018	11,753	33,029

Included in cash and cash equivalents of the Group is an amount of approximately \$4,480,000 (2011: \$2,245,000) 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 2012, cash at bank of \$10,000 (2011: \$613,000) and short-term bank deposits of \$823,000 (2011: \$1,095,000) 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	
	2012 \$'000	2011 \$'000
Cash and bank balances (as above)	80,516	76,018
Less: Cash and cash equivalents pledged	(833)	(1,708)
Cash and cash equivalents per consolidated statement of cash flows	79,683	74,310

The effects of acquisition and liquidation of subsidiaries are disclosed in Note 21.



12. TRADE AND OTHER RECEIVABLES

(a) Current

	Group			Company	
	2012	2011	2010	2012	2011
	(\$'000)	(restated) (\$'000)	(restated) (\$'000)	(\$'000)	(\$'000)
Trade receivables					
- Non-related parties	23,420	27,456	6,972	-	-
- Joint ventures and associated companies	27	992	948	-	-
- Related parties [Note 12(c)]	14	68	2	13	68
	23,461	28,516	7,922	13	68
Less: Allowance for impairment of receivables - non-related parties	(11)	(9)	(9)	-	-
Trade receivables - net	23,450	28,507	7,913	13	68
Construction contracts (Note 13)					
Due from customers					
- Non-related parties	26,970	16,544	11,991	-	-
- Joint ventures and associated companies	9,310	3,514	4,017	-	-
Retention sums receivable					
- Non-related parties	5,809	7,132	8,207	-	-
- Joint ventures	1,358	1,438	2,522	-	-
	43,447	28,628	26,737	-	-
Advances to subsidiaries (i)	-	-	-	120,847	109,736
Less: Allowance for impairment	-	-	-	(27,660)	(33,056)
	-	-	-	93,187	76,680
Advances to					
- Associated company	-	-	2,155	-	-
- Joint venture	-	-	4,020	-	-
- Joint venture partner	-	-	343	-	-
Less: Allowance for impairment	-	-	(4,363)	-	-
	-	-	2,155	-	-
Development projects (Note 15)					
Due from customers					
- Non-related parties	-	4,104	30,687	-	-
Loan receivable					
- Non-related party (ii)	-	957	633	-	957
Less: Allowance for impairment	-	-	(422)	-	-
	-	957	211	-	957
Dividend receivable	-	-	130	-	-
Interest receivable	7	3	21	1	1
Other receivables	215	525	280	-	152
	67,119	62,724	68,134	93,201	77,858



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

12. TRADE AND OTHER RECEIVABLES (continued)

(a) Current (continued)

- (i) As at 30 June 2012, the advances to subsidiaries are unsecured, repayable on demand and interest-free except for an amount of \$588,000 (2011: \$629,000) which bears interest at an effective interest rate of 0.5% (2011: 0.5%) per annum at the balance sheet date.
- (ii) The loan receivable from a non-related party was unsecured, interest-free and repayable on demand. The loan receivable from a non-related party was repaid during the financial year ended 30 June 2012.

(b) Non-current

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Advances to an associated company (i)	11,578	11,011	-	-
Construction contracts (Note 13)				
Retention sums receivable				
- Non-related parties	15,480	3,735	-	-
- Associated company	3,940	792	-	-
	19,420	4,527	-	-
Other receivables	293	3,184	-	-
Less: Allowance for impairment	-	(3,184)	-	-
	293	-	-	-
Loan and interest receivable from an investee company (ii)	-	3,255	-	-
	31,291	18,793	-	-

- (i) The advances to an associated company are unsecured, bears interest at a rate of 1.46% (2011: 1.59%) per annum and are subordinated to the bank loan of the associated company which is expected to be repaid by February 2014.
- (ii) As at 30 June 2011, the loan receivable from an investee company, amounting to \$2,635,000, is unsecured and bears interest at a fixed rate of 8% per annum. The loan and interest receivable amounting to \$3,255,000 are subordinated to the bank loan of the investee company. The loan and interest receivable from the investee company were repaid during the financial year.

(c) Related parties refer to certain entities within LCD Group [Note 35(a)(ii)].

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



13. CONSTRUCTION CONTRACT WORK-IN-PROGRESS

	Group	
	2012 \$'000	2011 \$'000
Construction contract work-in-progress	420	4,171
Aggregate contract costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	420,801	531,739
Less: Progress billings	(386,073)	(511,703)
	34,728	20,036
Presented as:		
Due from customers on construction contracts (Note 12)		
- Non-related parties	26,970	16,544
- Joint ventures and associated companies	9,310	3,514
Due to customers on construction contracts (Note 24)		
- Non-related parties	(1,003)	-
- Joint ventures	(549)	(22)
	34,728	20,036
Retention sums receivable:		
- Current	7,167	8,570
- Non-current	19,420	4,527
Retention sums payable:		
- Current	3,058	6,928
- Non-current	10,745	4,692

Borrowing costs of approximately \$238,000 (2011: \$89,000) 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	
	2012 \$'000	2011 \$'000
Beginning of financial year	629	-
Acquisition of subsidiary (Note 21)	-	634
Transfer from development properties	10,312	-
Currency translation differences	(10)	(5)
End of financial year	10,931	629



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

15. DEVELOPMENT PROPERTIES

	2012	2011	2010
	\$'000	(restated)	(restated)
	\$'000	\$'000	\$'000
Properties under construction	119,693	120,774	29,663

Sale and purchase agreements on certain properties under construction have been signed. Deposits and progress billings amounting to \$29,072,000 (2011: \$17,075,000) on these agreements are presented within "trade and other payables".

Development properties under construction where revenue is recognised as construction progress:

	2012	2011	2010
	\$'000	(restated)	(restated)
	\$'000	\$'000	\$'000
Aggregate costs incurred and profits recognised (less losses recognised) on development properties in progress	-	58,630	54,662
Less: Progress billings	-	(54,526)	(23,975)
Unbilled revenue included in trade and other receivables (Note 12)	-	4,104	30,687

(a) Details of the development properties as of 30 June 2012 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/ 51%	120,153	60,975	31%/ December 2016
2 parcels of land at Lot No. 990 and 1308 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia	Residential development	Freehold/ 51%	622,703	236,647	38%/ December 2016

Certain development properties above are charged by way of a mortgage in favour of banks for bank loans as disclosed in Note 25 to the financial statements.

(b) Borrowing costs of \$1,192,000 (2011: \$751,000) 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

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Beginning of financial year	6,917	6,902	533	518
Additions	-	48	-	48
Disposals	(1,700)	-	-	-
Fair value losses recognised in other comprehensive income [Note 28(d)]	(22)	(33)	(22)	(33)
End of financial year	5,195	6,917	511	533
Less: Non-current portion	(3,695)	(5,417)	(511)	(533)
Current portion	1,500	1,500	-	-

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

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Singapore				
Listed equity investment	511	533	511	533
Unlisted equity investments	4,684	6,384	-	-
	5,195	6,917	511	533

Included in the unlisted equity investments of the Group are equity investments with a carrying amount of \$4,684,000 (2011: \$4,684,000) which are measured at cost. The Directors are of the view that its fair value cannot be reliably measured. There is no active market and no recent transaction for this unlisted equity investment and its fair value cannot currently be estimated within a reasonable range using valuation techniques. The Group currently has no intention to dispose of this investment in the foreseeable future. For information purposes only and without asserting it to be a fair value disclosure, the Group's share of the net assets of a significant investee company with a carrying amount of \$3,184,000 (2011: \$3,184,000), based on its unaudited financial information as at 30 June 2012, is approximately \$8,474,000 (2011: \$6,563,000).

17. OTHER CURRENT ASSETS

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Deposits	2,882	1,521	1,413	5
Prepayments	2,311	2,526	10	12
	5,193	4,047	1,423	17



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for the financial year ended 30 June 2012

18. CLUB MEMBERSHIPS

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Club memberships, at cost	1,312	1,311	903	902
Less: Accumulated amortisation	(589)	(529)	(480)	(441)
Accumulated impairment losses	(172)	(122)	(74)	(53)
	551	660	349	408

19. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Beginning of financial year	395	522	-	-
Liquidation of a joint venture	(4)	-	-	-
Share of results, net of tax	(31)	(127)	-	-
End of financial year	360	395	-	-

The Group's share of the results, assets and liabilities of the joint ventures based on unaudited management accounts as at 30 June is as follows:

	Group	
	2012 \$'000	2011 \$'000
Current assets	375	458
Current liabilities	(15)	(63)
Net assets	360	395
Expenses	(31)	(127)
Loss before income tax	(31)	(127)
Income tax expense	-	-
Loss after income tax	(31)	(127)

- (i) The Group's share of the joint ventures' capital commitments amounted to \$Nil (2011: \$Nil).
- (ii) Details of the joint venture companies are set out in Note 39.



20. INVESTMENTS IN ASSOCIATED COMPANIES

	Group			Company	
	2012	2011	2010	2012	2011
	\$'000	(restated) \$'000	(restated) \$'000	\$'000	\$'000
Beginning of financial year	-	22,740	-	-	22,880
Acquisition	-	-	200	-	-
Disposal	-	-	-	-	(35)
Reclassification from trade and other receivables	-	-	22,845	-	-
Redemption of preference shares	-	-	-	-	(22,845)
Share of profits, net of tax	-	1,845	(1,147)	-	-
Reclassification arising from step-acquisition of net assets in an associate (Note 21)	-	(23,426)	-	-	-
Currency translation differences	-	(1,159)	842	-	-
End of financial year	-	-	22,740	-	-

Summarised financial information of associated companies

The summarised financial information of associated companies as at balance sheet date, not adjusted for the proportionate ownership interest held by the Group, is as follows:

	Group	
	2012	2011
	\$'000	(restated) \$'000
- Assets	144,290	171,370
- Liabilities	(152,551)	(178,951)
- Revenue	-	-
- Net loss	(687)	(8,582)

Details of associated companies are provided in Note 39.

21. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012	2011
	\$'000	\$'000
Equity investment at cost	49,527	61,570
Less: Allowance for impairment losses	(33,684)	(48,841)
	15,843	12,729

Details of subsidiaries are provided in Note 39.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Group

Liquidation of subsidiaries during the financial year ended 30 June 2012

During the financial year ended 30 June 2012, the Group completed the liquidation of six subsidiaries and a joint venture. The difference between the proceeds from liquidation of \$34,000 and the carrying amount of the identifiable net assets of \$74,000 at the date of liquidation is a loss on liquidation of \$40,000. The liquidation of the subsidiaries and joint venture resulted in a net cash outflow of \$36,000.

Acquisition and liquidation of subsidiaries during the financial year ended 30 June 2011

Liquidation of Lum Chang Securities Pte Ltd

During the financial year ended 30 June 2011, the Company completed the liquidation of a subsidiary, Lum Chang Securities Pte Ltd. The difference between the proceeds from liquidation of \$343,000 and the carrying amount of the identifiable net assets of \$5,000 at the date of liquidation was a gain on liquidation of \$338,000. The liquidation of the subsidiary resulted in a net cash outflow of \$5,000.

Increase in equity interest in LED System Technology Pte Ltd

On 27 July 2010, the Company through its wholly-owned subsidiary, Lum Chang Properties Ltd ("LCP"), increased its equity interest in LED System Technology Pte Ltd ("LED Singapore") from 51% to 100% upon exercising the call option at an exercise price of \$358,000 for 368,000 ordinary shares in LED Singapore pursuant to an option agreement between a joint venture partner in LED Singapore and LCP. The exercise price was satisfied by way of release and discharge of a loan owed by the joint venture partner to LCP of \$358,000. As the loan owed by the joint venture partner to LCP of \$358,000 was fully impaired as at 30 June 2010, the Group recorded the increase in equity interest in LED Singapore at a nominal sum of \$1.

Increase in equity interest in Fabulous Range Sdn. Bhd. ("Fabulous Acquisition")

On 10 July 2009, the Group signed agreements with Recosia Pte Ltd ("Recosia"), an affiliate of GIC Real Estate Pte Ltd, to grant Recosia a put option pursuant to which Recosia will have the right, up till 31 December 2011, to require the Company to acquire from Recosia the entire interest in Sungei Long Holdings Pte Ltd ("Sungei Long Singapore"), formerly known as Reco Sungei Long Private Limited for a cash consideration of RM109,000,000 (\$44,646,000).

Sungei Long Singapore is an investment holding company which holds 60% interest in Fabulous Range through its wholly-owned subsidiary LC Sungei Long (M) Sdn. Bhd. ("Sungei Long Malaysia"), formerly known as Reco Sungei Long (M) Sdn. Bhd. The remaining 40% interest in Fabulous Range was held directly by Kemensah Holdings Pte Ltd ("Kemensah"). Kemensah is an investment holding company which also holds 100% interest in Venus Capital Corporation Sdn. Bhd.

On 2 June 2011, the Group and Recosia agreed on an early exercise of the put option at a lower price, and Kemensah entered into a novation deed and supplemental agreement to the put option agreement with Recosia, pursuant to which Kemensah took on the Company's obligation to acquire the entire interest in Sungei Long Singapore for a cash consideration of RM106,008,000 (\$43,421,000). Consequently, Sungei Long Singapore, Sungei Long Malaysia and Fabulous Range became wholly-owned subsidiaries of the Group.



21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Group (continued)*Increase in equity interest in Fabulous Range Sdn. Bhd. ("Fabulous Acquisition") (continued)*

The acquisition effectively increases the Group's equity interest in Fabulous Range, an entity holding development properties for sale, from 40% to 100% through wholly-owned intermediate holding entities, Sungei Long Singapore and Sungei Long Malaysia. The entire acquisition had been accounted for as an acquisition of assets. The total consideration and its allocation to the identifiable assets acquired and liabilities assumed based on their relative fair values were as follows:

	Group 2011 (restated) \$'000
Total consideration	
Existing carrying amount of 40% equity interest in associate (Note 20)	23,426
Consideration paid for the remaining 60% equity interest	43,421
	<u>66,847</u>
Identifiable assets and liabilities	
Cash and cash equivalents	4,170
Trade and other receivables	4,114
Tax recoverable [Note 9(b)]	75
Development properties	86,533
Properties held for sale (Note 14)	634
Other current assets	624
Property, plant and equipment	96
Deferred income tax assets [Note 9(c)]	794
Total assets	<u>97,040</u>
Trade and other payables	(16,403)
Borrowings	(13,790)
Total liabilities	<u>(30,193)</u>
Identifiable net assets	<u>66,847</u>

The effects of increasing its equity interest in LED Singapore and the Fabulous Acquisition on the cash flows of the Group for the financial year ended 30 June 2011 were as follows:

Cash consideration paid	43,421
Less: Cash and cash equivalents in subsidiaries acquired	(4,170)
Net cash outflow on acquisition	<u>39,251</u>



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Group (continued)

Additional investment and subsequent divestment of a subsidiary

On 2 June 2011, in conjunction with the Fabulous Acquisition, the Company had also entered into a subscription agreement with Kemensah and Standard Chartered Private Equity Limited ("SCPEL"), an affiliate of Standard Chartered Bank, pursuant to which the Company divested 49% of the issued capital of Kemensah to SCPEL.

Pursuant to the subscription agreement, the Company subscribed for 508 new ordinary shares in the issued capital of Kemensah for an aggregate consideration of RM22,180,000 (\$9,085,000) satisfied by way of Kemensah capitalising the amount owing to the Company into its issued share capital.

As part of the agreement, consideration paid by SCPEL included the following:

- Subscription of 490 new ordinary shares in the issued capital of Kemensah for RM490 (\$199) per ordinary share.
- A loan to Kemensah of RM87,381,000 (\$35,555,000) which is unsecured and interest-free.
- Subscription of 1 new preference share in the issued capital of Kemensah for RM1 (\$0.40) per preference share.

The preference share carries the following rights, benefits and privileges:

- (i) The preference share shall be entitled to a preferred payment of an amount of up to RM16,000,000 (\$6,510,000) out of the profits available for the payment of dividends once Kemensah has sufficient profits and is legally permitted to declare and distribute such dividend. Upon receipt of the preference share dividend of RM16,000,000, the preference share shall not be entitled to any further dividends or payments from Kemensah.
- (ii) Subject to the declaration, distribution and receipt by the holders of the preference share, in full of the preference share dividend, Kemensah may at any time, at its option, redeem the preference share at the issue price of RM1 (\$0.40).

The loan to Kemensah was classified as "loan from non-controlling shareholders of subsidiaries" in Note 24.

The effects of the 49% divestment on the equity of the Group were disclosed in Note 30.



22. INVESTMENT PROPERTIES

	Group	
	2012 \$'000	2011 \$'000
Beginning of financial year	17,036	930
Additions	9,305	16,086
Reclassified to property, plant and equipment (Note 23)	(11,340)	-
Fair value gain recognised in profit or loss (Note 5)	1,179	20
End of financial year	16,180	17,036

Investment properties are carried at fair values at the balance sheet date. Valuations are performed annually by independent professional valuers on the highest-and-best-use basis using the Direct Market Comparison Method.

At 30 June 2012, the investment properties which are located in Singapore comprise:

	Approx. site area sq. m.	Gross floor area sq. m.	Tenure of land
8 Kim Tian Road - Ground floor shop unit	125	125	9,999-year lease from 1960
12 and 14 Kung Chong Road	2,968	2,970	99-year lease from 1954

The following amounts are recognised in profit or loss:

	Group	
	2012 \$'000	2011 \$'000
Rental income	66	121
Fair value gain recognised in profit or loss	1,179	20
Direct operating expenses arising from:		
- Investment properties that generated rental income	(7)	(7)
- Investment properties that did not generate rental income	(152)	(55)

During the financial year ended 30 June 2012, the management reviewed the intended usage of 12 and 14 Kung Chong Road and based on the management's intended use, the portion with carrying value of \$11,340,000 that is designated to house the Group's corporate offices has been reclassified to property, plant and equipment (Note 23).

Certain investment properties above are charged by way of a mortgage in favour of banks for bank loans as disclosed in Note 25 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

23. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings \$'000	Plant and machinery \$'000	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Total \$'000
Group					
2012					
Cost					
Beginning of financial year	752	15,023	2,801	3,390	21,966
Currency translation differences	-	-	(6)	(6)	(12)
Additions	5,436	7,543	295	2,542	15,816
Reclassified from investment properties (Note 22)	11,340	-	-	-	11,340
Disposals	-	(371)	(19)	(1,500)	(1,890)
End of financial year	17,528	22,195	3,071	4,426	47,220
Accumulated depreciation					
Beginning of financial year	-	3,274	2,298	1,193	6,765
Currency translation differences	-	-	(6)	(2)	(8)
Depreciation charge	184	1,441	421	533	2,579
Disposals	-	(190)	(17)	(439)	(646)
End of financial year	184	4,525	2,696	1,285	8,690
Net book value					
End of financial year	17,344	17,670	375	3,141	38,530
2011					
Cost					
Beginning of financial year	-	7,784	2,567	3,162	13,513
Currency translation differences	-	-	(17)	(4)	(21)
Acquisition of a subsidiary	-	-	80	129	209
Additions	752	7,312	174	1,892	10,130
Disposals	-	(73)	(3)	(1,789)	(1,865)
End of financial year	752	15,023	2,801	3,390	21,966
Accumulated depreciation					
Beginning of financial year	-	2,498	1,874	1,326	5,698
Currency translation differences	-	-	(15)	(2)	(17)
Acquisition of a subsidiary	-	-	61	52	113
Depreciation charge	-	809	381	435	1,625
Disposals	-	(33)	(3)	(618)	(654)
End of financial year	-	3,274	2,298	1,193	6,765
Net book value					
End of financial year	752	11,749	503	2,197	15,201



23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Total \$'000
Company			
2012			
Cost			
Beginning of financial year	159	1,032	1,191
Additions	3	1,674	1,677
Disposals	-	(1,405)	(1,405)
End of financial year	162	1,301	1,463
Accumulated depreciation			
Beginning of financial year	139	315	454
Depreciation charge	17	165	182
Disposals	-	(350)	(350)
End of financial year	156	130	286
Net book value			
End of financial year	6	1,171	1,177
2011			
Cost			
Beginning of financial year	153	1,198	1,351
Additions	6	867	873
Disposals	-	(1,033)	(1,033)
End of financial year	159	1,032	1,191
Accumulated depreciation			
Beginning of financial year	120	399	519
Depreciation charge	19	108	127
Disposals	-	(192)	(192)
End of financial year	139	315	454
Net book value			
End of financial year	20	717	737



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) Included in additions of the Group are motor vehicles and plant and machinery acquired under finance leases amounting to \$1,802,000 (2011: \$1,480,000) and \$38,000 (2011: \$7,214,000) respectively. As at 30 June 2012, the Group has motor vehicles and plant and machinery acquired under finance leases with a net book value of \$1,518,000 (2011: \$1,138,000) and \$6,300,000 (2011: \$6,810,000) respectively.

Included in additions of the Company are motor vehicles acquired under finance leases amounting to \$1,674,000 (2011: \$795,000). As at 30 June 2012, the Company has motor vehicles under finance leases with a net book value of \$1,115,000 (2011: \$477,000).

- (b) An amount of \$1,762,000 (2011: \$793,000) included in the Group's depreciation charge for plant and machinery, furniture, office equipment and fittings, and motor vehicles has been included in direct construction costs during the financial year.
- (c) The management reviewed the usage of 12 and 14 Kung Chong Road as at 30 June 2012. Based on management's intended use, the portion with carrying amount of \$11,340,000 that is designated to house the Group's corporate offices has been reclassified to property, plant and equipment. The information of the property is detailed in Note 22.
- (d) The leasehold buildings are charged by way of mortgages in favour of banks for bank loans as disclosed in Note 25 to the financial statements.



24. TRADE AND OTHER PAYABLES

(a) Current

	Group		Company	
	2012	2011 (restated)	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	88,296	57,719	-	-
- Related parties*	54	162	54	-
Construction contracts				
Due to customers				
- Non-related parties	1,003	-	-	-
- Joint ventures (Note 13)	549	22	-	-
Retention sums payable	3,058	6,928	-	-
Development projects				
Due to customers				
- Advances from customers for development properties (Note 15)	29,072	17,075	-	-
Retention sums payable	2,671	3,300	-	-
Loans and advances from:				
- Subsidiaries (c)	-	-	13,041	16,385
- Non-controlling shareholders of subsidiaries (d)	35,526	36,160	-	-
Accruals for development costs	124	2,200	-	-
Accruals for operating expenses	3,393	2,803	1,065	931
Other payables	670	929	313	406
Deposits	248	254	-	-
Advances received	28	-	-	-
Loan interest payable	6	40	-	-
Unclaimed dividends	77	72	77	72
	164,775	127,664	14,550	17,794

* Related parties refer to certain entities within LCD Group [Note 35(a)(ii)].

(b) Non-current

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Construction contracts				
Retention sums payable	10,745	4,692	-	-



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for the financial year ended 30 June 2012

24. TRADE AND OTHER PAYABLES (CONTINUED)

- (c) Loans from subsidiaries are unsecured, interest-free and repayable on demand.
- (d) As at 30 June 2012, the loans from non-controlling shareholders of subsidiaries are unsecured and interest-free except for an amount of \$565,000 (2011: \$604,000) which bears interest at an effective interest rate of 0.5% (2011: 0.5%) per annum at the balance sheet date.
- (e) The fair values of the non-current trade and other payables approximate their carrying amounts as at the balance sheet date.

25. BORROWINGS

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Bank loans	12,083	14,364	-	-
Finance lease liabilities (Note 26)	1,961	1,754	182	48
	14,044	16,118	182	48
Non-current				
Bank loans	14,491	15,043	-	-
Finance lease liabilities (Note 26)	2,510	3,937	461	227
	17,001	18,980	461	227
Total borrowings	31,045	35,098	643	275

(a) Security granted

Total borrowings include secured liabilities of \$31,045,000 (2011: \$35,098,000) and \$643,000 (2011: \$275,000) for the Group and the Company respectively. Total borrowings as at 30 June 2012 included the following:

- (i) a term loan and revolving development loan amounting to \$15,392,000 of the Group are secured by a legal mortgage over development properties of a subsidiary (Note 15) and a fixed and floating charge over all the assets of that subsidiary.
- (ii) certain revolving and term loans amounting to \$11,182,000 are secured over the Group's investment property (Note 22), leasehold buildings (Note 23) and the assignment of sales and rental proceeds and insurance policies relating to the properties.



25. BORROWINGS (CONTINUED)

As at 30 June 2011, a term loan and revolving development loans amounting to \$29,407,000 of the Group were secured by legal mortgage over development properties owned by subsidiaries (Note 15) and fixed and floating charges over all the assets of the subsidiaries.

Finance lease liabilities are secured by the rights to the leased property, plant and equipment [Note 23(a)], which will revert to the lessor in the event of default by the Group.

(b) Carrying amounts and fair values

At the balance sheet date, the carrying amounts of borrowings approximate their fair values.

26. FINANCE LEASE LIABILITIES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Minimum lease payments due:				
- not later than 1 year	2,105	1,918	201	57
- between 1 and 5 years	2,579	4,191	465	201
- later than 5 years	22	46	22	46
	4,706	6,155	688	304
Less: Future finance charges	(235)	(464)	(45)	(29)
Present value of lease liabilities	4,471	5,691	643	275
The present value of finance lease liabilities are analysed as follows:				
- not later than 1 year (Note 25)	1,961	1,754	182	48
- between 1 and 5 years	2,488	3,892	439	182
- later than 5 years	22	45	22	45
Total non-current liabilities (Note 25)	2,510	3,937	461	227
	4,471	5,691	643	275

Finance leases are in respect of motor vehicles and plant and machinery.



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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				
2012				
Beginning of financial year	380,030	-	83,889	-
Treasury shares reissued	-	629	6	176
Treasury shares purchased	-	(11,103)	-	(3,222)
End of financial year	380,030	(10,474)	83,895	(3,046)
Group and Company				
2011				
Beginning of financial year	379,865	(366)	83,788	(70)
Issue of ordinary shares				
- Cash consideration, net of expense	165	-	38	-
- Transfer from share option reserve	-	-	9	-
	165	-	47	-
Treasury shares reissued	-	366	54	70
End of financial year	380,030	-	83,889	-

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.

During the financial year ended 30 June 2011, the Company issued 165,000 ordinary shares pursuant to the exercise of the 2008 Options by employees under the Option Scheme 2007. The options were issued at an exercise price of \$0.23 each, for a total consideration of \$38,000. The newly issued shares rank pari passu in all respects with the previously issued shares.



27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(a) Treasury shares

During the financial year ended 30 June 2012, 629,000 (2011: 366,000) treasury shares of the Company were reissued pursuant to the Option Scheme 2007 for a total cash consideration of \$146,000 (2011: \$99,000) upon the exercise of options by:

	No. of ordinary shares		Exercise price
	2012	2011	\$
 Holders of			
2008 Options	604,000	206,000	0.23
2009 Options	-	160,000	0.32
2010 Options	25,000	-	0.28
	629,000	366,000	

The cost of treasury shares reissued amounted to \$176,000 (2011: \$70,000). The gain 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 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. The vesting of the options is conditional on the key management or employees completing another year of service to the Group.

Once the options have vested, they are exercisable over a contractual period of four 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.

On 21 July 2011, options to subscribe for 4,460,000 ordinary shares of the Company at an exercise price of \$0.29 per share were granted pursuant to the Option Scheme 2007 ("2011 Options"). The 2011 Options are exercisable from 23 July 2012 and expire on 21 July 2016.



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for the financial year ended 30 June 2012

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:

Group and Company	No. of ordinary shares under option					Exercise price	Exercise period
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year		
2012							
2011 Options	-	4,460,000	(575,000)	-	3,885,000	\$0.29	23.07.2012 to 21.07.2016
2010 Options	4,365,000	-	(385,000)	(25,000)	3,955,000	\$0.28	25.07.2011 to 23.07.2015
2009 Options	8,548,000	-	(328,000)	-	8,220,000	\$0.32	13.09.2010 to 10.09.2014
2008 Options	1,457,000	-	(66,000)	(604,000)	787,000	\$0.23	27.07.2009 to 25.07.2013
	<u>14,370,000</u>	<u>4,460,000</u>	<u>(1,354,000)</u>	<u>(629,000)</u>	<u>16,847,000</u>		
2011							
2010 Options	-	4,495,000	(130,000)	-	4,365,000	\$0.28	25.07.2011 to 23.07.2015
2009 Options	8,834,000	-	(126,000)	(160,000)	8,548,000	\$0.32	13.09.2010 to 10.09.2014
2008 Options	1,858,000	-	(30,000)	(371,000)	1,457,000	\$0.23	27.07.2009 to 25.07.2013
	<u>10,692,000</u>	<u>4,495,000</u>	<u>(286,000)</u>	<u>(531,000)</u>	<u>14,370,000</u>		

Out of the unexercised options for 16,847,000 (2011: 14,370,000) shares, options for 12,962,000 (2011: 10,005,000) shares are exercisable at the balance sheet date. Options exercised during the financial year ended 30 June 2012 resulted in 604,000 (2011: 206,000), Nil (2011: 160,000) and 25,000 (2011: Nil) treasury shares being reissued at the exercise price of \$0.23, \$0.32 and \$0.28 per share respectively. The weighted average share price at the time of exercise was \$0.29 (2011: \$0.32) per share.

The fair value of options granted on 21 July 2011 (2011: 23 July 2010) determined using the Trinomial Option Valuation Model, was \$274,000 (2011: \$370,000). The significant inputs into the model were average share price of \$0.29 (2011: \$0.28) at the grant date, exercise price of \$0.29 (2011: \$0.28), standard deviation of expected share price returns of 44% (2011: 61%), the option life shown above, annual risk-free interest rate of 0.3% (2011: 0.5%) and expected dividend yield of 6.73% (2011: 5.36%). The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last 2 - 3 years.



28. CAPITAL AND OTHER RESERVES

	Group			Company	
	2012	2011	2010	2012	2011
	(\$'000)	(restated) (\$'000)	(restated) (\$'000)	(\$'000)	(\$'000)
(a) Composition					
Capital reserve	19,131	13,501	13,501	2,800	2,800
Share option reserve	1,398	1,182	735	1,398	1,182
Fair value reserve	49	71	104	49	71
Foreign currency translation reserve	291	208	718	-	-
	20,869	14,962	15,058	4,247	4,053
(b) Movement in capital reserve					
Beginning of financial year	13,501	13,501	13,501	2,800	2,800
Liquidation of a subsidiary	5,630	-	-	-	-
End of financial year	19,131	13,501	13,501	2,800	2,800
(c) Movement in share option reserve					
Beginning of financial year	1,182	735	432	1,182	735
Employee share option scheme					
- Value of employee services (Note 7)	252	481	630	252	481
- Treasury shares reissued on exercise of share options	(36)	(25)	(184)	(36)	(25)
- Issue of ordinary shares pursuant to exercise of share options (Note 27)	-	(9)	(143)	-	(9)
End of financial year	1,398	1,182	735	1,398	1,182
(d) Movement in fair value reserve					
Beginning of financial year	71	104	119	71	104
Available-for-sale financial assets:					
- Fair value losses (Note 16)	(22)	(33)	(15)	(22)	(33)
End of financial year	49	71	104	49	71
(e) Movement in foreign currency translation reserve					
Beginning of financial year	208	718	(6,467)	-	-
Net exchange differences on translation	(49)	(1,597)	1,353	-	-
Realisation of currency translation losses transferred to income statement	-	1,089	5,832	-	-
Less: Non-controlling interests	132	(2)	-	-	-
End of financial year	291	208	718	-	-
(f) All capital and other reserves are non-distributable.					



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for the financial year ended 30 June 2012

29. RETAINED PROFITS

- (a) Retained profits of the Group are distributable except for the retained profits of associated companies and joint ventures amounting to \$150,000 (2011: \$Nil). Retained profits of the Company are distributable.
- (b) Movement in retained profits of the Company is as follows:

	Company	
	2012 \$'000	2011 \$'000
Beginning of financial year	19,292	33,084
Profit/(loss) for the financial year	14,913	(6,195)
Dividends paid (Note 31)	(10,312)	(7,597)
End of financial year	23,893	19,292

30. NON-CONTROLLING INTERESTS

Divestment of interest in a subsidiary

On 2 June 2011, the Company entered into a subscription agreement with Kemensah and SCPEL, an affiliate of Standard Chartered Bank, pursuant to which the Company divested 49% of the equity interest in Kemensah to SCPEL. Details of the divestment are disclosed in Note 21.

As the divestment is a transaction with a non-controlling shareholder without resulting in the Group's loss of control in Kemensah, the difference of \$5,671,000 between the cash consideration received and the net assets attributable to the non-controlling interest in Kemensah at the date of divestment was recognised directly in the revenue reserve.

31. DIVIDENDS

	Group and Company	
	2012 \$'000	2011 \$'000
Interim dividend of 0.75 cents (2011: Nil) per ordinary share, paid in respect of the financial year ended 30 June 2012 (2011: 30 June 2011)	2,783	-
Final dividend of 2.0 cents (2011: 1.50 cents) per ordinary share, paid in respect of the financial year ended 30 June 2011 (2011: 30 June 2010)	7,529	5,698
Special dividend of Nil (2011: 0.50 cents) per ordinary share, paid in respect of the financial year ended 30 June 2011 (2011: 30 June 2010)	-	1,899
Total dividends paid	10,312	7,597

The directors have proposed a final dividend for 2012 of 1.25 cents per share, amounting to approximately \$4,619,000. 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 2013.



32. CONTINGENT LIABILITIES

Guarantees (unsecured)

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial guarantees given to banks and finance companies in connection with facilities given to subsidiaries	-	-	76,865	79,694
Performance guarantees issued on behalf of:				
- a subsidiary to a joint venture partner	-	-	4,616	4,616
- joint venture to related party*	-	7,491	-	7,491
	-	7,491	4,616	12,107

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.

* Related party refers to a company within the LCD Group [Note 35(a)(ii)].

33. COMMITMENTS

	Group	
	2012 \$'000	2011 \$'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	30,748	16,960
Investment commitments	5,031	4,844
Purchase of property, plant and equipment	1,271	3,438
	37,050	25,242
(b) On 1 June 2010, the Company signed an undertaking to provide shareholders' funding as and when necessary for the development of an executive condominium project by FCL Compassvale Pte Ltd ("FCLC"), and to procure the completion of the development by FCLC by February 2014.		



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

33. COMMITMENTS (CONTINUED)

(c) 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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Not later than 1 year	611	866	239	370
Between 1 and 5 years	49	669	-	239
	660	1,535	239	609

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 instruments 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 four debtors (2011: three debtors) that individually represented 9% to 30% (2011: 7% to 50%) of trade receivables.



34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Credit risk (continued)

The credit risk for trade receivables (net of allowance for impairment) based on the information provided to key management is as follows:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
By types of customers				
Related parties*	14	68	13	68
Associated and joint venture companies	27	992	-	-
Non-related parties	23,409	27,447	-	-
	23,450	28,507	13	68

* Related parties refer to certain entities within LCD Group [Note 35(a)(ii)].

(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 and retention sum receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group. Advances to associated company and joint ventures 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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Past due < 3 months	2,787	19	-	-
Past due 3 to 6 months	-	-	-	-
Past due over 6 months	27	27	-	-



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

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	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Trade receivables				
Gross amount	11	9	-	-
Less: Allowance for impairment	(11)	(9)	-	-
	-	-	-	-
Other receivables				
Gross amount	-	3,184	27,660	33,056
Less: Allowance for impairment	-	(3,184)	(27,660)	(33,056)
	-	-	-	-
Total	-	-	-	-
Beginning of financial year	3,193	4,794	33,056	33,489
Allowance made	2	-	128	212
Allowance utilised	(963)	(463)	-	-
Allowance written back	(2,221)	(1,138)	(5,524)	(645)
End of financial year	11	3,193	27,660	33,056

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 Group for the financial year ended 30 June 2011 relates to advances to a non-related party, who was in financial difficulty and whose payments was not forthcoming.

The impaired other receivables of the Company mainly relate to advances to subsidiaries that are in net liabilities positions.



34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(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 2012				
Trade and other payables	164,775	10,745	-	175,520
Borrowings	15,101	17,683	22	32,806
At 30 June 2011 (restated)				
Trade and other payables	127,664	4,692	-	132,356
Borrowings	17,303	20,373	46	37,722
Company				
At 30 June 2012				
Trade and other payables	14,550	-	-	14,550
Borrowings	201	465	22	688
Financial guarantee contracts	76,865	-	-	76,865
At 30 June 2011				
Trade and other payables	17,794	-	-	17,794
Borrowings	57	201	46	304
Financial guarantee contracts	79,694	-	-	79,694



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Market risk

(i) Currency risk

The Group operates predominantly in Singapore and Malaysia and the functional currencies of the entities in each of the countries are the Singapore dollar ("SGD") and the Malaysian ringgit ("RM") 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 remaining currency risk exposure of the Group is its net investments in Malaysia by way of both equity and shareholder's loans provided to entities in Malaysia. The Group monitors the Malaysian ringgit exchange rate movement but does not hedge the currency exposure as these are long-term investments.

The currency exposure of the Group and the Company based on the information provided to key management is as follows:

	SGD \$'000	RM \$'000	Other \$'000	Total \$'000
Group				
At 30 June 2012				
Financial assets				
Cash and cash equivalents and available-for-sale financial assets	73,662	11,035	1,014	85,711
Trade and other receivables	93,703	4,707	-	98,410
Intercompany receivables	113,650	65,094	1,218	179,962
Other financial assets	2,320	562	-	2,882
	<u>283,335</u>	<u>81,398</u>	<u>2,232</u>	<u>366,965</u>
Financial liabilities				
Borrowings	(15,486)	(15,559)	-	(31,045)
Trade and other payables, excluding construction contracts and development projects	(101,755)	(43,139)	(2)	(144,896)
Intercompany payables	(113,650)	(65,094)	(1,218)	(179,962)
	<u>(230,891)</u>	<u>(123,792)</u>	<u>(1,220)</u>	<u>(355,903)</u>
Net financial assets/(liabilities)	52,444	(42,394)	1,012	11,062
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(52,255)	43,811	-	(8,444)
Currency exposure	189	1,417	1,012	2,618



34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) **Market risk** (continued)(i) *Currency risk (continued)*

	SGD \$'000	RM \$'000	Other \$'000	Total \$'000
Group				
At 30 June 2011 (restated)				
Financial assets				
Cash and cash equivalents and available-for-sale financial assets	52,305	29,736	894	82,935
Trade and other receivables	75,025	6,492	-	81,517
Intercompany receivables	132,348	85,051	3,095	220,494
Other financial assets	975	546	-	1,521
	<u>260,653</u>	<u>121,825</u>	<u>3,989</u>	<u>386,467</u>
Financial liabilities				
Borrowings	(5,469)	(29,629)	-	(35,098)
Trade and other payables, excluding construction contracts and development projects	(74,041)	(41,216)	(2)	(115,259)
Intercompany payables	(132,348)	(85,051)	(3,095)	(220,494)
	<u>(211,858)</u>	<u>(155,896)</u>	<u>(3,097)</u>	<u>(370,851)</u>
Net financial assets/(liabilities)	48,795	(34,071)	892	15,616
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(48,537)	58,908	-	10,371
Currency exposure	258	24,837	892	25,987
Company				
At 30 June 2012				
Financial assets				
Cash and cash equivalents and available-for-sale financial assets	10,862	1,402	-	12,264
Trade and other receivables	43,586	49,615	-	93,201
Other financial assets	1,413	-	-	1,413
	<u>55,861</u>	<u>51,017</u>	<u>-</u>	<u>106,878</u>
Financial liabilities				
Borrowings	(643)	-	-	(643)
Other financial liabilities	(14,550)	-	-	(14,550)
	<u>(15,193)</u>	<u>-</u>	<u>-</u>	<u>(15,193)</u>
Currency exposure	40,668	51,017	-	91,685
At 30 June 2011				
Financial assets				
Cash and cash equivalents and available-for-sale financial assets	10,087	23,475	-	33,562
Trade and other receivables	39,410	38,448	-	77,858
Other financial assets	5	-	-	5
	<u>49,502</u>	<u>61,923</u>	<u>-</u>	<u>111,425</u>
Financial liabilities				
Borrowings	(275)	-	-	(275)
Other financial liabilities	(17,794)	-	-	(17,794)
	<u>(18,069)</u>	<u>-</u>	<u>-</u>	<u>(18,069)</u>
Currency exposure	31,433	61,923	-	93,356



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

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 5% (2011: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease)	
	Profit after tax	
	2012	2011
	\$'000	\$'000
Group		
RM against SGD		
- strengthened	59	1,031
- weakened	(59)	(1,031)
Company		
RM against SGD		
- strengthened	2,117	2,570
- weakened	(2,117)	(2,570)

(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 an associated company. Short term bank deposits and advances to an associated company 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 RM. Any interest rate movements will have minimal impact on net profit.

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	← Variable rates →			← Fixed rates →				Total \$'000
	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	
Group								
At 30 June 2012	22,074	-	4,500	-	-	4,342	129	31,045
At 30 June 2011	12,940	16,467	-	-	-	5,543	148	35,098
Company								
At 30 June 2012	-	-	-	-	-	514	129	643
At 30 June 2011	-	-	-	-	-	127	148	275

(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.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2012 and 2011.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2012				
Group				
Available-for-sale financial assets	511	-	-	511
Company				
Available-for-sale financial assets	511	-	-	511
2011				
Group				
Available-for-sale financial assets	533	-	1,700	2,233
Company				
Available-for-sale financial assets	533	-	-	533

The fair value of available-for-sale financial assets traded in active markets is based on quoted market prices at the balance sheet date. These investments are included in Level 1.

The fair value of available-for-sale financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at balance sheet date. Estimated discounted cash flows and estimated revenue potential are used to determine fair value for these remaining available-for-sale financial assets. These investments are included in Level 3.

As at 30 June 2012, the Group had unlisted equity investments whose fair value is not measurable with sufficient reliability. These unlisted equity investments are carried at cost (Note 16).



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	
	2012	2011
	\$'000	\$'000
Directors and associates [see note (i) below]		
Project management services fees and staff costs recharged	-	2
Legal fees	-	(24)
Joint ventures and associated companies		
Management services fees	36	398
Reimbursements received for payments on behalf	21	115
L.C. Development Ltd and its subsidiaries ("LCD Group") [see note (ii) below]		
- Fees and commissions paid/payable	-	(162)
- Rental expense paid/payable	-	(17)
- Purchase of fixed assets paid/payable	-	(373)
- Sale of fixed assets received/receivable	-	279
- Hotel services fee paid/payable	-	(87)
- Reimbursements received for payments on behalf	555	347
- Reimbursements made for payments on behalf	(375)	(422)

Outstanding balances at 30 June 2012, arising from sale/purchase of goods and services, are set out in Notes 12 and 24.

- (i) Associates refer to family members of the Directors of the Company.
- (ii) LCD Group is a related party by virtue of it having the same substantial shareholders as the Company.



NOTES TO THE FINANCIAL STATEMENTS

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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	
	2012	2011
	\$'000	\$'000
Salaries and other short-term employee benefits	4,968	5,065
Post-employment benefits – contribution to CPF	66	55
Share option expense	83	199
	5,117	5,319

Included in above is total remuneration to directors of the Company amounting to \$3,288,000 (2011: \$3,644,000).

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 Finance 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. Revenue from property development are derived mainly from Malaysia.



36. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Exco for the reportable segments for the financial years ended 30 June 2012 and 30 June 2011 are as follows:

	Construction \$'000	Property development and investment \$'000	Investment holding and other \$'000	Total \$'000
Financial year ended 30 June 2012				
Revenue from external customers	257,553	25,128	209	282,890
Inter-segment revenue	8,761	-	18,454	27,215
	<u>266,314</u>	<u>25,128</u>	<u>18,663</u>	<u>310,105</u>
Elimination				(27,215)
Revenue				<u>282,890</u>
Segment results	24,758	4,904	15,186	44,848
Elimination				<u>(16,766)</u>
				<u>28,082</u>
Finance expense				(176)
Share of losses of associated companies and joint ventures	(31)	-	-	<u>(31)</u>
Profit before income tax				<u>27,875</u>
Income tax expense				<u>(4,649)</u>
Net profit				<u>23,226</u>
Financial year ended 30 June 2011 (restated)				
Revenue from external customers	184,396	6,889	170	191,455
Inter-segment revenue	-	-	3,748	3,748
	<u>184,396</u>	<u>6,889</u>	<u>3,918</u>	<u>195,203</u>
Elimination				<u>(3,748)</u>
Revenue				<u>191,455</u>
Segment results	19,620	(120)	(1,812)	17,688
Elimination				<u>(2,742)</u>
				<u>14,946</u>
Finance expense				(627)
Share of (losses)/profits of associated companies and joint ventures	(127)	1,845	-	<u>1,718</u>
Profit before income tax				<u>16,037</u>
Income tax expense				<u>(71)</u>
Net profit				<u>15,966</u>



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

36. SEGMENT INFORMATION (CONTINUED)

	Construction	Property development and investment	Investment holding and other	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2012					
Segment assets	182,520	174,278	22,346	(3,525)	375,619
Investments in joint ventures	360	-	-	-	360
Tax recoverable					97
Deferred income tax assets					2,675
Consolidated total assets					<u>378,751</u>
Segment liabilities	(100,962)	(40,328)	(37,095)	2,865	(175,520)
Borrowings					(31,045)
Deferred income tax liabilities and current income tax liabilities					(6,643)
Consolidated total liabilities					<u>(213,208)</u>
As at 30 June 2011 (restated)					
Segment assets	128,373	157,358	41,790	(551)	326,970
Investments in joint ventures	395	-	-	-	395
Tax recoverable					283
Deferred income tax assets					855
Consolidated total assets					<u>328,503</u>
Segment liabilities	(68,399)	(26,331)	(37,626)	-	(132,356)
Borrowings					(35,098)
Deferred income tax liabilities and current income tax liabilities					(5,525)
Consolidated total liabilities					<u>(172,979)</u>

During the financial year ended 30 June 2012, 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.

Segment assets comprise primarily investment properties, property, plant and equipment, property development assets, trade and other receivables and operating cash but do not include tax recoverable and deferred income tax assets.



36. SEGMENT INFORMATION (CONTINUED)

Segment liabilities comprise mainly operating liabilities but do not include current and deferred income tax liabilities and borrowings.

Inter-segment pricing is on a "fair value" basis.

Geographical information

During the financial year ended 30 June 2012, the Group's three business segments operate in two 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 areas of operation are mainly construction, property development and property investment.

Revenue and non-current segment assets are shown by the geographical area where the assets are located.

	Total sales		Non-current assets	
	2012	2011 (restated)	2012	2011 (restated)
	\$'000	\$'000	\$'000	\$'000
Singapore	257,762	191,087	89,691	56,799
Malaysia	25,128	368	3,231	1,163
	282,890	191,455	92,922	57,962
Investments in joint ventures			360	395
			93,282	58,357

37. 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 2012 or later periods and which the Group has not early adopted:

- FRS 12 Deferred Tax – Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)

The management anticipates that the adoption of the above FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

38. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 27 July 2012, the Company granted options on 5,000,000 ordinary shares in the Company pursuant to the Option Scheme 2007. The exercise price of the option is set at a 10.25% discount to the market price of the shares in the Company. The exercise price under the options granted is \$0.27 per share and the exercise period is from 27 July 2014 to 27 July 2017.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

39. COMPANIES IN THE GROUP

The subsidiaries are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2012 %	2011 %
Held by the Company				
Unquoted equity shares				
¹ Glaxton Trading Pte Ltd	Property development	Singapore	100	100
¹ Lum Chang Asia Pacific Pte Ltd	Investment holding	Singapore	100	100
¹ Lum Chang Corporation Pte Ltd	Investment holding	Singapore	100	100
⁸ Lum Chang Development Private Limited	Liquidated	Singapore	-	100
¹ Lum Chang Properties Ltd	Investment holding	Singapore	100	100
¹ Lum Chang (Suzhou) Investments Pte Ltd	Investment holding	Singapore	51	51
⁸ Oxford Gardens Pte Ltd	Liquidated	Singapore	-	100
² Nexus Sdn Bhd	Property development	Malaysia	100	100
⁴ Urban Assignment Sdn Bhd	Dormant	Malaysia	100	100
⁸ Wandsworth Pte Ltd	Liquidated	Singapore	-	100
⁸ Knightsbridge Investment Pte Ltd	Liquidated	Singapore	-	100
⁸ Bright Mountain Pte Ltd	Liquidated	Singapore	-	100
¹ River Springs Pte Ltd	Dormant	Singapore	100	100
¹ Binjai Holdings Pte Ltd	Investment holding	Singapore	100	100
¹ Kemensah Holdings Pte Ltd	Investment holding	Singapore	51	51



39. COMPANIES IN THE GROUP (CONTINUED)

The subsidiaries are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2012 %	2011 %
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
⁸ Leadale Property (Pte) Ltd	Liquidated	Singapore	-	100
¹ Lum Chang Building Contractors Pte Ltd	Building construction	Singapore	100	100
⁵ Lum Chang Sdn Bhd	Dormant	Malaysia	100	100
³ Uptown Viewpoint Sdn Bhd	Dormant	Malaysia	100	100
⁶ LED System Technology Pte Ltd	Trading and project management	Singapore	100	100
³ Venus Capital Corporation Sdn Bhd	Property development	Malaysia	51	51
³ Fabulous Range Sdn Bhd	Property development	Malaysia	51	51
¹ Sungei Long Holdings Pte Ltd	Investment holding	Singapore	51	51
³ LC Sungei Long (M) Sdn Bhd	Investment holding	Malaysia	51	51



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2012

39. COMPANIES IN THE GROUP (CONTINUED)

The associated company is as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2012	2011
			%	%
Held by subsidiary				
Unquoted equity shares				
⁴ FCL Compassvale Pte Ltd	Property development	Singapore	20	20

The joint ventures are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2012	2011
			%	%
Held by subsidiaries				
⁸ NLC Construction Pte Ltd	Liquidated	Singapore	-	50
^{6,7} Nishimatsu – Lum Chang JV	Dormant	Singapore	50	50

¹ Audited by PricewaterhouseCoopers LLP, Singapore.

² Audited by Khoo & Co., Malaysia.

³ Audited by PricewaterhouseCoopers, Malaysia.

⁴ Audited by Ernst & Young LLP, Singapore.

⁵ Audited by S Y Kwong, Foong & Co., Malaysia.

⁶ Audited by RSM Chio Lim LLP, Singapore.

⁷ Unincorporated jointly – controlled partnerships.

⁸ Not audited in 2012 as entity is liquidated.

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit 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.

40. 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 2012.

**AUDITED FINANCIAL STATEMENTS OF LUM CHANG HOLDINGS LIMITED AND
ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

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 2013 and has not been specifically 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 51 to 122, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 2013, 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 profit and loss accounts and balance sheets 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 state of affairs of the Group and of the Company as at 30 June 2013, and of the results, 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 subsidiaries 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, 12 September 2013

CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 June 2013

	Note	Group	
		2013 \$'000	2012 \$'000
Revenue	4	494,550	282,890
Cost of sales		(440,715)	(246,081)
Gross profit		53,835	36,809
Other gains/income – net	5	8,200	10,148
Expenses			
- Distribution and marketing		(4,168)	(2,225)
- Administrative and general		(21,891)	(16,650)
- Finance	8	(715)	(176)
Share of losses of associated companies and joint venture		(322)	(31)
Profit before income tax		34,939	27,875
Income tax expense	9	(6,683)	(4,649)
Net profit		28,256	23,226
Net profit attributable to:			
Equity holders of the Company		21,482	20,997
Non-controlling interests		6,774	2,229
		28,256	23,226
Earnings per ordinary share attributable to the equity holders of the Company (cents per share)	10		
- Basic		5.80	5.62
- Diluted		5.77	5.61

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2013

	Note	Group	
		2013 \$'000	2012 \$'000
Net profit		28,256	23,226
Other comprehensive (losses)/income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising from consolidation	28	(454)	(49)
Fair value gains/(losses) on available-for-sale financial assets	28	18	(22)
Other comprehensive losses for the year, net of tax		(436)	(71)
Total comprehensive income for the year		27,820	23,155
Total comprehensive income attributable to:			
Equity holders of the Company		21,053	21,058
Non-controlling interests		6,767	2,097
		27,820	23,155

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

BALANCE SHEET - GROUP

as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	63,648	80,516
Trade and other receivables	12(a)	113,478	67,119
Tax recoverable	9(b)	91	97
Construction contract work-in-progress	13	-	420
Properties held for sale	14	8,452	10,931
Development properties	15	99,641	119,693
Available-for-sale financial assets	16	1,500	1,500
Other current assets	17	4,712	5,193
		291,522	285,469
Non-current assets			
Trade and other receivables	12(b)	39,792	31,291
Club memberships	18	505	551
Available-for-sale financial assets	16	3,713	3,695
Investment in joint venture	19	338	360
Investments in associated companies	20	-	-
Investment properties	22	108,437	16,180
Property, plant and equipment	23	47,721	38,530
Deferred income tax assets	9(c)	2,554	2,675
		203,060	93,282
Total assets		494,582	378,751
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	193,971	164,775
Current income tax liabilities	9(b)	5,061	5,264
Borrowings	25	19,586	14,044
		218,618	184,083
Non-current liabilities			
Trade and other payables	24(b)	14,219	10,745
Borrowings	25	79,434	17,001
Deferred income tax liabilities	9(c)	1,852	1,379
		95,505	29,125
Total liabilities		314,123	213,208
NET ASSETS		180,459	165,543
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	84,060	83,895
Treasury shares	27	(2,194)	(3,046)
Capital and other reserves	28	20,346	20,869
Retained profits	29	69,249	55,177
		171,461	156,895
Non-controlling interests		8,998	8,648
Total equity		180,459	165,543

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

BALANCE SHEET - COMPANY

as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	2,981	11,753
Trade and other receivables	12(a)	109,481	93,201
Other current assets	17	118	1,423
		112,580	106,377
Non-current assets			
Trade and other receivables	12(b)	31,794	-
Club memberships	18	309	349
Available-for-sale financial assets	16	529	511
Investments in subsidiaries	21	15,843	15,843
Property, plant and equipment	23	1,696	1,177
		50,171	17,880
Total assets		162,751	124,257
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	56,937	14,550
Current income tax liabilities	9(b)	-	17
Borrowings	25	255	182
		57,192	14,749
Non-current liabilities			
Borrowings	25	613	461
Deferred income tax liabilities	9(c)	58	58
		671	519
Total liabilities		57,863	15,268
NET ASSETS		104,888	108,989
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	84,060	83,895
Treasury shares	27	(2,194)	(3,046)
Capital and other reserves	28	4,171	4,247
Retained profits	30	18,851	23,893
Total equity		104,888	108,989

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2013

← Attributable to equity holders of the Company →

Note	Share capital	Treasury shares	Capital and other reserves	Retained profits	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013							
Balance as at 1 July 2012	83,895	(3,046)	20,869	55,177	156,895	8,648	165,543
Employee share option scheme	27						
- Value of employee services	-	-	120	-	120	-	120
- Treasury shares reissued	165	852	(214)	-	803	-	803
Interim dividend for FY2013	31	-	-	(2,786)	(2,786)	-	(2,786)
Final dividend for FY2012	31	-	-	(4,624)	(4,624)	-	(4,624)
Dividends paid to non-controlling interests	-	-	-	-	-	(6,417)	(6,417)
Total comprehensive income	-	-	(429)	21,482	21,053	6,767	27,820
Balance as at 30 June 2013	84,060	(2,194)	20,346	69,249	171,461	8,998	180,459
2012							
Balance as at 1 July 2011	83,889	-	14,962	50,122	148,973	6,551	155,524
Purchase of treasury shares	-	(3,222)	-	-	(3,222)	-	(3,222)
Employee share option scheme	27						
- Value of employee services	-	-	252	-	252	-	252
- Treasury shares reissued	6	176	(36)	-	146	-	146
Interim dividend for FY2012	31	-	-	(2,783)	(2,783)	-	(2,783)
Final dividend for FY2011	31	-	-	(7,529)	(7,529)	-	(7,529)
Liquidation of a subsidiary	-	-	5,630	(5,630)	-	-	-
Total comprehensive income	-	-	61	20,997	21,058	2,097	23,155
Balance as at 30 June 2012	83,895	(3,046)	20,869	55,177	156,895	8,648	165,543

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Net profit		28,256	23,226
Adjustments for:			
Income tax expense	9(a)	6,683	4,649
Share of losses of associated companies and joint venture		322	31
Amortisation of club memberships	6	59	60
Depreciation of property, plant and equipment	6	3,772	2,579
Dividend income from available-for-sale financial assets	4	(201)	(209)
Fair value gains on investment properties – net	5	(5,839)	(1,179)
(Gain)/loss on disposal of property, plant and equipment – net	5	(409)	87
Gain on disposal of available-for-sale financial assets	5	-	(6,325)
Loss on liquidation of subsidiaries and joint venture	5	-	40
(Write-back of)/impairment loss on club memberships	6	(13)	50
Write-back of impairment loss on non-trade receivables	5	-	(2,221)
Interest income	5	(503)	(946)
Interest expense	8	715	176
Property, plant and equipment written off	6	16	2
Share option expense	7	120	252
Unrealised currency translation differences		(83)	1,725
Operating cash flow before working capital changes		32,895	21,997
Change in working capital, net of effects from acquisition and liquidation of subsidiaries:			
- Trade and other receivables		(36,740)	(20,297)
- Other current assets		481	(1,150)
- Construction contract work-in-progress		420	3,751
- Development properties/properties held for sale		23,682	(10,057)
- Trade and other payables		27,841	42,055
Cash generated from operations		48,579	36,299
Income tax paid	9(b)	(6,277)	(5,172)
Net cash provided by operating activities		42,302	31,127

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

	2013	2012
Note	\$'000	\$'000
Cash flows from investing activities		
Dividends received from available-for-sale financial assets	201	209
Expenditure on investment properties	(85,483)	(7,285)
Investment in an associated company	(300)	-
Interest income received	361	1,072
Repayment from non-related companies	-	5,813
Proceeds from disposal of property, plant and equipment	5,160	1,155
Proceeds from disposal of available-for-sale financial assets	-	8,025
Net cash outflow arising from liquidation of subsidiaries and joint venture	21	(36)
Purchase of club memberships	-	(2)
Purchase of property, plant and equipment	(14,649)	(14,826)
Advances to associated companies	(18,204)	(400)
Net cash used in investing activities	(112,914)	(6,275)
Cash flows from financing activities		
Cash and cash equivalents released from pledge	404	875
Dividends paid	(7,410)	(10,312)
Dividends paid to a non-controlling shareholder of a subsidiary	(6,417)	-
Interest paid	(2,041)	(1,560)
Purchase of treasury shares	-	(3,222)
Proceeds from bank loans	77,490	19,996
Proceeds from re-issuance of treasury shares	803	146
Repayment of bank loans	(8,132)	(22,624)
Repayment of finance lease liabilities	(3,599)	(2,206)
Repayment to a non-controlling shareholder of a subsidiary	(44)	(39)
Loan from a non-controlling shareholder of a subsidiary	3,073	-
Net cash provided by/(used in) financing activities	54,127	(18,946)
Net change in cash and cash equivalents	(16,485)	5,906
Cash and cash equivalents at beginning of financial year	79,683	74,310
Effect of changes in currency translation rates on cash and cash equivalents	21	(533)
Cash and cash equivalents at end of financial year	11	79,683

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

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 2013

On 1 July 2012, 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.

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 overseas 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 power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

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

(ii) Acquisition of businesses

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 of 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 the fair value of any pre-existing equity interest in the subsidiary.

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 net identifiable assets. The excess of (i) 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 (ii) fair value of the net identifiable 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.

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 contractual arrangements to jointly share control over the economic activity of the entities with one or more parties.

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 associate and joint venture over the Group's share of the fair value of the identifiable net assets of the associate/joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

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 are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint venture.

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

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures in which significant influence or joint control is retained are 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.

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 42 years
Plant and machinery	5 to 15 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.

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 cost and an allowance is made for foreseeable losses where the cost of any completed property exceeds its net realisable value. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

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 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 net identifiable 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 net identifiable 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. 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.

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 possible 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 the architects' certificates. 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 uncompleted 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 are included within "trade and other payables".

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties

Investment properties of the Group include those portions of office 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.

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

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

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

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

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

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

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

2.13 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" and "cash and cash equivalents" on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

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, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount 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. 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables (continued)

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, associated companies and a joint venture partner. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries, associated companies or the joint venture partner fail to make principal or interest payments when due in accordance with the terms of their borrowings.

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

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

Intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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). If not, 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 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (continued)

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

(i) Lessee - Finance leases (continued)

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 and 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.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 **Income taxes** (continued)

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

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.

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.

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 fair 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

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.

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; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation 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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Share capital and treasury shares (continued)

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 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 architect's certificates.

Significant assumptions and judgements are also required to estimate the total contract costs, as well as the recoverable variation works 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 remaining estimated contract costs for uncompleted contracts as at balance sheet date increased/decreased by 1% (2012: 1%), the Group's gross profit before income tax would decrease/increase by approximately \$1,900,000 (2012: \$1,919,000).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

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

(b) *Income taxes*

Significant estimates are required in determining the deductibility of certain expenses in providing for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on an assessment of whether additional tax will be due. When the final tax outcome is different from the initial provision, such differences will impact the income tax provision in the period in which such determination is made.

The Group recognises deferred income tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profit and/or taxable temporary differences against which the tax losses can be utilised. Deferred tax assets on unutilised tax losses and unabsorbed capital allowances not recognised by the Group at balance sheet date are disclosed in Note 9. When the final tax outcome is different from the initial recognition, such differences will impact the income tax provision in the period in which such determination is made.

(c) *Valuation of investment properties*

The Group's investment properties, with a carrying amount of \$108,437,000 (2012: \$16,180,000) (Note 22) as at 30 June 2013 are stated at fair value, representing the open market values determined on an annual basis by the directors, based on the highest-and-best-use basis. In determining the open market values, an independent professional valuation is carried out annually using the Investment Method and Direct Market Comparison Method which involves assumptions and estimates in the light of current market conditions. The directors have exercised their judgement in relying on the valuation reports and are satisfied that the valuation method, assumptions and estimates are reflective of current market situations.

4. REVENUE

	Group	
	2013 \$'000	2012 \$'000
Revenue from construction contracts		
- Non-related parties	365,525	210,425
- Joint ventures and associated companies	68,445	47,026
Revenue from sale of properties	58,834	25,128
Management and technical assistance fees from associated companies/joint venture	36	36
Rental income		
- Non-related parties	1,356	66
- Related parties (a)	153	-
Dividend income from available-for-sale financial assets	201	209
	494,550	282,890

(a) Related parties refer to certain entities within LCD Group [Note 35(a)(i)].

5. OTHER GAINS/INCOME - NET

	Group	
	2013	2012
	\$'000	\$'000
Gain/(loss) on disposal of property, plant and equipment – net	409	(87)
Gain on disposal of available-for-sale financial assets	-	6,325
Loss on liquidation of subsidiaries and joint venture	-	(40)
Interest income		
- Advances to associated companies	251	166
- Investee company	-	153
- Others	252	627
	503	946
Currency translation loss – net	(51)	(881)
Fair value gains on investment properties – net (Note 22)	5,839	1,179
Write-back of impairment loss on non-trade receivables (a)	-	2,221
Government grants	355	9
Others – net	1,145	476
	8,200	10,148

- (a) The write-back of impairment loss on non-trade receivables for the financial year ended 30 June 2012 of \$2,221,000 pertains to the recovery of a loan due from a former joint venture partner.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

6. EXPENSES BY NATURE

	Group	
	2013 \$'000	2012 \$'000
Subcontractor and other construction costs	416,815	228,330
Depreciation of property, plant and equipment (Note 23)	3,772	2,579
Employee compensation (Note 7)	34,082	26,803
Directors' fees	283	284
Auditors fees:		
Fees on audit services paid/payable to:		
- Auditor of the Company	274	266
- Other auditors	114	57
Fees on non-audit services paid/payable to:		
- Auditor of the Company	82	75
- Other auditors	25	15
Legal and professional fees	1,264	257
Rental on operating leases	845	897
Amortisation of club memberships	59	60
(Write-back of)/impairment loss on club memberships	(13)	50
Property, plant and equipment written off	16	2
Other	9,156	5,281
Total cost of sales, distribution and marketing costs, administrative and general expenses	466,774	264,956

7. EMPLOYEE COMPENSATION

	Group	
	2013 \$'000	2012 \$'000
Wages and salaries	32,671	26,686
Employer's contribution to defined contribution plans including Central Provident Fund	1,905	1,777
Other benefits	384	182
Share option expense (Note 28)	120	252
Less: Government grant – Jobs Credit Scheme	(19)	-
	35,061	28,897
Less: Staff costs capitalised in construction contract work-in-progress	(979)	(2,094)
Staff costs recognised in profit or loss (Note 6)	34,082	26,803

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

8. FINANCE EXPENSES

	Group	
	2013 \$'000	2012 \$'000
Interest expense:		
- Bank borrowings	2,106	1,478
- Finance lease liabilities	160	45
- Other	14	129
	2,280	1,652
Less: Amount capitalised in investment properties, development properties, construction contract work-in-progress and property, plant and equipment	(1,565)	(1,476)
Finance expenses recognised in profit or loss	715	176

9. INCOME TAXES

(a) **Income tax expense**

	Group	
	2013 \$'000	2012 \$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	3,441	3,254
- Foreign	3,351	2,308
	6,792	5,562
Deferred income tax	592	(2,133)
	7,384	3,429
(Over)/under provision in prior financial years		
- Current income tax	(701)	1,174
- Deferred income tax	-	46
	6,683	4,649

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

9. INCOME TAXES (CONTINUED)

(a) Income tax expense (continued)

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	
	2013 \$'000	2012 \$'000
Profit before income tax and share of results of associated companies and joint ventures	35,261	27,906
Tax calculated at tax rate of 17% (2012: 17%)	5,994	4,744
Effects of:		
- Statutory stepped income exemption	(56)	(59)
- Different tax rates in other countries	1,111	142
- Tax incentives	(397)	(522)
- Income not subject to tax	(1,325)	(1,935)
- Expenses not deductible for tax purposes	1,910	1,064
- Utilisation of previously unrecognised deferred tax assets	(6)	(178)
- Deferred tax assets not recognised	153	173
	7,384	3,429

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

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Beginning of financial year	5,167	3,642	17	8
Currency translation differences	(11)	(39)	-	-
Income tax (paid)/refunded	(6,277)	(5,172)	(17)	6
Tax expense	6,792	5,562	-	6
(Over)/under provision in prior financial years	(701)	1,174	-	(3)
End of financial year	4,970	5,167	-	17
Representing:				
Current income tax liabilities	5,061	5,264	-	17
Tax recoverable	(91)	(97)	-	-
	4,970	5,167	-	17

9. INCOME TAXES (CONTINUED)

(c) **Deferred income taxes**

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

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Beginning of financial year	(1,296)	745	58	-
Currency translation differences	2	46	-	-
Charged/(credited) to profit or loss	592	(2,133)	-	58
Under provision in prior financial years	-	46	-	-
End of financial year	(702)	(1,296)	58	58

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Deferred income tax assets				
- to be recovered within one year	(1,691)	(2,675)	-	-
- to be recovered after one year	(863)	-	-	-
	(2,554)	(2,675)	-	-
Deferred income tax liabilities				
- to be settled within one year	625	404	58	58
- to be settled after one year	1,227	975	-	-
	1,852	1,379	58	58

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

9. INCOME TAXES (CONTINUED)

(c) Deferred income taxes (continued)

The movement in deferred income tax liabilities and assets is as follows:

Group	Accelerated tax depreciation	Profits on sale of development properties	Tax losses and others	Total
	\$'000	\$'000	\$'000	\$'000
2013				
Beginning of financial year	1,321	(2,436)	(181)	(1,296)
Currency translation differences	-	2	-	2
Charged to profit or loss	459	74	59	592
End of financial year	1,780	(2,360)	(122)	(702)
2012				
Beginning of financial year	902	(157)	-	745
Currency translation differences	-	42	4	46
Charged/(credited) to profit or loss	419	(2,321)	(185)	(2,087)
End of financial year	1,321	(2,436)	(181)	(1,296)
Company				Others
				\$'000
2013				
Beginning and end of financial year				58
2012				
Beginning of financial year				-
Charged to profit or loss				58
End of financial year				58

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.

9. INCOME TAXES (CONTINUED)

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

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

	Group	
	2013	2012
	\$'000	\$'000
Unutilised tax losses	45,171	44,630
Unabsorbed capital allowances	136	119
	45,307	44,749

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	
	2013	2012
Net profit attributable to equity holders of the Company (\$'000)	21,482	20,997
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	370,488	373,904
Adjustments for share options ('000)	1,944	418
Weighted average number of ordinary shares for diluted earnings per share ('000)	372,432	374,322
Earnings per share (in cents per share)		
- Basic	5.80	5.62
- Diluted	5.77	5.61

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 2013 and 30 June 2012, 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash at bank and on hand	48,865	21,663	2,978	2,515
Short-term bank deposits	14,783	58,853	3	9,238
	63,648	80,516	2,981	11,753

Included in cash and cash equivalents of the Group is an amount of approximately \$4,844,000 (2012: \$4,480,000) 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 2013, cash at bank of \$13,000 (2012: \$10,000) and short-term bank deposits of \$416,000 (2012: \$823,000) 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	
	2013 \$'000	2012 \$'000
Cash and bank balances (as above)	63,648	80,516
Less: Cash and cash equivalents pledged	(429)	(833)
Cash and cash equivalents per consolidated statement of cash flows	63,219	79,683

The effects of acquisition and liquidation of subsidiaries are disclosed in Note 21.

12. TRADE AND OTHER RECEIVABLES

(a) Current

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade receivables				
- Non-related parties	50,331	23,420	-	-
- Joint venture and associated companies	2,433	27	-	-
- Related parties [Note 12(c)]	1,004	14	67	13
	53,768	23,461	67	13
Less: Allowance for impairment of receivables				
- Non-related parties	(11)	(11)	-	-
Trade receivables - net	53,757	23,450	67	13
Construction contracts (Note 13)				
Due from customers				
- Non-related parties	28,765	26,970	-	-
- Joint venture and associated company	3,258	9,310	-	-
Retention sums receivable				
- Non-related parties	10,385	5,809	-	-
- Joint venture and associated company	2,986	1,358	-	-
	45,394	43,447	-	-
Advances to subsidiaries (i)	-	-	136,935	120,847
Less: Allowance for impairment	-	-	(27,660)	(27,660)
	-	-	109,275	93,187
Advances to an associated company (ii)	11,223	-	-	-
Interest receivable	612	7	-	1
Other receivables	2,089	215	139	-
Accrued income	403	-	-	-
	113,478	67,119	109,481	93,201

(i) As at 30 June 2013, the advances to subsidiaries are unsecured, repayable on demand and interest-free except for an amount of \$542,000 (2012: \$588,000) which bears interest at an effective interest rate of 0.5% (2012: 0.5%) per annum at the balance sheet date.

(ii) The advances to an associated company are unsecured, bear interest at a rate of 1.41% per annum and are subordinated to the bank loan of the associated company which is expected to be repaid by February 2014.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Non-current

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Advances to associated companies (i)	18,204	11,578	-	-
Construction contracts (Note 13)				
Retention sums receivable				
- Non-related parties	18,602	15,480	-	-
- Associated company	2,986	3,940	-	-
	21,588	19,420	-	-
Advance to a subsidiary (ii)	-	-	31,794	-
Other receivables	-	293	-	-
	39,792	31,291	31,794	-

(i) As at 30 June 2013, the advances to an associated company of \$18,204,000 are unsecured, bear interest at a rate of 1.40% per annum and are subordinated to the bank loan of the associated company which is expected to be repaid by September 2015.

As at 30 June 2012, the advances to an associated company of \$11,578,000 are unsecured, bear interest at a rate of 1.46% per annum and are subordinated to the bank loan of the associated company which is expected to be repaid by February 2014. During the financial year ended 30 June 2013, these advances were reclassified from non-current receivables to current receivables [Note 12(a)(ii)].

(ii) The advance to a subsidiary amounting to \$31,794,000 (2012: \$Nil) is unsecured, interest-free and has no fixed term of repayment. Settlement of this loan is neither planned nor likely to occur in the foreseeable future. As a result, management considers this loan to be in substance part of the Company's net investment in the subsidiary, and has stated them at cost in accordance to Note 2.11.

(c) Related parties refer to certain entities within LCD Group [Note 35(a)(i)].

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

13. CONSTRUCTION CONTRACT WORK-IN-PROGRESS

	Group	
	2013	2012
	\$'000	\$'000
Construction contract work-in-progress	-	420
Aggregate contract costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	834,011	420,801
Less: Progress billings	(802,369)	(386,073)
	31,642	34,728
Presented as:		
Due from customers on construction contracts (Note 12)		
- Non-related parties	28,765	26,970
- Joint venture and associated company	3,258	9,310
Due to customers on construction contracts (Note 24)		
- Non-related parties	(381)	(1,003)
- Joint venture	-	(549)
	31,642	34,728
Retention sums receivable (Note 12):		
- Current	13,371	7,167
- Non-current	21,588	19,420
Retention sums payable (Note 24):		
- Current	10,136	3,058
- Non-current	14,116	10,745

Borrowing costs of approximately \$114,000 (2012: \$238,000) 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	
	2013	2012
	\$'000	\$'000
Properties held for sale - at cost	8,452	10,931

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

15. DEVELOPMENT PROPERTIES

	Group	
	2013 \$'000	2012 \$'000
Properties under construction	99,641	119,693

Sale and purchase agreements on certain properties under construction have been signed. Deposits and progress billings amounting to \$19,166,000 (2012: \$29,072,000) on these agreements are presented within "trade and other payables".

(a) Details of the development properties as of 30 June 2013 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/ 51%	120,153	49,163	36%/ December 2016
2 parcels of land at Lot No. 990 and 1308 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia	Residential development	Freehold/ 51%	622,703	228,801	44%/ December 2016

Development properties above are charged by way of a mortgage in favour of banks for bank loans as disclosed in Note 25 to the financial statements.

(b) Borrowing costs of \$1,151,000 (2012: \$1,192,000) 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

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Beginning of financial year	5,195	6,917	511	533
Disposals	-	(1,700)	-	-
Fair value gains/(losses) recognised in other comprehensive income [Note 28(d)]	18	(22)	18	(22)
End of financial year	5,213	5,195	529	511
Less: Non-current portion	(3,713)	(3,695)	(529)	(511)
Current portion	1,500	1,500	-	-

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

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Singapore				
Listed equity investment	529	511	529	511
Unlisted equity investments	4,684	4,684	-	-
	5,213	5,195	529	511

The unlisted equity investments of the Group are measured at cost. The directors are of the view that its fair value 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.

For information purposes only and without asserting it to be a fair value disclosure, the Group's share of the net assets of an investee company with a carrying amount of \$3,184,000 (2012: \$3,184,000), based on its unaudited financial information as at 30 June 2013, is approximately \$9,515,000 (2012: \$8,474,000).

17. OTHER CURRENT ASSETS

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Deposits	2,727	2,882	111	1,413
Prepayments	1,985	2,311	7	10
	4,712	5,193	118	1,423

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

18. CLUB MEMBERSHIPS

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Club memberships, at cost	1,312	1,312	903	903
Less: Accumulated amortisation	(648)	(589)	(520)	(480)
Accumulated impairment losses	(159)	(172)	(74)	(74)
	505	551	309	349

19. INVESTMENT IN JOINT VENTURE

	Group	
	2013 \$'000	2012 \$'000
Beginning of financial year	360	395
Liquidation of a joint venture	-	(4)
Share of results, net of tax	(22)	(31)
End of financial year	338	360

The Group's share of the results, assets and liabilities of the joint venture based on unaudited management accounts as at 30 June is as follows:

	Group	
	2013 \$'000	2012 \$'000
Current assets	344	375
Current liabilities	(6)	(15)
Net assets	338	360
Expenses	(22)	(31)
Loss before income tax	(22)	(31)
Income tax expense	-	-
Loss after income tax	(22)	(31)

- (i) The Group's share of the joint venture's capital commitments amounted to \$Nil (2012: \$Nil).
- (ii) Details of the joint venture company are provided in Note 38.

20. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2013 \$'000	2012 \$'000
Beginning of financial year	-	-
Acquisition	300	-
Share of profits, net of tax	(300)	-
End of financial year	-	-

Summarised financial information of associated companies

The summarised financial information of associated companies as at balance sheet date, not adjusted for the proportionate ownership interest held by the Group, are as follows:

	Group	
	2013 \$'000	2012 \$'000
- Assets	270,941	144,290
- Liabilities	(282,085)	(152,551)
- Revenue	-	-
- Net loss	(3,858)	(687)

Details of associated companies are provided in Note 38.

21. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 \$'000	2012 \$'000
Equity investment at cost	49,527	49,527
Less: Allowance for impairment losses	(33,684)	(33,684)
	15,843	15,843

Details of subsidiaries are provided in Note 38.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Group

Liquidation of subsidiaries during the financial year ended 30 June 2012

During the financial year ended 30 June 2012, the Group completed the liquidation of six subsidiaries and a joint venture. The difference between the proceeds from liquidation of \$34,000 and the carrying amount of the identifiable net assets of \$74,000 at the date of liquidation is a loss on liquidation of \$40,000. The liquidation of the subsidiaries and joint venture resulted in a net cash outflow of \$36,000.

22. INVESTMENT PROPERTIES

	Group	
	2013 \$'000	2012 \$'000
Beginning of financial year	16,180	17,036
Additions	86,410	9,305
Reclassified to property, plant and equipment (Note 23)	-	(11,340)
Fair value gains recognised in profit or loss - net (Note 5)	5,839	1,179
Currency translation differences	8	-
End of financial year	108,437	16,180

At 30 June 2013, the investment properties of the Group are as follows:

(i) Located in Singapore:

	Description/ Existing use	Approx. site area sq.m.	Gross floor area sq.m.	Tenure of land
8 Kim Tian Road	Ground floor shop unit	125	125	9,999-year lease from 1960
12 and 14 Kung Chong Road	Light industrial building	2,968	7,421	99-year lease from 1954

(ii) Located in the United Kingdom:

	Description/ Existing use	Approx. site area sq.m.	Gross floor area sq.m.	Tenure of land
42/60 Kensington High Street	Shops	1,900*	4,181*	Freehold

* Subject to final survey report

22. INVESTMENT PROPERTIES (CONTINUED)

Investment properties are carried at fair values at the balance sheet date as determined by the directors as follows:

(a) 8 Kim Tian Road

Based on valuation carried out by a firm of independent professional valuers, Jones Lang Lasalle. Valuation is based on the property's highest-and-best-use using the Direct Market Comparison Method.

(b) 12 and 14 Kung Chong Road

Based on valuation carried out by a firm of independent professional valuers, Associated Property Consultants Pte Ltd. Valuation is based on the property's highest-and-best-use using the Direct Market Comparison Method.

(c) 42/60 Kensington High Street

Based on valuation carried out by a firm of independent professional valuers, Savills (UK) Limited. Valuation is based on the property's highest-and-best-use using the Investment Method.

During the previous financial year ended 30 June 2012, the management reviewed the intended usage of 12 and 14 Kung Chong Road and based on the management's intended use, the portion with carrying value of \$11,340,000 that is designated to house the Group's corporate offices had been reclassified to property, plant and equipment (Note 23).

Certain investment properties above with carrying value of \$105,077,000 (2012: \$15,180,000) are charged by way of mortgages in favour of banks for bank loans as disclosed in Note 25 to the financial statements.

The following amounts are derived from investment properties and recognised in profit or loss:

	Group	
	2013	2012
	\$'000	\$'000
Rental income	1,509	66
Fair value gains recognised in profit or loss	5,839	1,179
Direct operating expenses arising from:		
- Investment properties that generated rental income	(273)	(7)
- Investment properties that did not generate rental income	-	(152)

Borrowing costs of \$200,000 (2012: \$46,000) arising from financing specifically entered into for an investment property were capitalised during the financial year and are included in the cost of investment properties.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

23. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings \$'000	Plant and machinery \$'000	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Total \$'000
Group					
2013					
Cost					
Beginning of financial year	17,528	22,195	3,071	4,426	47,220
Additions	5,440	6,951	3,598	1,741	17,730
Disposals	-	(5,668)	(1,042)	(669)	(7,379)
End of financial year	22,968	23,478	5,627	5,498	57,571
Accumulated depreciation					
Beginning of financial year	184	4,525	2,696	1,285	8,690
Depreciation charge	631	1,964	504	673	3,772
Disposals	-	(1,304)	(1,034)	(274)	(2,612)
End of financial year	815	5,185	2,166	1,684	9,850
Net book value					
End of financial year	22,153	18,293	3,461	3,814	47,721
2012					
Cost					
Beginning of financial year	752	15,023	2,801	3,390	21,966
Currency translation differences	-	-	(6)	(6)	(12)
Additions	5,436	7,543	295	2,542	15,816
Reclassified from investment properties (Note 22)	11,340	-	-	-	11,340
Disposals	-	(371)	(19)	(1,500)	(1,890)
End of financial year	17,528	22,195	3,071	4,426	47,220
Accumulated depreciation					
Beginning of financial year	-	3,274	2,298	1,193	6,765
Currency translation differences	-	-	(6)	(2)	(8)
Depreciation charge	184	1,441	421	533	2,579
Disposals	-	(190)	(17)	(439)	(646)
End of financial year	184	4,525	2,696	1,285	8,690
Net book value					
End of financial year	17,344	17,670	375	3,141	38,530

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, office equipment and fittings \$'000	Motor vehicles \$'000	Total \$'000
Company			
2013			
Cost			
Beginning of financial year	162	1,301	1,463
Additions	185	887	1,072
Disposals	(62)	(394)	(456)
End of financial year	<u>285</u>	<u>1,794</u>	<u>2,079</u>
Accumulated depreciation			
Beginning of financial year	156	130	286
Depreciation charge	20	229	249
Disposals	(62)	(90)	(152)
End of financial year	<u>114</u>	<u>269</u>	<u>383</u>
Net book value			
End of financial year	<u>171</u>	<u>1,525</u>	<u>1,696</u>
2012			
Cost			
Beginning of financial year	159	1,032	1,191
Additions	3	1,674	1,677
Disposals	-	(1,405)	(1,405)
End of financial year	<u>162</u>	<u>1,301</u>	<u>1,463</u>
Accumulated depreciation			
Beginning of financial year	139	315	454
Depreciation charge	17	165	182
Disposals	-	(350)	(350)
End of financial year	<u>156</u>	<u>130</u>	<u>286</u>
Net book value			
End of financial year	<u>6</u>	<u>1,171</u>	<u>1,177</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) Included in additions of the Group are motor vehicles and plant and machinery acquired under finance leases amounting to \$949,000 (2012: \$960,000) and \$1,280,000 (2012: \$30,000) respectively. As at 30 June 2013, the Group has motor vehicles and plant and machinery acquired under finance leases with a net book value of \$2,359,000 (2012: \$1,518,000) and \$3,381,000 (2012: \$6,300,000) respectively.

Included in additions of the Company are motor vehicles acquired under finance leases amounting to \$561,000 (2012: \$960,000). As at 30 June 2013, the Company has motor vehicles under finance leases with a net book value of \$1,526,000 (2012: \$1,115,000).

- (b) An amount of \$2,464,000 (2012: \$1,762,000) 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) Borrowing costs of \$100,000 (2012: \$Nil) arising on financing specifically entered into for the construction of a leasehold building of the Group were capitalised during the financial year and are included in the cost of the leasehold building.
- (d) During the previous financial year ended 30 June 2012, the management reviewed the intended usage of 12 and 14 Kung Chong Road and based on the management's intended use, the portion with carrying value of \$11,340,000 that is designated to house the Group's corporate offices had been reclassified from investment properties to property, plant and equipment. The information of the property is detailed in Note 22.
- (e) The leasehold buildings are charged by way of mortgages in favour of banks for bank loans as disclosed in Note 25 to the financial statements.

24. TRADE AND OTHER PAYABLES

(a) **Current**

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade payables				
- Non-related parties	111,741	88,296	-	-
- Related parties*	26	54	25	54
Construction contracts (Note 13)				
Due to customers				
- Non-related parties	381	1,003	-	-
- Joint venture	-	549	-	-
Retention sums payable	10,136	3,058	-	-
Development projects				
Due to customers				
- Advances from customers for development properties (Note 15)	19,166	29,072	-	-
Retention sums payable	2,386	2,671	-	-
Loans and advances from:				
- Subsidiaries (c)	-	-	55,082	13,041
- Non-controlling shareholders of subsidiaries (d)	38,529	35,526	-	-
Accruals for development costs	111	124	-	-
Accruals for operating expenses	6,533	3,393	1,420	1,065
Other payables	1,114	670	333	313
Deposits	2,779	248	-	-
Advances received	78	28	-	-
Rent received in advance	678	-	-	-
Loan interest payable	236	6	-	-
Unclaimed dividends	77	77	77	77
	193,971	164,775	56,937	14,550

* Related parties refer to certain entities within LCD Group [Note 35(a)(i)].

(b) **Non-current**

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Construction contracts (Note 13)				
Retention sums payable	14,116	10,745	-	-
Deposits	103	-	-	-
	14,219	10,745	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

24. TRADE AND OTHER PAYABLES (CONTINUED)

- (c) Loans from subsidiaries are unsecured, interest-free and repayable on demand.
- (d) As at 30 June 2013, the loans from non-controlling shareholders of subsidiaries are unsecured and interest-free except for an amount of \$521,000 (2012: \$565,000) which bears interest at an effective interest rate of 0.5% (2012: 0.5%) per annum at the balance sheet date.
- (e) The fair values of the non-current trade and other payables approximate their carrying amounts as at the balance sheet date.

25. BORROWINGS (SECURED)

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current				
Bank loans	18,208	12,083	-	-
Finance lease liabilities (Note 26)	1,378	1,961	255	182
	19,586	14,044	255	182
Non-current				
Bank loans	77,712	14,491	-	-
Finance lease liabilities (Note 26)	1,722	2,510	613	461
	79,434	17,001	613	461
Total borrowings	99,020	31,045	868	643

(a) Security granted

Total borrowings as at 30 June 2013 included the following:

- (i) Term loans and revolving development loans amounting to \$24,156,000 (2012: \$15,392,000) of the Group are secured by a legal mortgage over development properties of two subsidiaries (Note 15) and a fixed and floating charge over all the assets of the subsidiaries.
- (ii) Certain revolving and term loans amounting to \$71,764,000 (2012: \$11,182,000) are secured over the Group's investment properties (Note 22), leasehold buildings (Note 23) and the assignment of sales and rental proceeds and insurance policies relating to the properties.

(b) Carrying amounts and fair values

At the balance sheet date, the carrying amounts of borrowings approximate their fair values.

26. FINANCE LEASE LIABILITIES

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Minimum lease payments due:				
- not later than 1 year	1,455	2,105	281	201
- between 1 and 5 years	1,729	2,579	581	465
- later than 5 years	75	22	75	22
	3,259	4,706	937	688
Less: Future finance charges	(159)	(235)	(69)	(45)
Present value of lease liabilities	3,100	4,471	868	643
The present value of finance lease liabilities are analysed as follows:				
- not later than 1 year (Note 25)	1,378	1,961	255	182
- between 1 and 5 years	1,649	2,488	540	439
- later than 5 years	73	22	73	22
Total non-current liabilities (Note 25)	1,722	2,510	613	461
	3,100	4,471	868	643

Finance leases are in respect of 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				
2013				
Beginning of financial year	380,030	(10,474)	83,895	(3,046)
Treasury shares reissued	-	2,909	165	852
End of financial year	380,030	(7,565)	84,060	(2,194)
2012				
Beginning of financial year	380,030	-	83,889	-
Treasury shares reissued	-	629	6	176
Treasury shares purchased	-	(11,103)	-	(3,222)
End of financial year	380,030	(10,474)	83,895	(3,046)

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(a) Treasury shares

During the financial year ended 30 June 2013, 2,909,000 (2012: 629,000) treasury shares of the Company were reissued pursuant to the Option Scheme 2007 for a total cash consideration of \$803,000 (2012: \$146,000) upon the exercise of options by:

Holders of	No. of ordinary shares		Exercise price
	2013	2012	\$
2008 Options	468,000	604,000	0.23
2009 Options	116,000	-	0.32
2010 Options	1,655,000	25,000	0.28
2011 Options	670,000	-	0.29
	2,909,000	629,000	

The cost of treasury shares reissued amounted to \$852,000 (2012: \$176,000). The gain 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.

On 27 July 2012, options to subscribe for 5,000,000 ordinary shares of the Company were granted pursuant to the Option Scheme 2007. These options were granted at an exercise price of \$0.27 per share ("2012 Options"). The exercise price is set at a 10.25% discount to the Market Price of the shares in the Company. The 2012 Options are exercisable from 28 July 2014 and expire on 27 July 2017.

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:

Group and Company	← No. of ordinary shares under option →					Exercise price	Exercise period
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year		
2013							
2012 Options	-	5,000,000	(920,000)	-	4,080,000	\$0.27	28.07.2014 to 27.07.2017
2011 Options	3,885,000	-	(195,000)	(670,000)	3,020,000	\$0.29	23.07.2012 to 21.07.2016
2010 Options	3,955,000	-	(200,000)	(1,655,000)	2,100,000	\$0.28	25.07.2011 to 23.07.2015
2009 Options	8,220,000	-	(204,000)	(116,000)	7,900,000	\$0.32	13.09.2010 to 10.09.2014
2008 Options	787,000	-	(55,000)	(468,000)	264,000	\$0.23	27.07.2009 to 25.07.2013
	<u>16,847,000</u>	<u>5,000,000</u>	<u>(1,574,000)</u>	<u>(2,909,000)</u>	<u>17,364,000</u>		
2012							
2011 Options	-	4,460,000	(575,000)	-	3,885,000	\$0.29	23.07.2012 to 21.07.2016
2010 Options	4,365,000	-	(385,000)	(25,000)	3,955,000	\$0.28	25.07.2011 to 23.07.2015
2009 Options	8,548,000	-	(328,000)	-	8,220,000	\$0.32	13.09.2010 to 10.09.2014
2008 Options	1,457,000	-	(66,000)	(604,000)	787,000	\$0.23	27.07.2009 to 25.07.2013
	<u>14,370,000</u>	<u>4,460,000</u>	<u>(1,354,000)</u>	<u>(629,000)</u>	<u>16,847,000</u>		

Out of the unexercised options for 17,364,000 (2012: 16,847,000) shares, options for 13,284,000 (2012: 12,962,000) shares are exercisable at the balance sheet date. Options exercised during the financial year ended 30 June 2013 resulted in 468,000 (2012: 604,000), 116,000 (2012: Nil), 1,655,000 (2012: 25,000) and 670,000 (2012: Nil) treasury shares being reissued at the exercise price of \$0.23, \$0.32, \$0.28 and \$0.29 per share respectively. The weighted average share price at the time of exercise was \$0.35 (2012: \$0.29) per share.

The fair value of options granted on 27 July 2012 (2012: 21 July 2011) determined using the Trinomial Option Valuation Model, was \$267,000 (2012: \$274,000). The significant inputs into the model were average share price of \$0.295 (2012: \$0.29) at the grant date, exercise price of \$0.27 (2012: \$0.29), standard deviation of expected share price returns of 30% (2012: 44%), the option life shown above, annual risk-free interest rate of 0.3% (2012: 0.3%) and expected dividend yield of 7.10% (2012: 6.73%). The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last 3 - 4 years (2012: 2 - 3 years).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

28. CAPITAL AND OTHER RESERVES

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(a) Composition				
Capital reserve	19,131	19,131	2,800	2,800
Share option reserve	1,304	1,398	1,304	1,398
Fair value reserve	67	49	67	49
Foreign currency translation reserve	(156)	291	-	-
	20,346	20,869	4,171	4,247
(b) Movement in capital reserve				
Beginning of financial year	19,131	13,501	2,800	2,800
Liquidation of a subsidiary	-	5,630	-	-
End of financial year	19,131	19,131	2,800	2,800
(c) Movement in share option reserve				
Beginning of financial year	1,398	1,182	1,398	1,182
Employee share option scheme				
- Value of employee services (Note 7)	120	252	120	252
- Treasury shares reissued on exercise of share options	(214)	(36)	(214)	(36)
End of financial year	1,304	1,398	1,304	1,398
(d) Movement in fair value reserve				
Beginning of financial year	49	71	49	71
Available-for-sale financial assets:				
- Fair value gains/(losses) (Note 16)	18	(22)	18	(22)
End of financial year	67	49	67	49
(e) Movement in foreign currency translation reserve				
Beginning of financial year	291	208	-	-
Net exchange differences on translation	(454)	(49)	-	-
Less: Non-controlling interests	7	132	-	-
End of financial year	(156)	291	-	-
(f) All capital and other reserves are non-distributable.				

29. RETAINED PROFITS OF THE GROUP

Retained profits of the Group are distributable except for the accumulated losses of associated companies and joint ventures amounting to \$172,000 (2012: retained profits of \$150,000). Retained profits of the Company are distributable.

30. RETAINED PROFITS OF THE COMPANY

Movement in retained profits of the Company is as follows:

	Company	
	2013 \$'000	2012 \$'000
Beginning of financial year	23,893	19,292
Profit for the financial year	2,368	14,913
Dividends paid (Note 31)	(7,410)	(10,312)
End of financial year	18,851	23,893

31. DIVIDENDS

	Group and Company	
	2013 \$'000	2012 \$'000
Interim dividend of 0.75 cents (2012: 0.75) per ordinary share, paid in respect of the financial year ended 30 June 2013 (2012: 30 June 2012)	2,786	2,783
Final dividend of 1.25 cents (2012: 2.0 cents) per ordinary share, paid in respect of the financial year ended 30 June 2012 (2012: 30 June 2011)	4,624	7,529
Total dividends paid	7,410	10,312

The directors have proposed a final dividend for 2013 of 1.25 cents per share, amounting to approximately \$4,658,000. 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 2014.

32. CONTINGENCIES

(a) Guarantees (unsecured)

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial guarantees given to banks and finance companies in connection with facilities given to subsidiaries	-	-	72,540	76,865
Performance guarantees issued on behalf of a subsidiary to a joint venture	4,616	4,616	4,616	4,616

At the date these financial statements are authorised for issue, the directors are of the view that no material liabilities will arise from the guarantees.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

32. CONTINGENCIES (CONTINUED)

(b) Legal and arbitration proceedings

- (i) Formal legal proceedings commenced against a subsidiary of the Group relating to a claim for alleged defects in the common property and certain individual units of a condominium development by the owners of these units. The Company has denied liability and legal advice obtained indicates that it is unlikely that any significant liability will arise. As of the date of these financial statements, the management is of the view that no material losses will arise in respect of the legal claim.
- (ii) Lum Chang Building Contractors Pte Ltd ("LCBC"), a subsidiary of the Group has commenced arbitration proceedings against a 3rd party subcontractor, Ryobi Kiso (S) Pte Ltd ("RK"). RK was appointed as a subcontractor to carry out certain works for the main contract known as 912 Design and Construction of Station at Bukit Panjang and Tunnels for Downtown Line Stage 2 at Woodlands Road / Upper Bukit Timah Road ("Subcontracts").

The claim by LCBC against RK is for breach of default of their duties and obligations under the Subcontracts in the aggregate sum of approximately \$32 million ("Claim"); and in turn RK has counterclaimed against LCBC in the same arbitration for alleged work done and for alleged sums owing under the Subcontracts in the aggregate sum of approximately \$19 million ("Counterclaim").

The arbitration is in its initial stages and parties are in the process of the exchange of pleadings. The Company has been advised by its legal advisors that on a preliminary assessment of the case based on the pleadings, LCBC has a good arguable case for its Claim and it also has credible defences against the Counterclaim. As of the date of these financial statements, the management is of the view that it is unlikely that any significant liability will arise from the Claims and Counterclaims. The related effects of this arbitration, if any, will be recognised in the financial statements of the future period when the eventual outcome is determined.

33. COMMITMENTS

	Group	
	2013	2012
	\$'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	31,323	30,748
Investment commitments	4,984	5,031
Purchase of property, plant and equipment	815	1,271
	37,122	37,050
(b) On 1 June 2010, the Company signed an undertaking to provide shareholders' funding as and when necessary for the development of an executive condominium project by an associated company, FCL Compassvale Pte Ltd ("FCLC"), and to procure the completion of the development by FCLC by February 2014.		

33. COMMITMENTS (CONTINUED)

- (c) On 7 January 2013, the Company signed an undertaking to provide shareholders' funding as and when necessary for the development of an executive condominium project by an associated company, FCL Admiralty Pte Ltd ("FCLA"), and to procure the completion of the development by FCLA by September 2016.

(d) **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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Not later than 1 year	201	611	398	239
Between 1 and 5 years	360	49	659	-
	561	660	1,057	239

(e) **Operating lease commitments – where the Group is a lessor**

The Group leases out retail space and office premises to non-related parties and 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	
	2013 \$'000	2012 \$'000
Not later than 1 year		
- Non-related parties	2,891	-
- Related parties	412	-
	3,303	-
Between 1 and 5 years		
- Non-related parties	12,625	-
- Related parties	682	-
	13,307	-
Later than 5 years		
- Non-related parties	8,614	-
	25,224	-

* Related parties refer to certain entities within LCD Group [Note 35(a)(i)].

NOTES TO THE FINANCIAL STATEMENTS

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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 instruments 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 four debtors (2012: four debtors) that individually represented 12% to 27% (2012: 9% to 30%) of trade receivables.

The credit risk for trade receivables (net of allowance for impairment) based on the information provided to key management is as follows:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
By types of customers				
Related parties*	1,004	14	67	13
Associated and joint venture companies	2,433	27	-	-
Non-related parties	50,320	23,409	-	-
	53,757	23,450	67	13

* Related parties refer to certain entities within LCD Group [Note 35(a)(i)].

(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 and retention sum receivables 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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) **Credit risk** (continued)(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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Past due less than 3 months	8,460	2,787	-	-
Past due 3 to 6 months	-	-	-	-
Past due over 6 months	26	27	-	-

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<i>Trade receivables</i>				
Gross amount	11	11	-	-
Less: Allowance for impairment	(11)	(11)	-	-
	-	-	-	-
<i>Other receivables</i>				
Gross amount	-	-	27,660	27,660
Less: Allowance for impairment	-	-	(27,660)	(27,660)
	-	-	-	-
Total	-	-	-	-
Beginning of financial year	11	3,193	27,660	33,056
Allowance made	-	2	254	128
Allowance utilised	-	(963)	-	-
Allowance written back	-	(2,221)	(254)	(5,524)
End of financial year	11	11	27,660	27,660

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.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(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 2013				
Trade and other payables	173,668	14,219	-	187,887
Borrowings	22,498	85,787	75	108,360
At 30 June 2012				
Trade and other payables	134,123	10,745	-	144,868
Borrowings	15,101	17,683	22	32,806
Company				
At 30 June 2013				
Trade and other payables	56,937	-	-	56,937
Borrowings	281	581	75	937
Financial guarantee contracts	72,540	-	-	72,540
At 30 June 2012				
Trade and other payables	14,550	-	-	14,550
Borrowings	201	465	22	688
Financial guarantee contracts	76,865	-	-	76,865

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. The Group's operations in the United Kingdom only commenced in the current financial year. 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 remaining currency risk exposure of the Group is mainly shareholder's loans provided to entities in Malaysia. The Group monitors the Malaysian Ringgit exchange rate movement but does not hedge the currency exposure as these are long-term investments.

The currency exposure of the Group and the Company based on the information provided to key management is as follows:

	RM	GBP
	\$'000	\$'000
Group		
At 30 June 2013		
Financial assets		
Cash and cash equivalents and available-for-sale financial assets	31,880	1,410
Trade and other receivables	9,459	632
Intercompany receivables	58,792	8,029
Other financial assets	532	-
	<u>100,663</u>	<u>10,071</u>
Financial liabilities		
Borrowings	(24,398)	(50,206)
Trade and other payables, excluding construction contracts and development projects	(44,230)	(1,266)
Intercompany payables	(58,792)	(8,029)
	<u>(127,420)</u>	<u>(59,501)</u>
Net financial liabilities	(26,757)	(49,430)
Less: Net financial liabilities denominated in the respective entities' functional currencies	78,208	49,430
Currency exposure	<u>51,451</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

	RM \$'000
Group	
At 30 June 2012	
Financial assets	
Cash and cash equivalents and available-for-sale financial assets	11,035
Trade and other receivables	4,707
Intercompany receivables	65,094
Other financial assets	562
	<u>81,398</u>
Financial liabilities	
Borrowings	(15,559)
Trade and other payables, excluding construction contracts and development projects	(43,139)
Intercompany payables	(65,094)
	<u>(123,792)</u>
Net financial liabilities	(42,394)
Less: Net financial liabilities denominated in the respective entities' functional currencies	<u>93,426</u>
Currency exposure	<u>51,032</u>
Company	
At 30 June 2013	
Financial assets	
Cash and cash equivalents and available-for-sale financial assets	115
Trade and other receivables	51,319
Other financial assets	6
	<u>51,440</u>
Currency exposure	<u>51,440</u>
At 30 June 2012	
Financial assets	
Cash and cash equivalents and available-for-sale financial assets	1,402
Trade and other receivables	49,615
Other financial assets	-
	<u>51,017</u>
Currency exposure	<u>51,017</u>

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 3% (2012: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit after tax	
	2013 \$'000	2012 \$'000
Group		
RM against SGD		
- strengthened	1,281	2,118
- weakened	(1,281)	(2,118)
Company		
RM against SGD		
- strengthened	1,281	2,117
- weakened	(1,281)	(2,117)

(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.

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD, RM and GBP. Any interest rate movements will have minimal impact on net profit.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Market risk (continued)

(ii) Cash flow and fair value interest rate risks (continued)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	← Variable rates →			← Fixed rates →				Total \$'000
	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	
Group								
At 30 June 2013	95,920	-	-	-	11	2,791	298	99,020
At 30 June 2012	26,574	-	-	-	-	4,342	129	31,045
Company								
At 30 June 2013	-	-	-	-	-	569	299	868
At 30 June 2012	-	-	-	-	-	514	129	643

(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.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2013 and 2012.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(e) **Fair value measurements**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy.

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

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2013				
Group				
Available-for-sale financial assets	529	-	-	529
Company				
Available-for-sale financial assets	529	-	-	529
2012				
Group				
Available-for-sale financial assets	511	-	-	511
Company				
Available-for-sale financial assets	511	-	-	511

The fair value of available-for-sale financial assets traded in active markets is based on quoted market prices at the balance sheet date. These investments are included in Level 1.

As at 30 June 2013, the Group had unlisted equity investments whose fair value is not measurable with sufficient reliability. These unlisted equity investments are carried at cost (Note 16).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 16 to the financial statements, except for the following:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Loans and receivables	219,645	181,808	112,573	106,367
Financial liabilities at amortised cost	286,907	175,913	57,805	15,193

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	
	2013 \$'000	2012 \$'000
Joint ventures and associated companies		
Management services fees	36	36
Reimbursements received for payments on behalf	-	21
Revenue from construction contracts	68,445	47,026
Interest income on advances to associated companies	251	166
L.C. Development Ltd and its subsidiaries		
("LCD Group") [see note (i) below]		
- Fees and commissions paid/payable	(31)	-
- Rental income received/receivable	153	-
- Sale of property, plant and equipment received/receivable	874	-
- Reimbursements received for payments on behalf	612	555
- Reimbursements made for payments on behalf	(547)	(375)

Outstanding balances at 30 June 2013, arising from sale/purchase of goods and services, are set out in Notes 12 and 24.

(i) LCD Group is a related party by virtue of it having the same substantial shareholders as the Company.

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	
	2013	2012
	\$'000	\$'000
Salaries and other short-term employee benefits	6,764	4,968
Post-employment benefits – contribution to CPF	75	66
Share option expense	50	83
	6,889	5,117

Included in above is total remuneration to directors of the Company amounting to \$4,055,000 (2012: \$3,288,000).

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

36. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Exco for the reportable segments for the financial years ended 30 June 2013 and 30 June 2012 are as follows:

	Construction \$'000	Property development and investment \$'000	Investment holding and other \$'000	Total \$'000
Financial year ended 30 June 2013				
Revenue from external customers	434,073	60,276	201	494,550
Inter-segment revenue	13,905	826	26,181	40,912
	<u>447,978</u>	<u>61,102</u>	<u>26,382</u>	535,462
Elimination				<u>(40,912)</u>
Revenue				<u>494,550</u>
Segment results	25,819	14,536	20,547	60,902
Elimination				<u>(24,926)</u>
				35,976
Finance expense				(715)
Share of losses of associated companies and joint venture	(22)	(300)	-	<u>(322)</u>
Profit before income tax				34,939
Income tax expense				<u>(6,683)</u>
Net profit				<u>28,256</u>
Financial year ended 30 June 2012				
Revenue from external customers	257,553	25,128	209	282,890
Inter-segment revenue	8,761	-	18,454	27,215
	<u>266,314</u>	<u>25,128</u>	<u>18,663</u>	310,105
Elimination				<u>(27,215)</u>
Revenue				<u>282,890</u>
Segment results	24,758	4,904	15,186	44,848
Elimination				<u>(16,766)</u>
				28,082
Finance expense				(176)
Share of losses of associated company and joint venture	(31)	-	-	<u>(31)</u>
Profit before income tax				27,875
Income tax expense				<u>(4,649)</u>
Net profit				<u>23,226</u>

36. SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Property development and investment \$'000	Investment holding and other \$'000	Elimination \$'000	Total \$'000
As at 30 June 2013					
Segment assets	185,113	264,996	44,368	(2,878)	491,599
Investment in joint venture	338	-	-	-	338
Tax recoverable					91
Deferred income tax assets					<u>2,554</u>
Consolidated total assets					<u>494,582</u>
Segment liabilities	(140,547)	(28,243)	(40,454)	1,054	(208,190)
Borrowings					(99,020)
Deferred income tax liabilities and current income tax liabilities					<u>(6,913)</u>
Consolidated total liabilities					<u>(314,123)</u>
As at 30 June 2012					
Segment assets	182,520	174,278	22,346	(3,525)	375,619
Investment in joint venture	360	-	-	-	360
Tax recoverable					97
Deferred income tax assets					<u>2,675</u>
Consolidated total assets					<u>378,751</u>
Segment liabilities	(100,962)	(40,328)	(37,095)	2,865	(175,520)
Borrowings					(31,045)
Deferred income tax liabilities and current income tax liabilities					<u>(6,643)</u>
Consolidated total liabilities					<u>(213,208)</u>

During the financial year ended 30 June 2013, 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.

Segment assets comprise primarily investment properties, property, plant and equipment, property development assets, trade and other receivables and operating cash but do not include tax recoverable and deferred income tax assets.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

36. SEGMENT INFORMATION (CONTINUED)

Segment liabilities comprise mainly operating liabilities but do not include current and deferred income tax liabilities and borrowings.

Inter-segment pricing is on a "fair value" basis.

Geographical information

During the financial year ended 30 June 2013, 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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Singapore	434,427	257,762	120,763	89,691
Malaysia	58,834	25,128	2,898	3,231
United Kingdom	1,289	-	79,061	-
	494,550	282,890	202,722	92,922
Investment in joint venture			338	360
			203,060	93,282

37. 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 2013 or later periods and which the Group has not early adopted:

- FRS 110 *Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2014)

FRS 110 replaces all of the guidance on control and consolidation in FRS 27 "Consolidated and Separate Financial Statements" and INT FRS 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group has yet to assess the full impact of FRS 110 and intends to apply the standard from 1 July 2014.

- FRS 112 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Group will apply FRS 112 prospectively from 1 July 2014.

- FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2013)

FRS 113 provides consistent guidance across IFRSs on how fair value should be determined and which disclosures should be made in the financial statements. The Group will apply FRS 113 prospectively from 1 July 2013.

The management anticipates that the adoption of the above FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

38. COMPANIES IN THE GROUP

The subsidiaries are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2013 %	2012 %
Held by the Company				
Unquoted equity shares				
¹ Glaxton Trading Pte Ltd	Dormant	Singapore	100	100
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	Property development	Malaysia	100	100
⁴ Urban Assignment Sdn Bhd	Dormant	Malaysia	100	100
¹ River Springs Pte Ltd	Dormant	Singapore	100	100
¹ Binjai Holdings Pte Ltd	Investment holding	Singapore	100	100
¹ Kemensah Holdings Pte Ltd	Investment holding	Singapore	51	51
¹ Lum Chang Realty Pte Ltd	Investment holding	Singapore	100	-
⁹ Lum Chang Orion Pte Ltd	Dormant	Singapore	100	-

38. COMPANIES IN THE GROUP (CONTINUED)

The subsidiaries are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2013 %	2012 %
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
³ Uptown Viewpoint Sdn Bhd	Dormant	Malaysia	100	100
⁶ LED System Technology Pte Ltd	Dormant	Singapore	100	100
³ Venus Capital Corporation Sdn Bhd	Property development	Malaysia	51	51
³ Fabulous Range Sdn Bhd	Property development	Malaysia	51	51
¹ Sungei Long Holdings Pte Ltd	Investment holding	Singapore	51	51
³ LC Sungei Long (M) Sdn Bhd	In member's voluntary liquidation	Malaysia	51	51
⁸ Lum Chang UK Properties Limited	Investment holding	Jersey, Channel Islands*	100	-
⁸ Old Court House Propco Limited	Property Investment	Jersey, Channel Islands*	100	-

* Lum Chang UK Properties Limited is the immediate holding company of Old Court House Propco Limited which holds an investment property in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2013

38. COMPANIES IN THE GROUP (CONTINUED)

The associated companies are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2013 %	2012 %
Held by subsidiaries				
Unquoted equity shares				
⁴ FCL Compassvale Pte Ltd	Property development	Singapore	20	20
⁴ FCL Admiralty Pte Ltd	Property development	Singapore	30	-

The joint venture is as follows:

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2013 %	2012 %
Held by a subsidiary				
^{6,7} Nishimatsu – Lum Chang JV	Dormant	Singapore	50	50

¹ Audited by PricewaterhouseCoopers LLP, Singapore.

² Audited by Khoo & Co., Malaysia.

³ Audited by PricewaterhouseCoopers, Malaysia.

⁴ Audited by Ernst & Young LLP, Singapore.

⁵ Audited by S Y Kwong, Foong & Co., Malaysia.

⁶ Audited by RSM Chio Lim LLP, Singapore.

⁷ Unincorporated jointly – controlled partnerships.

⁸ Audited by PricewaterhouseCoopers LLP, United Kingdom.

⁹ Not audited in 2013 as entity is dormant.

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit 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.

39. 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 12 September 2013.

**SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
(UNAUDITED) OF LUM CHANG HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR
THE PERIOD ENDED 31 DECEMBER 2013**

The information in this Appendix IV has been reproduced from the Second Quarter Financial Statements And Dividend Announcement (Unaudited) of Lum Chang Holdings Limited and its subsidiaries for the period ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum.

Second Quarter Financial Statements And Dividend Announcement (Unaudited) For The Period Ended 31 December 2013
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.

Consolidated Income Statement

	Note	GROUP			GROUP		
		Quarter Ended		Increase/ (Decrease) %	Half Year Ended		Increase/ (Decrease) %
		31.12.2013 S\$'000	31.12.2012 S\$'000		31.12.2013 S\$'000	31.12.2012 S\$'000	
Revenue		93,302	100,830	(7)	181,644	267,026	(32)
Cost of sales	(1)	(81,615)	(87,777)	(7)	(161,029)	(242,395)	(34)
Gross profit		11,687	13,053	(10)	20,615	24,631	(16)
Other gains - net	(2)	360	469	(23)	152	874	(83)
Expenses							
- Distribution and marketing		(527)	(1,155)	(54)	(1,627)	(1,669)	(3)
- Administrative and general		(5,450)	(3,967)	37	(10,560)	(7,786)	36
- Finance		(468)	(11)	4,155	(934)	(24)	3,792
Share of profits/(losses) of associated companies and joint venture		367	(8)	(4,688)	12,876	(13)	(99,146)
Profit before income tax	(3)	5,969	8,381	(29)	20,522	16,013	28
Income tax expense	(4)	(1,499)	(2,040)	(27)	(2,326)	(3,900)	(40)
Profit for the period		4,470	6,341	(30)	18,196	12,113	50
Attributable to:							
Equity holders of the Company		3,136	5,795	(46)	16,970	9,070	87
Non-controlling interests		1,334	546	144	1,226	3,043	(60)
		4,470	6,341	(30)	18,196	12,113	50

1 (a) Continuation...

Notes to the income statement :

- (1) Cost of sales comprised mainly construction cost and property development cost.
 (2) Other gains - (net) comprised the following :

	GROUP			GROUP		
	Quarter Ended		Increase/ (Decrease) %	Half Year Ended		Increase/ (Decrease) %
	31.12.2013 S\$'000	31.12.2012 S\$'000		31.12.2013 S\$'000	31.12.2012 S\$'000	
Foreign currency exchange loss - net (i)	(516)	(49)	953	(1,606)	(158)	916
Gain on disposal of property, plant and equipment (net)	242	168	44	220	168	31
Loss on disposal of club memberships	-	-	-	(2)	-	NM *
Interest income	181	162	12	344	305	13
Government grants (ii)	124	1	12,300	805	213	278
Others - net (iii)	329	187	76	391	346	13
	360	469	(23)	152	874	(83)

- (i) Currency translation loss - net for the quarter under review and the corresponding period last year arose mainly in respect of the translation of the Company's Malaysian Ringgit denominated receivables. The depreciation of the Malaysian Ringgit was more significant during the quarter under review as compared to the corresponding period last year, resulting in a higher currency translation loss for the quarter under review.
 (ii) Government grants for the quarter under review mainly relates to grants received from various government productivity schemes.
 (iii) The increase in others - net for the quarter under review by S\$142,000 as compared to the corresponding period last year was partly due to an increase in maintenance service income from the Group's property developments in Malaysia.
 (3) Profit before tax is arrived at after (charging)/crediting the following (other than in (2) above):

	GROUP			GROUP		
	Quarter Ended		Increase/ (Decrease) %	Half Year Ended		Increase/ (Decrease) %
	31.12.2013 S\$'000	31.12.2012 S\$'000		31.12.2013 S\$'000	31.12.2012 S\$'000	
(a) Amortisation of club memberships	(15)	(15)	-	(30)	(30)	-
(b) Depreciation of property, plant and equipment (iv)	(1,413)	(763)	85	(2,722)	(1,480)	84
(c) Dividend income from available-for-sale financial assets (v)	229	99	131	229	201	14
(d) Interest expense (vi)	(468)	(11)	4,155	(934)	(24)	3,792
(e) Share option expense	(52)	(54)	(4)	(82)	(110)	(25)
(f) Property, plant and equipment written off	(1)	-	NM *	(4)	(2)	100

- (iv) The depreciation for the quarter under review was S\$1.4 million compared to S\$763,000 for the corresponding period last year. The increase amounting to S\$354,000 was mainly due to the purchase of a number of equipment for construction projects.

In addition, the building, furniture and fittings acquired for the Group's property at Kung Chong Road also resulted in an increase in depreciation expense of S\$289,000. Depreciation of the property commenced in FY2013 Q3. No depreciation expense was recorded in the corresponding period last year.

- (v) The dividend income from available-for-sale financial assets during the quarter under review was from the Group's investment in the Singapore Suzhou Township Development.
 (vi) Interest expense for the quarter under review was S\$468,000 as compared to S\$11,000 for the corresponding period last year mainly due to interest expense incurred on a bank loan obtained in the third quarter of the FY2013 to partially fund the purchase of a freehold property in the United Kingdom.

Note *: "NM" denotes not meaningful

1 (a) Continuation...

(4) Income tax expense attributable to results is made up of:

	GROUP			GROUP		
	Quarter Ended		Increase/ (Decrease) %	Half Year Ended		Increase/ (Decrease) %
	31.12.2013 S\$'000	31.12.2012 S\$'000		31.12.2013 S\$'000	31.12.2012 S\$'000	
Current income tax						
- Singapore	(534)	(696)	(23)	(1,334)	(1,372)	(3)
- Foreign (vii)	(915)	(1,343)	(32)	(1,776)	(2,482)	(28)
	<u>(1,449)</u>	<u>(2,039)</u>	<u>(29)</u>	<u>(3,110)</u>	<u>(3,854)</u>	<u>(19)</u>
Deferred income tax						
- Singapore	25	-	NM *	14	-	NM *
- Foreign (vii)	(75)	(1)	7,400	775	(46)	(1,785)
	<u>(50)</u>	<u>(1)</u>	<u>4,900</u>	<u>789</u>	<u>(46)</u>	<u>(1,815)</u>
Under provision in prior financial years						
- Current income tax	-	-	NM *	(5)	-	NM *
	<u>(1,499)</u>	<u>(2,040)</u>	<u>(27)</u>	<u>(2,326)</u>	<u>(3,900)</u>	<u>(40)</u>

(vii) The current income tax - foreign net of deferred income tax - foreign for the quarter under review was S\$990,000 compared to S\$1.3 million for the corresponding period last year mainly due to lower profits recognised by one of the Group's subsidiary in Malaysia.

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			GROUP		
	Quarter Ended		Increase/ (Decrease) %	Half Year Ended		Increase/ (Decrease) %
	31.12.2013 S\$'000	31.12.2012 S\$'000		31.12.2013 S\$'000	31.12.2012 S\$'000	
Profit for the period	4,470	6,341	(30)	18,196	12,113	50
Other comprehensive income:						
Foreign currency translation differences arising on consolidation (a)	1,139	(30)	(3,897)	2,296	(10)	(23,060)
Fair value (loss)/gain on available-for-sale financial assets	(26)	(24)	8	(4)	29	(114)
Other comprehensive income/(loss) for the period, net of tax	1,113	(54)	(2,161)	2,292	19	11,963
Total comprehensive income for the period	5,583	6,287	(11)	20,488	12,132	69
Total comprehensive income attributable to:						
Equity holders of the Company	4,345	5,755	(25)	19,515	9,113	114
Non-controlling interests	1,238	532	133	973	3,019	(68)
	<u>5,583</u>	<u>6,287</u>	<u>(11)</u>	<u>20,488</u>	<u>12,132</u>	<u>69</u>

(a) Foreign currency translation differences for the quarter under review mainly relates to the exchange gain on the Company's retranslated foreign currency denominated long-term loan extended to a wholly-owned subsidiary to partly finance the acquisition of an investment property in the United Kingdom. The loan is regarded to form part of the net investment in the subsidiary.

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	
	31.12.2013 S\$'000	30.06.2013 S\$'000	31.12.2013 S\$'000	30.06.2013 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	90,408	63,648	5,372	2,981
Trade and other receivables	63,641	113,478	67,158	109,481
Tax recoverable	33	91	-	-
Properties held for sale	6,172	8,452	-	-
Development properties	100,666	99,641	-	-
Available-for-sale financial assets	1,500	1,500	-	-
Other current assets	9,570	4,712	312	118
	271,990	291,522	72,842	112,580
Non-current assets				
Trade and other receivables	43,925	39,792	65,820	31,794
Club memberships	457	505	289	309
Available-for-sale financial assets	3,709	3,713	526	529
Investment in joint venture	321	338	-	-
Investments in associated companies	12,893	-	-	-
Investments in subsidiaries	-	-	15,843	15,843
Investment properties	114,787	108,437	-	-
Property, plant and equipment	44,824	47,721	1,271	1,696
Deferred income tax assets	3,245	2,554	-	-
	224,161	203,060	83,749	50,171
Total assets	496,151	494,582	156,591	162,751
LIABILITIES				
Current liabilities				
Trade and other payables	173,750	193,971	51,465	56,937
Current income tax liabilities	4,852	5,061	-	-
Borrowings	27,721	19,586	190	255
	206,323	218,618	51,655	57,192
Non-current liabilities				
Trade and other payables	15,823	14,219	-	-
Borrowings	75,650	79,434	357	613
Deferred income tax liabilities	1,838	1,852	58	58
	93,311	95,505	415	671
Total liabilities	299,634	314,123	52,070	57,863
NET ASSETS	196,517	180,459	104,521	104,888
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital	84,089	84,060	84,089	84,060
Treasury shares	(2,038)	(2,194)	(2,038)	(2,194)
Capital & other reserves	22,940	20,346	4,216	4,171
Retained profits	81,555	69,249	18,254	18,851
Shareholders' equity	186,546	171,461	104,521	104,888
Non-controlling interests	9,971	8,998	-	-
Total equity	196,517	180,459	104,521	104,888

1(b)(ii) **Aggregate amount of Group's borrowings and debt securities.**

Group borrowings excluding finance leases:

Amount repayable in one year or less, or on demand

As at 31.12.2013		As at 30.06.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,847	14,901	18,208	-

Amount repayable after one year

As at 31.12.2013		As at 30.06.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
74,482	-	77,712	-

Details of any collateral:

1) S\$14.7 million (RM37.9 million) development loans

- Legal mortgage over development properties of two subsidiaries in Malaysia
- Fixed and floating charges over all of the assets of the two Malaysian subsidiaries

2) S\$71.6 million (£25.8 million and S\$17.6 million) term loans

- Legal mortgages over leasehold properties owned by two subsidiaries in Singapore and a freehold property owned by a subsidiary in Jersey, Channel Islands

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period for the immediately preceding financial year.

	GROUP		GROUP	
	Quarter Ended		Half Year Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period	4,470	6,341	18,196	12,113
Adjustments for:				
Income tax expense	1,499	2,040	2,326	3,900
Share of (profits)/losses of associated companies and joint venture	(367)	8	(12,876)	13
Amortisation of club memberships	15	15	30	30
Depreciation of property, plant & equipment	1,413	763	2,722	1,480
Dividend income from available-for-sale financial assets	(229)	(99)	(229)	(201)
Gain on disposal of property, plant and equipment (net)	(242)	(168)	(220)	(168)
Loss on disposal of club memberships	-	-	2	-
Interest income	(181)	(162)	(344)	(305)
Interest expense	468	11	934	24
Property, plant and equipment written off	1	-	4	2
Share option expense	52	54	82	110
Unrealised currency translation differences	(1,686)	(53)	(3,635)	(97)
Operating cash flow before working capital changes	5,213	8,750	6,992	16,901
Changes in working capital, net of effects from acquisition and liquidation of subsidiaries and joint ventures:				
Trade and other receivables	(a) 11,225	22,332	40,163	(19,102)
Other current assets	(b) (5,441)	(9,283)	(4,859)	(9,401)
Construction contract work-in-progress	(c) -	209	-	420
Development properties/properties held for sale	2,914	4,309	1,807	12,491
Trade and other payables	(d) (20,164)	(11,849)	(18,101)	13,543
Cash generated from operations	(6,253)	14,468	26,002	14,852
Income tax paid	(2,125)	(1,967)	(3,238)	(2,641)
Net cash (used in)/provided by operating activities	(8,378)	12,501	22,764	12,211
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from available-for-sale financial assets	229	99	229	201
Expenditure on investment properties	(e) (67)	(2,217)	(822)	(5,503)
Investment in an associated company	(f) -	(300)	-	(300)
Interest income received	739	119	885	220
Proceeds from disposal of club memberships	-	-	15	-
Proceeds from disposal of property, plant and equipment	(g) 2,984	537	3,189	4,714
Purchase of property, plant and equipment	(h) (638)	(4,178)	(3,649)	(7,821)
Advances and repayment from an associated company	(i) 14,493	-	14,493	-
Loan to a non-related company	(j) (3,557)	-	(3,557)	-
Advances to associated companies	(k) -	(16,104)	(600)	(16,104)
Net cash provided by/(used in) investing activities	14,183	(22,044)	10,183	(24,593)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash and cash equivalents pledged	(521)	(325)	(1,097)	(215)
Dividends paid	(4,664)	(4,624)	(4,664)	(4,624)
Interest paid	(748)	(223)	(1,545)	(543)
Proceeds from re-issuance of treasury shares	73	103	153	103
Proceeds from bank loans	(l) 14,900	12,272	14,900	19,216
Repayment of bank loans	(m) (7,223)	(1,233)	(13,056)	(1,669)
Repayment of finance lease liabilities	(575)	(418)	(952)	(2,892)
Repayment to a minority shareholder of a subsidiary	(54)	(43)	(54)	(43)
Net cash provided by/(used in) financing activities	1,188	5,509	(6,315)	9,333
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,993	(4,034)	26,632	(3,049)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	82,229	80,635	63,219	79,683
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(340)	7	(969)	(26)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD [Note (1)]	88,882	76,608	88,882	76,608

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period for the immediately preceding financial year. (Continuation....)

(1) Cash and cash equivalents comprised the following:

	GROUP		GROUP	
	Quarter Ended		Half Year Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	78,339	41,968	78,339	41,968
Fixed deposits	12,069	35,687	12,069	35,687
Less: Bank deposits pledged	(1,526)	(1,047)	(1,526)	(1,047)
Cash and cash equivalents at end of the financial period	88,882	76,608	88,882	76,608

- (a) The decrease in trade and other receivables during the quarter under review of S\$11.2 million and the corresponding period last year of S\$22.3 million was mainly due to net collections from various construction projects. The collections during the corresponding period last year included collections from a project that was substantially completed in FY2014 Q1.
- (b) The increase in other current assets of S\$5.4 million during the quarter under review was mainly due to a deposit paid on the purchase of an investment property in the United Kingdom. The increase in other current assets of S\$9.3 million during the corresponding period last year was mainly due to a deposit of S\$8.1 million paid on the purchase of another investment property in the United Kingdom and deposits of S\$1.0 million paid for the purchase of plant and machinery for two construction projects.
- (c) The decrease in construction work-in-progress for the corresponding period last year was due to utilisation of construction materials for a construction project.
- (d) The decrease in trade and other payables during the quarter under review of S\$20.2 million was mainly due to net payments of S\$22.0 million made to subcontractors of construction projects as certain projects are completed or near completion. The decrease in trade and other payables during the corresponding period last year of S\$11.8 million was mainly due to net payments of S\$8.2 million made to subcontractors of various construction projects and a decrease in advances of S\$4.3 million from customers of one of the Group's development property in Malaysia as revenue and profits from the sold properties have been recognised upon completion of a phase.
- (e) The expenditure on investment properties during the quarter under review and the corresponding period last year was due to the construction cost paid on the redevelopment of the Group's property at Kung Chong Road. The construction was completed in FY2013 and the expenditure during the quarter mainly relates to the balance payment of construction costs.
- (f) The investment in an associated company of S\$300,000 during the corresponding period last year pertains to the Group's 30% equity investment in a newly incorporated company whose principal activity is to develop residential properties for sale.
- (g) The proceeds from disposal of property, plant and equipment during the quarter under review was due to the disposal of two construction equipment. The proceeds during the corresponding period last year was due to the disposal of motor vehicles and plant and equipment.
- (h) The purchase of property, plant and equipment of S\$638,000 during the quarter under review mainly relates to the expenditure on furniture and fittings of S\$195,000 and purchase of a motor vehicle of S\$235,000. The purchase of property, plant and equipment of S\$4.2 million during the corresponding period last year mainly relates to additional expenditure of S\$1.8 million on the Group's leasehold building at Kung Chong Road, purchase of plant and machinery for various construction projects of S\$1.5 million and purchase of motor vehicles of S\$1.1 million.
- (i) The advances and repayment from an associated company of S\$14.5 million during the quarter under review mainly relates to a repayment of S\$11.8 million of shareholder's advances previously provided to partly finance the property development of the associated company. The Group also received an advance of S\$2.7 million from the same associated company. Temporary Occupation Permit was obtained in FY2014 Q1.
- (j) The loan to a non-related party pertains to advances to a company in Malaysia whose principal activity is in property development.
- (k) The advances to associated companies of S\$16.1 million during corresponding period last year relates to advances for another associated company to partly finance another development of residential properties for sale.
- (l) The proceeds from bank loans during the quarter under review of S\$14.9 million relates to a draw down of loans to partially fund a purchase of an investment property in the United Kingdom. The proceeds from bank loans during the corresponding period last year relates to a draw down of a development loan of S\$8.0 million to fund one of the Group's property developments in Malaysia and the draw down of a term loan of S\$3.9 million for the purpose of financing the construction of the Group's leasehold property at Kung Chong Road.
- (m) The repayment of bank loans of S\$7.2 million during the quarter under review mainly relates to partial repayment of S\$3.7 million of development loans pertaining to the Group's property developments in Malaysia and partial repayment of S\$2.7 of a term loan for the purpose of financing the construction of the Group's leasehold property at Kung Chong Road.

The repayment of bank loans during the corresponding period last year relates to partial repayment of a term loan of S\$435,000 that was previously drawn to finance the construction of the Group's leasehold property at Kranji and a partial repayment of a development loan of S\$798,000 pertaining to one of the Group's property developments in Malaysia.

- 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 SECOND QUARTER ENDED 31 DECEMBER 2013

Group - 2014	← Attributable to equity holders of the Company →						Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital and other reserves	Retained profits	Total			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance as at 1 October 2013	84,066	(2,106)	21,697	83,083	186,740	8,733	195,473	
Changes in equity for the period								
Employee share option scheme								
- Value of employee services	-	-	52	-	52	-	52	
- Treasury shares reissued	23	68	(18)	-	73	-	73	
Final dividend for FY2013	-	-	-	(4,664)	(4,664)	-	(4,664)	
	23	68	34	(4,664)	(4,539)	-	(4,539)	
Total comprehensive income for the period	-	-	1,209	3,136	4,345	1,238	5,583	
Balance as at 31 December 2013	84,089	(2,038)	22,940	81,555	186,546	9,971	196,517	

Group - 2013	← Attributable to equity holders of the Company →						Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital and other reserves	Retained profits	Total			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance as at 1 October 2012	83,895	(3,046)	21,008	58,452	160,309	11,135	171,444	
Changes in equity for the period								
Employee share option scheme								
- Value of employee services	-	-	54	-	54	-	54	
- Treasury shares reissued	27	105	(29)	-	103	-	103	
Final dividend for FY2012	-	-	-	(4,624)	(4,624)	-	(4,624)	
	27	105	25	(4,624)	(4,467)	-	(4,467)	
Total comprehensive income for the period	-	-	(40)	5,795	5,755	532	6,287	
Balance as at 31 December 2012	83,922	(2,941)	20,993	59,623	161,597	11,667	173,264	

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....)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Group - 2014	← Attributable to equity holders of the Company →						Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital and other reserves	Retained profits	Total			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance as at 1 July 2013	84,060	(2,194)	20,346	69,249	171,461	8,998	180,459	
Changes in equity for the period								
Employee share option scheme - Value of employee services	-	-	82	-	82	-	82	
- Treasury shares reissued	29	156	(33)	-	152	-	152	
Final dividend for FY2013	-	-	-	(4,664)	(4,664)	-	(4,664)	
	29	156	49	(4,664)	(4,430)	-	(4,430)	
Total comprehensive income for the period	-	-	2,545	16,970	19,515	973	20,488	
Balance as at 31 December 2013	84,089	(2,038)	22,940	81,555	186,546	9,971	196,517	

Group - 2013	← Attributable to equity holders of the Company →						Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital and other reserves	Retained profits	Total			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance as at 1 July 2012	83,895	(3,046)	20,869	55,177	156,895	8,648	165,543	
Changes in equity for the period								
Employee share option scheme - Value of employee services	-	-	110	-	110	-	110	
- Treasury shares reissued	27	105	(29)	-	103	-	103	
Final dividend for FY2012	-	-	-	(4,624)	(4,624)	-	(4,624)	
	27	105	81	(4,624)	(4,411)	-	(4,411)	
Total comprehensive income for the period	-	-	43	9,070	9,113	3,019	12,132	
Balance as at 31 December 2012	83,922	(2,941)	20,993	59,623	161,597	11,667	173,264	

1(d)(i) A statement of changes in equity (unaudited) for the second quarter ended 31 December 2013 together with a comparative statement for the corresponding period of the immediately preceding financial year - Company

Company - 2014	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 October 2013	84,066	(2,106)	4,208	18,242	104,410
Changes in equity for the period					
Employee share option scheme					
- Value of employee services	-	-	52	-	52
- Treasury shares reissued	23	68	(18)	-	73
Final dividend for FY2013	-	-	-	(4,664)	(4,664)
	23	68	34	(4,664)	(4,539)
Total comprehensive income for the period	-	-	(26)	4,676	4,650
Balance as at 31 December 2013	84,089	(2,038)	4,216	18,254	104,521

Company - 2013	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 October 2012	83,895	(3,046)	4,357	22,954	108,160
Changes in equity for the period					
Employee share option scheme					
- Value of employee services	-	-	54	-	54
- Treasury shares reissued	27	105	(29)	-	103
Final dividend for FY2012	-	-	-	(4,624)	(4,624)
	27	105	25	(4,624)	(4,467)
Total comprehensive income for the period	-	-	(26)	6,605	6,579
Balance as at 31 December 2012	83,922	(2,941)	4,356	24,935	110,272

1(d)(i) A statement of changes in equity (unaudited) for the six months ended 31 December 2013 together with a comparative statement for the corresponding period of the immediately preceding financial year - Company

Company - 2014	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 2013	84,060	(2,194)	4,171	18,851	104,888
Changes in equity for the period					
Employee share option scheme					
- Value of employee services	-	-	82	-	82
- Treasury shares reissued	29	156	(33)	-	152
Final dividend for FY2013	-	-	-	(4,664)	(4,664)
	29	156	49	(4,664)	(4,430)
Total comprehensive income for the period	-	-	(4)	4,067	4,063
Balance as at 31 December 2013	84,089	(2,038)	4,216	18,254	104,521

Company - 2013	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 2012	83,895	(3,046)	4,247	23,893	108,989
Changes in equity for the period					
Employee share option scheme					
- Value of employee services	-	-	110	-	110
- Treasury shares reissued	27	105	(29)	-	103
Final dividend for FY2012	-	-	-	(4,624)	(4,624)
	27	105	81	(4,624)	(4,411)
Total comprehensive income for the period	-	-	28	5,666	5,694
Balance as at 31 December 2012	83,922	(2,941)	4,356	24,935	110,272

- 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 period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company's issued and fully paid up shares as at 31 December 2013 comprised 373,017,604 (31 December 2012: 369,921,604) ordinary shares with voting rights and 7,012,000 (31 December 2012: 10,108,000) treasury shares with no voting rights.

Under the LCH Share Option Scheme 2007, the number of shares that may be issued on conversion of all the outstanding share options as at 31 December 2013 was 21,434,000 (31 December 2012: 20,396,000).

- 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.**

	31.12.2013	30.06.2013
Total number of ordinary shares excluding treasury shares	373,017,604	372,464,604

- 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 30.06.2013	7,565,000
Purchase of treasury shares	-
Transfer to employees to fulfill obligations under the Option Scheme 2007	(553,000)
Balance as at 31.12.2013	<u>7,012,000</u>

- 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 2013.

- 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 FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for accounting periods beginning on or after 1 July 2013. The adoption of these new/revised FRSs and INT FRSs 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.

Earnings per ordinary share of the Group after deducting any provision for preference dividends :	GROUP	
	Quarter ended	
	31.12.2013	31.12.2012
(a) Based on weighted average number of ordinary shares in issue	0.84 cents	1.57 cents
(b) On a fully diluted basis	0.84 cents	1.56 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 quarter reported on of 372,967,495 shares (31 December 2012: 369,811,887 shares).
- (2) For the purpose of calculating diluted earnings per share for the quarter ended 31 December 2013, the weighted average number of shares in issue (excluding treasury shares) during the quarter under review of 375,395,644 shares (31 December 2012: 371,267,128 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:-

- current financial period reported on; and
- immediately preceding financial year.

	GROUP		COMPANY	
	As at 31.12.2013	As at 30.06.2013	As at 31.12.2013	As at 30.06.2013
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 period	50.01 cents	46.03 cents	28.02 cents	28.16 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:-

- 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\$93.3 million reported for the quarter under review was S\$7.5 million or 7% lower than the revenue reported for the corresponding period last year. The decrease was mainly due to lower revenue recognised from three construction projects amounting to S\$48.5 million as the projects were substantially completed as at 30 September 2013. The decrease was also due to lower revenue of S\$2.1 million from one of the Group's Malaysia developments.

The lower revenue was partially offset by higher revenue of S\$31.7 million from another construction project. No revenue was recognized for this project during the corresponding period last year as the construction progress then, had not yet reach the stage where revenue recognition could commence. In addition, the increase in work performed for two other construction projects during the quarter under review as compared to the corresponding period last year also resulted in higher revenue of S\$12.1 million being recognized.

Gross profit and Cost of sales

The decrease in gross profit and cost of sales for the period under review compared to the corresponding period last year was in line with the decrease in revenue.

Distribution and marketing expenses

Distribution and marketing expenses of S\$527,000 during the quarter under review was S\$628,000 or 54% lower than the expenses for the corresponding period last year mainly due to lesser sales from one of the Group's developments in Malaysia.

Administrative and general expenses

Administrative and general expenses of S\$5.5 million during the quarter under review was higher than the expenses for the corresponding period last year of S\$4.0 million mainly due to higher depreciation expense and staff costs.

Finance expenses

Finance expenses for the quarter under review was S\$468,000 as compared to S\$11,000 for the corresponding period last year mainly due to interest expense incurred on a bank loan obtained in the third quarter of FY2013 to partially fund the purchase of a freehold property in the United Kingdom.

Income tax expense

Income tax expenses for the quarter under review was S\$1.5 million compared to S\$2.0 million for the corresponding period last year. The lower income tax was mainly due to lower profits recognised by a subsidiary in Singapore and a subsidiary in Malaysia.

Non-controlling interests

The profit attributable to non-controlling interests for the quarter under review and the corresponding period last year mainly relates to the non-controlling interest's share of the results of two Malaysian subsidiaries of the Group.

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 31 December 2013 was S\$90.4 million compared to S\$63.6 million as at 30 June 2013. Please refer to the cash flow statements for the Group for the period ended 31 December 2013 in item 1(c) of this announcement for further details.

Trade and other receivables (Current and Non-Current)

Total trade and other receivables of S\$107.6 million as at 31 December 2013 decreased by S\$45.7 million compared to S\$153.3 million as at 30 June 2013 mainly due to net collections of S\$36.9 million from various construction projects and repayment from an associated company in Singapore of S\$11.2 million pertaining to advances previously provided to partly finance the development of residential properties for sale. The increase was partially offset by an advance of S\$3.6 million to a company in Malaysia whose principal activity is in property development.

Properties held for sale

Properties held for sale decreased by S\$2.3 million since 30 June 2013 due to sale of completed units for one of the Group's Malaysia development properties.

Other current assets

Other current assets of S\$9.6 million as at 31 December 2013 increased by S\$4.9 million since 30 June 2013 mainly due to a deposit paid for the purchase of an investment property in the United Kingdom.

Investments in associated companies

Investments in associated companies as at 31 December 2013 increased by S\$12.9 million due to the recognition of the Group's 20% proportionate share of profits of an associated company.

Investment properties

Investment properties as at 31 December 2013 increased by S\$6.4 million mainly due to a currency translation gain on the Group's freehold property in the United Kingdom as a result of the appreciation of the Sterling Pound.

Property, plant and equipment

Property, plant and equipment as at 31 December 2013 decreased by S\$2.9 million mainly due to the disposal of two construction equipment.

Trade and other payables (Current and Non-Current)

Total trade and other payables of S\$189.6 million as at 31 December 2013 decreased by S\$18.6 million compared to S\$208.2 million as at 30 June 2013 mainly due to net payments of S\$25.3 million made to subcontractors of construction projects that are completed or near completion. The decrease was partially offset by a net increase in trade and other payables of S\$6.4 million from the Group's two subsidiaries in Malaysia arising from monies received from progress billings on uncompleted properties sold, of which revenues from these units have not yet been recognised.

Borrowings (Current and Non-Current)

Borrowings in total had increased by S\$4.4 million since 30 June 2013 mainly due to a draw down of loans of S\$14.9 million to partially fund a purchase of an investment property in the United Kingdom and a net currency translation loss of S\$3.5 million mainly due to the appreciation of the Sterling Pound.

The increase was partially offset by a partial repayment of S\$8.7 million of development loans pertaining to the Group's property developments in Malaysia, partial repayment of S\$3.9 million of term loans for the purpose of partially financing the construction of the Group's leasehold properties at Kranji and Kung Chong Road and repayment of finance lease liabilities of S\$749,000.

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 financial period ended 30 September 2013.

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.

Based on advance estimates released on 2 January 2014 by the Ministry of Trade and Industry (MTI), the Singapore economy experienced slower growth in the last three months of 2013 as compared to the preceding two quarters, although it turned in a better full year performance.

Estimates indicate that the economy grew by 4.4%, compared to 5.9% in the previous quarter. On a quarter-on-quarter annualised basis, the economy contracted by 2.7%, a reversal from the 2.2% expansion in the previous quarter. For the whole of 2013, in line with MTI's growth forecast of between 3.5 to 4 %, the economy is estimated to have grown by 3.7% up from 1.3% in 2012.

The construction sector grew by 4.7% on a year-on-year basis, moderated from the 5.8% growth in the previous quarter. The slowdown was primarily due to a moderation in the growth of private sector construction activities. On a quarter-on-quarter basis, the sector contracted at an annualised rate of 6.9%, in contrast to the 1.7% expansion in the previous quarter.

On 14 January 2014, the Group completed its acquisition of a freehold investment property in London, for a consideration of £25.9 million. Located at 52 to 57 Prince's Square, it is next to tourist attractions such as Hyde Park and Kensington Gardens. The property is approximately 30,099 square feet, set within six interconnecting buildings and is currently leased to a sole tenant which operates the property as a hotel.

Works for The Glades condominium project at Bedok Rise commenced in October 2013, and the basic structure for the Downtown Line C912 project at Bukit Panjang was substantially completed in fourth quarter of 2013. This brings the total outstanding value of construction projects currently still in progress at S\$480.7 million. The Group continues to be selective in its tenders as it progresses to complete the works for its current projects.

As previously announced on 28 August 2013, Lum Chang Building Contractors Pte Ltd ("LCBC"), a wholly owned subsidiary of the Group is involved in an arbitration against Ryobi Kiso (S) Pte Ltd, a subcontractor for a construction project. The arbitration is proceeding accordingly. Appropriate announcement of any significant developments will be made accordingly in due course.

In Malaysia, sales of the Group's Twin Palms developments, Sungai Long and Kemensah are on-going. Construction works for both projects are also progressing according to schedule.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?	Yes
Name of Dividend	: Interim Dividend
Dividend Type	: Cash
Dividend Amount per share (in cents)	: 0.75 cents per ordinary share
Tax Rate	: 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 Dividend
Dividend Type	: Cash
Dividend Amount per share (in cents)	: 0.75 cents per ordinary share
Tax Rate	: Tax exempt (1-Tier)

(c) Date payable

The interim dividend will be paid on 14 March 2014.

(d) Books closure date

The Share Transfer Books and the Register of Members of the Company will be closed on 28 February 2014 for the purpose of determining shareholders' entitlements to the interim dividend (the "Dividend"). Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services of 80 Robinson Road #02-00 Singapore 068898, up to 5.00 p.m. on 27 February 2014 will be registered to determine shareholders' entitlements to the Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5.00 p.m. on 27 February 2014 will be entitled to the Dividend.

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.

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the second quarter ended 31 December 2013 to be false or misleading in any material respect.

On behalf of the Board of Directors

Raymond Lum Kwan Sung
Director

David Lum Kok Seng
Director

BY ORDER OF THE BOARD
TONY FONG
LEE KIN MENG
COMPANY SECRETARIES

14 February 2014

Submitted by Tony Fong, Lee Kin Meng, Company Secretaries on 14 February 2014 to the SGX.