LUM CHANG HOLDINGS LIMITED

ANNUAL REPORT **2020**

OUR VISION

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

OUR MISSION

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

OUR CORE VALUES

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

INTEGRITY
Uncompromising honesty, fairness and accountability in everything we do

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

PASSION
Doing whatever it takes to deliver what we promise

RESOURCEFULNESS
Pioneering creative solutions for business and operational transformation

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

SAFETY
Committing to a Zero Accident policy, upholding respect for life

SERVICE EXCELLENCE
Exceeding expectations, building trust to keep our clients returning

CONTENTS

HIGHLIGHTS

2019

SEPTEMBER

- Secured the interior fit-out works contract for Basement Two Executive Offices at Singapore Marriott Tang Plaza Hotel
- Completed the divestment of interest in Main Airport Centre, an office building in Frankfurt, Germany

NOVEMBER

- Obtained Temporary Occupation Permit (TOP) for Tekka Place

PSA Liveable City

DECEMBER

- Completed Woodlands North Coast Phase 1A
- Completed the construction of 16 Latania semi-detached homes at Twin Palms, Sungai Long


Singapore Marriott Tang Plaza Hotel


Twin Palms, Sungai Long

2020

JANUARY

- Awarded the interior fit-out works contract for Level 27 Guestrooms at Singapore Marriott Tang Plaza Hotel
- Conferred the BCA Green Mark Platinum Award for
  - Woodlands North Coast (7 North Coast)
  - PSA Liveable City
  - St James Power Station
- Tekka Place accorded the BCA Green Mark Gold Plus Award

MARCH

- Obtained TOP for PSA Singapore's corporate headquarters, and addition and alteration works at the existing Pasir Panjang Terminal Building 3
- Disposed of 130 Wood Street, in London, United Kingdom

MAY

- Secured the contract for the construction of a nature-themed indoor attraction and a resort at the Mandai Rejuvenation Project
- Won the BCA Green & Gracious Builder Star Champion Award, 2020

JUNE

- Secured a $155.5 million contract from the Family Justice Courts for the refurbishment/addition and alteration works to the former State Courts Building - The Octagon at Havelock Square

JULY

- Woodlands North Coast conferred the JTC Construction Safety Performance Award at the JTC Safety Day 2020
- Won the Gold Award at the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health & Safety Awards 2020

CORPORATE PROFILE

From its modest beginnings as a sole proprietorship in the 1940s, Lum Chang has grown to become a leading construction firm listed on the Singapore Exchange, backed by a portfolio of projects valued at over $11 billion.

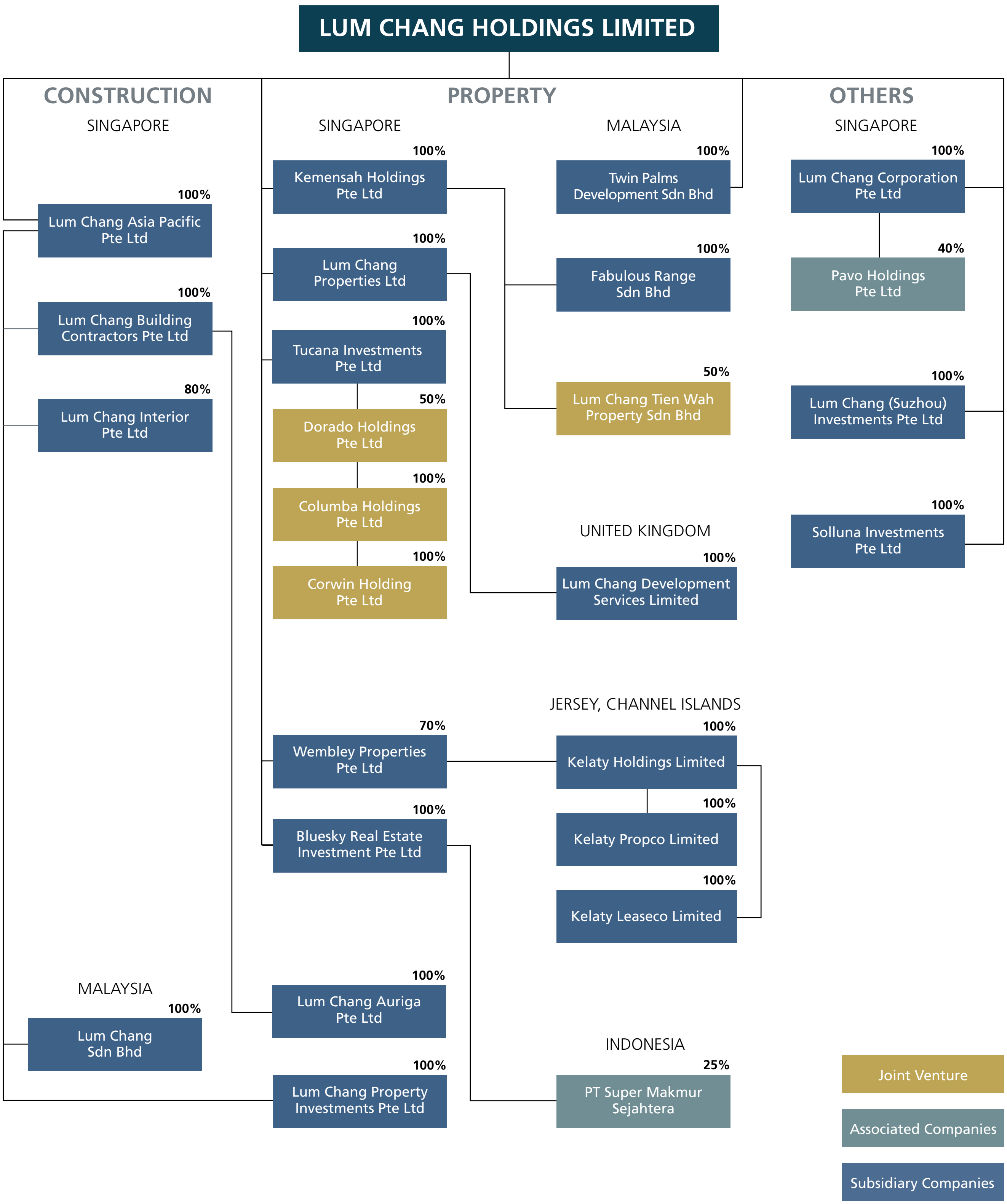
With firm foundations built upon more than seven decades in construction, the Group has evolved and expanded its businesses to include property development, investment and interior finishing works. The success of the Group is recognised through its impressive diversity of award-winning residential and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

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

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

CORPORATE STRUCTURE

As at 17 September 2020



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

BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mr Leow is the CEO and Executive Director of Allied Technologies Limited. Prior to that, he served as the CEO and Executive Director of Crowe Horwath Capital Pte Ltd and has previously held various senior positions in corporate finance and banking in Singapore. He has more than 18 years of corporate finance experience, primarily in initial public offerings, mergers and acquisitions, and corporate advisory transactions.

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

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

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

PRESENT AND PAST DIRECTORSHIPS

As at 17 September 2020

RAYMOND LUM KWAN SUNG

Present Directorships

Lum Chang Holdings Limited *
Lum Chang Asia Pacific Pte Ltd
Lum Chang Auriga Pte Ltd
Lum Chang Building Contractors Pte Ltd
Lum Chang Corporation Pte Ltd
Lum Chang Properties Ltd
Lum Chang Property Investments Pte Ltd
Lum Chang (Suzhou) Investments Pte Ltd
Binjai Holdings Pte Ltd
Singapore-Suzhou Township Development Pte Ltd #
Sky Real Estate Investment Pte Ltd
UK Property Investment Pte Ltd
Lum Chang Sdn Bhd
Arandeur Holdings Pte Ltd
Lum Chang Investments Pte Ltd
SG Link Pte Ltd

Past Directorships over the Preceding Five Years

Lum Chang Orion Pte Ltd
Lum Chang Realty Pte Ltd
London Property Investment Pte Ltd
Kwong Wai Shiu Hospital & Nursing Home

DAVID LUM KOK SENG

Present Directorships

Lum Chang Holdings Limited *
Lum Chang Asia Pacific Pte Ltd
Lum Chang Auriga Pte Ltd
Lum Chang Building Contractors Pte Ltd
Lum Chang Corporation Pte Ltd
Lum Chang Properties Ltd
Lum Chang Property Investments Pte Ltd
Lum Chang (Suzhou) Investments Pte Ltd
Binjai Holdings Pte Ltd
Kemensah Holdings Pte Ltd
Singapore-Suzhou Township Development Pte Ltd
Tucana Investments Pte Ltd
Wembley Properties Pte Ltd
Lum Chang Tien Wah Property Sdn Bhd
FCL Compassvale Pte Ltd
Pavo Holdings Pte Ltd
Arandeur Holdings Pte Ltd
Beverian Holdings Pte Ltd
Bevrian Pte Ltd
DML London Pte Ltd
Nanyang Girls' High School Ltd

Past Directorships over the Preceding Five Years

Lum Chang Orion Pte Ltd
Lum Chang Realty Pte Ltd
Sungei Long Holdings Pte Ltd
Lum Chang Sdn Bhd
Fabulous Range Sdn Bhd
Uptown Viewpoint Sdn Bhd
Urban Assignment Sdn Bhd
Venus Capital Corporation Sdn Bhd
Kwong Wai Shiu Hospital & Nursing Home
Nanyang International Education (Holdings) Limited
The DL Grind Pte Limited

TONY FONG

Present Directorships

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

Past Directorships over the Preceding Five Years

Lum Chang Orion Pte Ltd
Lum Chang Realty Pte Ltd
London Property Investment Pte Ltd
Sungei Long Holdings Pte Ltd
Uptown Viewpoint Sdn Bhd
Urban Assignment Sdn Bhd
Lum Chang UK Properties Limited
Pembridge Palace Holdco Limited
Pembridge Palace Propco Limited

KELVIN LUM WEN SUM

Present Directorships

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

Past Directorships over the Preceding Five Years

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

PETER SIM SWEE YAM

Present Directorships

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

Past Directorships over the Preceding Five Years

Infinity Capital Partners (S) Pte Ltd
Marco Polo Marine Ltd
Mun Siong Engineering Limited
Young Men's Christian Association of Singapore

DR WILLIE LEE LENG GHEE

Present Directorships

Lum Chang Holdings Limited *
Clinic@T3 Hotel LLP

DANIEL SOH CHUNG HIAN

Present Directorships

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

Past Directorships over the Preceding Five Years

Eu Yan Sang International Ltd
QAF Limited

ANDREW CHUA THIAM CHWEE

Present Directorships

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

Past Directorships over the Preceding Five Years

Transcorp Holdings Limited

CLEMENT LEOW WEE KIA

Present Directorships

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

Past Directorships over the Preceding Five Years

Crowe Horwath Capital Pte Ltd

* Public-listed company
# Alternate Director

SENIOR MANAGEMENT

TAN WEY PIN

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

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

ADRIAN LUM WEN HONG

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

Prior to joining Lum Chang, Mr Lum held management positions whilst working locally and abroad. Mr Lum is currently a non-independent non-executive Director of Ellipsiz Ltd and a Director of Kwong Wai Shiu Hospital.

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

RINTU CHAKRAVARTHY

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

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

LIM THIAM HOOI

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

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

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

FOO YOKE HENG

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

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

CORPORATE DATA

BOARD OF DIRECTORS

Raymond Lum Kwan Sung
Executive Chairman

David Lum Kok Seng
Managing Director

Tony Fong
Executive Director

Kelvin Lum Wen Sum
Non-independent
Non-executive Director

Peter Sim Swee Yam
Lead Independent Director

Dr Willie Lee Leng Ghee
Independent Director

Daniel Soh Chung Hian
Independent Director

Andrew Chua Thiam Chwee
Independent Director

Clement Leow Wee Kia
Independent Director

REGISTERED OFFICE

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

REGISTRARS & TRANSFER OFFICE

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

COMPANY REGISTRATION NO.

198203949N

AUDIT AND RISK COMMITTEE

Daniel Soh Chung Hian
Chairman

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

NOMINATING COMMITTEE

Dr Willie Lee Leng Ghee
Chairman

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

REMUNERATION COMMITTEE

Peter Sim Swee Yam
Chairman

Dr Willie Lee Leng Ghee
Andrew Chua Thiam Chwee

COMPANY SECRETARIES

Tony Fong
Tan Eng Chan Gerald

INDEPENDENT AUDITOR

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

PRINCIPAL BANKERS

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

NETWORK OF OPERATIONS

SINGAPORE

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

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

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

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

Tel: (65) 6716 9200
Fax: (65) 6716 9211

- Lum Chang Interior Pte Ltd

WEST MALAYSIA

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

Tel: 03 2171 2222
Fax: 03 2171 2333

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

JERSEY, CHANNEL ISLANDS

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

Tel: 44 (0) 1534 835600
Fax: 44 (0) 1534 835650

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

UNITED KINGDOM

8 Sackville Street
London, W1S 3DG
United Kingdom

Tel: 44 20 7205 7100

- Lum Chang Development Services Limited

CHAIRMAN'S STATEMENT

REVIEW OF BUSINESS OPERATIONS

The year under review was a challenging one - the first half marked by slow, uncertain global economic recovery, while the outbreak of the coronavirus in late 2019, brought ongoing significant global economic disruptions, affecting business operations worldwide, and in Singapore.

Due to the many travel restrictions, aggravated global business environment and circuit breaker measures, Singapore's trade reliant economy contracted by 13.2% on a year-on-year basis in the second quarter of 2020 while the local construction sector, with activities grinding to a halt during the circuit breaker period, shrank by 59.3%. The industry has also had to grapple with manpower disruptions due to additional measures to curb the spread of the virus.

The Group started the financial year on a respectable note and registered two quarters of sound results with net profit of $7.0 million for the half year ended 31 December 2019. However, the Covid-19 pandemic has had severe ramifications on the construction, property and hospitality industry. In line with the Government's circuit breaker measures to combat the spread of the outbreak, Group operations were halted starting April 2020. With the phased easing of restrictions in mid-June 2020, work at our construction and development projects have resumed albeit not at pre-Covid levels due to constraints from nationwide Covid-Safe measures.

Against this backdrop of tougher industry and business conditions, the Group reported a loss attributable to shareholders of $2.1 million despite generating revenue of $322.7 million. The loss reported, notwithstanding an increase in revenue, was mainly due to the fair value loss arising from the valuations for our investment properties. The lower valuations for these properties were expected under the current pandemic.

DIVIDENDS

To maintain balance sheet strength and prudent capital management through a period of uncertain global economic times, the Board has recommended to declare a lower dividend for FY2020. We will be declaring a 1.0 cents final dividend, which combined with the interim dividend of 0.3 cents paid out in March 2020, brings the total dividend for FY2020 to 1.3 cents.

PROPERTY & INVESTMENT

Tekka Place, the Group's joint venture integrated redevelopment project at Serangoon Road received its TOP in November 2019. Leasing activities for the 69,000 square feet retail mall kicked off last year and current tenants include NTUC Fairprice, XinTekka foodhall, Starbucks, Guardian and Ya Kun Kaya Toast. To support our tenants during these difficult times, we have provided some rental reliefs and have committed to pass on any Government tax rebates.

Tekka Place's apart'hotel, Citadines Rochor Singapore, opened its doors in December 2019, but had to suspend operations when circuit breaker measures were imposed in April 2020. In line with Government efforts to contain the spread of Covid-19 in the community, Citadines Rochor has taken on the housing of returning residents serving quarantine or residents serving Stay-Home Notices since April.

Construction for the Group's prestigious residential project, One Tree Hill Collection, has resumed after the phased lifting of circuit breaker restrictions. The development comprising 12 semi-detached and two bungalows, is now expected to complete in the first half of 2021. To date, three semi-detached and 1 bungalow have been sold.

In Malaysia, no new units of Twin Palms, Sungai Long were launched during the financial year, and the Group had been actively marketing unsold units of Twin Palms before the Malaysian Government implemented the Movement Control Order in March 2020. Of the 444 units launched so far, 404 or 91% have been sold.

Overseas, the Group's divestment of its minority stake in Frankfurt's Main Airport Centre was completed in September 2019. Its commercial property, 130 Wood Street, located north of Cheapside in London, was also disposed for a consideration of approximately $98.71 million. Meanwhile, the serviced residences at Kelaty House is expected to complete in 2021.

CONSTRUCTION

Activities from the Group's Construction arm had been severely impacted due to the temporary suspension of work during the circuit breaker measures, which coincided with the last three months of FY2020. Despite that, the division still managed to record a 32% increase in revenue to $294.8 million compared to $222.8 million last year.

It secured a couple of notable projects in FY2020, strengthening its total order book from $1.3 billion at the end of the last financial year to $1.87 billion this financial year end. The new projects awarded are for the construction of an indoor attraction and a resort at the Mandai Rejuvenation Project, and a $155.5 million contract to refurbish the iconic former State Courts building, The Octagon, at Havelock Square. The contract includes structural and façade conservation works, and when completed, The Octagon is expected to house the Family Justice Courts.

The division obtained TOP for PSA Singapore's corporate headquarters at Pasir Panjang in March 2020. Despite approvals to restart work at our other projects on hand, Woodlands North Coast, Contract T315 and Contract N110, construction activities will still need some time to normalise and recover to pre-crisis levels.

LC Interior has also resumed work for its projects including additions and alterations at St James Power Station, and other ongoing architectural work contracts for the MRT projects T311, and T315.

Reaffirming the Group's commitment to workplace health and safety, we were once again lauded by the Royal Society for the Prevention of Accidents (RoSPA) with a Gold Award, for the sixth year running. Other awards garnered this year include the BCA Green Mark Platinum Award for Woodlands North Coast, PSA Liveable City and St James Power Station and the JTC Construction Safety Performance award for the Woodlands North Coast project.

SHARE BUY-BACK AND EMPLOYEE SHARE OPTION SCHEME

The Company purchased 3,798,200 of its own shares during the financial year ended 30 June 2020.

CONCLUSION

The Ministry of Trade and Industry in a statement issued on 11 August 2020, had downgraded its full-year GDP growth forecast and now expects the Singapore economy to contract by 5% to 7% for the year 2020.

And while construction activity has gradually resumed, the Group is cognizant that the coronavirus pandemic will continue to impact our business into FY2021. Besides pre-existing competitive and manpower shortage issues, the industry now also faces unprecedented operational challenges. In addition, the BCA revised its projected construction demand for 2020 down to between $18 billion to $23 billion from the earlier range of $28 billion to $33 billion. It attributed the revision to a drop in private sector construction demand and the delay in the award of some public sector construction projects.

With the ongoing health crisis, volatile market environment and unresolved US-China trade tensions, the Group expects FY2021 to continue to be a challenging one, with construction progress and cost for all its projects affected.

That said, the Group will strive to exercise financial prudence and remain disciplined in capital management. We will continue to be selective with our investment bids and though we are well positioned to tender for more projects, will do so cautiously in view of the challenges ahead.

At the date of this letter, the coronavirus continues to impact our daily business and as circumstances continue to evolve, the Group is doing our part to keep our business associates, employees and project sites safe. We have enhanced our cleaning procedures, and enacted business continuity plans so that we can continue to serve our clients while protecting the well-being of our people.

On behalf of the Board, my thanks go out to our shareholders, clients and business associates for the confidence and support they have shown the Group over the years. To my fellow Board members, I would like to express my deepest appreciation for their guidance and wise counsel, and to our management team and staff, thank you for your dedication and commitment in these challenging times.

Before I conclude, I would also like to wish all good health and safety. Here's hoping that the worldwide coronavirus situation will be brought under control soon.

Raymond Lum Kwan Sung
Executive Chairman
17 September 2020

PROPERTY & INVESTMENT

Creating Quality Living Spaces

Over the years, the Group has built and managed a diverse portfolio of quality property developments comprising luxury homes and premium condominiums, prime commercial properties and integrated developments dotted across Singapore, Malaysia and the United Kingdom.

Leveraging its decades of experience in design and construction, its developments embody the best of luxury living with stunning green spaces, or offer efficient space planning to suit different business and individual requirements.

In Singapore, the Group's joint venture integrated development, Tekka Place, was completed and obtained TOP in November 2019, while the construction of One Tree Hill Collection has re-started after phased lifting of restrictions by the Singapore Government.

In the United Kingdom, the Group divested its stake in 130 Wood Street to realise the value of the asset and to unlock capital for reinvestment. In addition, the development of its 300-key serviced residences at Kelaty House is progressing well and is targeted to complete in 2021.

In Malaysia, the Group is reviewing development plans for its Petaling Jaya project and continues to market its landed residential units in Twin Palms Sungai Long.

SINGAPORE

TEKKA PLACE

Tekka Place obtained TOP in November 2019. Jointly developed with LaSalle Investment Management, the integrated development comprises an 80-unit retail mall, a food hall and an apart'hotel.

A new food hall concept, Xin Tekka, occupies more than 9,500 square feet at the ground floor of the annex block. It offers curated local culinary delights featuring known restaurateurs and heritage brands. Other tenants include NTUC Fairprice, Starbucks, Guardian Pharmacy and Ya Kun Kaya Toast.

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

ONE TREE HILL COLLECTION

Located at the junction of One Tree Hill and Jalan Arnap, just minutes from bustling Orchard Road, the One Tree Hill Collection is a prestigious residential development that offers a tranquil respite from the busy city life.

Nestled within a private enclave of an affluent residential estate, the development comprises 12 semi-detached and two bungalows. All homes feature posh interiors with quality finishes and fittings. Each unit comprises four levels, including a basement and attic, comes with at least four en suite bedrooms, including the master suite, and also a home lift and private lap pool.

To date, three semi-detached and one bungalow units have been sold and the project is expected to be completed in the first half of 2021.

UNITED KINGDOM

KELATY HOUSE

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

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

The development is expected to complete in 2021.

130 WOOD STREET

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

The Group completed the disposal of the property in March 2020.

MALAYSIA

TWIN PALMS SUNGAI LONG

Twin Palms Sungai Long is a luxurious modern residential estate within a gated and guarded community. Nestled on the hillside of Bandar Sungai Long, Kajang, the property is sprawled over 126 acres of freehold land replete with lush greeny. Located close to the SILK highway, the Grand Saga Cheras-Kajang Expressway, the Lekas Highway, and the East Klang Valley Expressway, this exclusive development comprises 573 bungalows, semi-detached and superlink homes.

Twin Palms offers a suite of recreational and sports facilities including an infinity pool, wading and children's pool, gymnasium, sauna, activity hall with badminton, table tennis and basketball courts, a multipurpose hall, children's playroom, convenience kiosk, poolside cafe and BBQ place.

Out of nine phases of the development, five are currently fully sold. For the year under review, construction of 16 Latania semi-detached homes were completed. To date, the total number of units sold is 404, or 91% of the units launched.

DEVELOPMENT AT PETALING JAYA, KUALA LUMPUR

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

CONSTRUCTION

Maintaining Business Stability and Building a Resilient Tomorrow

Despite an atmosphere of uncertainty due to the ongoing coronavirus pandemic, the Group's construction division had an encouraging year, securing two new contracts. This brings the total outstanding value of construction works yet to be reported as revenue for the Group to $1.9 billion.

One of the contracts is for the refurbishment of the iconic former State Courts building at Havelock Square, while the other is a tender for the Mandai Rejuvenation Project issued by Mandai Park Development.

Project site operations have slowly restarted after the phased easing of circuit breaker restrictions by the Authorities. To resume construction activities, LCBC had to comply with various nationwide Covid-safe measures, including clearance for our foreign construction workforce to start work.

The two civil infrastructure projects from LTA - North-South Corridor (Contract N110) and Tanah Merah station (Contract T315) - have resumed construction albeit not at pre-Covid levels.

During the financial year under review, construction of the first phase of Woodlands North Coast was completed. The second and final phase is expected to be completed in the first quarter of 2021.

Tekka Place, an integrated development in Little India, also successfully completed this financial year while PSA Liveable City, a commercial project housing PSA Singapore's corporate headquarters, obtained TOP in March this year. The project is expected to be completed by end of 2020 for interior fit-out works. The completion of these projects further enhances LCBC's already impressive and diverse portfolio.

In terms of awards, Woodlands North Coast took home the JTC Construction Safety Award, earning LCBC yet another accolade for demonstrating high safety standards. Besides this, LCBC was also accorded the BCA Green and Gracious Builder Star Champion Award for its exemplary green and gracious performance and for consistently achieving the highest tier rating. LCBC also claimed the RoSPA Health & Safety Awards Gold for the fifth consecutive year.

In the current adverse operating environment, LCBC is closely monitoring its overall cost structure while developing new uses of technologies to improve our operational competencies. As a leading building contractor in Singapore, LCBC's engineering expertise and capable people leave us well positioned to take advantage of future opportunities. We will, however, continue to be selective and strategic when tendering for new projects.

FAMILY JUSTICE COURTS

LCBC was awarded a $155.5 million contract for addition and alteration works to the former State Courts building at Havelock Square, which received conservation status in 2013.

The scope of the project comprises refurbishment works to the existing nine-storey octagonal building including façade conservation works, overall structural strengthening works, construction of new floor slabs and the replacement of lifts.

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

The project is expected to complete in the second half of 2023, and will house the Family Justice Courts when done.

MANDAI REJUVENATION PROJECT

LCBC secured a tender under the Mandai Rejuvenation Project from Mandai Park Development.

The scope of the contract includes the construction of a transport hub, nature-themed indoor attractions and a resort.

The Mandai Rejuvenation Project is expected to be completed in phases over a decade or so. It will be a multi-generation endeavour that will bring together urban planning, ecology and technology expertise to build on, and conserve the nature heritage in Mandai.

TANAH MERAH STATION (CONTRACT T315)

The addition and alteration works for LTA's existing Tanah Merah MRT Station is progressing into its fourth year of construction and is expected to complete in 2024.

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

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

Image : LTA

NORTH-SOUTH CORRIDOR (CONTRACT N110)

The $799.0 million contract by LTA to construct a section of the North-South Corridor tunnel, is in progress.

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

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

The project is expected to complete in 2026.

WOODLANDS NORTH COAST

Located at the junction of Woodlands Avenues 4 and 9, this development at Woodlands North Coast by JTC Corporation, is a $200.5 million industrial development comprising one eight-storey, and one other nine-storey light industrial building.

Constructed in two phases, works for Phase 1A was completed in December 2019. Work for Phase 1A includes the full basement and first storey slab of both buildings. Construction for the remaining works, Phase 1B is, ongoing and expected to complete in the first quarter of 2021.

In January 2020, one of the buildings was conferred the BCA Green Mark Platinum Award.

In July 2020, LCBC was presented with the JTC Construction Safety Performance Award for enforcing and improving safety standards of the project.

PSA LIVEABLE CITY

In March 2020, LCBC obtained TOP for PSA Singapore's corporate headquarters, and addition and alteration works at the existing Pasir Panjang Terminal Building 3. The project is expected to fully complete in the second half of 2020.

The $136.9 million contract from PSA Corporation, covers the construction of a new 20-storey intelligent, smart and green Class "A" office tower and an adjacent four-storey block with recreational amenities. The contract also includes addition and alteration works to the existing Pasir Panjang Terminal Building 3, which comprises landscape enhancements and a new covered linkway for seamless connectivity between the buildings.

In January 2020, the project was conferred the BCA Green Mark Platinum Award.

TEKKA PLACE

The integrated development was completed and obtained TOP in November 2019.

The $85.7 million contract includes the demolition of the existing main block and in its place, the construction of a 10-storey integrated development with a retail podium and an apart'hotel. The adjoining seven-storey annex block underwent major refurbishment to include retail and parking facilities and also a rooftop commercial cum-cultural space.

In January 2020, the development was conferred the BCA Green Mark Gold Plus Award.

INTERIOR

INTERIOR SPACE PLANNING AND DESIGN

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

During the year under review, LC Interior was awarded contracts for interior fit-out works at Singapore Marriott Tang Plaza Hotel.

SINGAPORE MARRIOTT TANG PLAZA HOTEL

The interior fit-out works for Singapore Marriott Tang Plaza Hotel includes the refurbishment of the café, conversion of guestrooms at Levels 27 and 29, and the re-modelling and reconfiguration of executive offices at Basement Two.

The project was completed in the second quarter of 2020.

ST JAMES POWER STATION

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

The addition and alteration works for St James Power Station involves conservation works, introduction of new passenger and service lifts, replacement of surface parking lots with landscaping, and roofing works. The project is expected to complete in the first quarter of 2021.

In January 2020, the project was conferred the BCA Green Mark Platinum Award.

Current Building

BEDOK SOUTH STATION (CONTRACT T311)

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

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

The project is expected to complete in 2024.

TANAH MERAH STATION (CONTRACT T315)

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

The project is expected to complete in 2024.

LUM CHANG'S SUSTAINABILITY STORY

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

This report, in conjunction with the Corporate Governance Report pages 54 to 79, provides details to the Group's material Environmental, Social and Governance (ESG) topics in its sustainability journey.

SUSTAINABILITY TARGETS

In FY2020, a newly discovered coronoavirus emerged and resulted in the formidable COVID-19 outbreak which evolved into a global pandemic. It has impacted the Built Environment industry greatly and affected the process of development and construction projects due to the outbreak among foreign workers. During these unsettling times, we stay committed to prioritising the safety of our employees and workers. We have implemented strict safety protocols in compliance with government regulations and educated all staff and workers on the necessary measures to ensure that they are well-prepared to keep themselves safe.

The economic landscape for property development and investment property markets remain competitive, on the back of an increasingly tight construction industry. We will exercise financial prudence and adopt a disciplined approach to bid for and secure new business.

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

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

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

Please refer to respective environmental and social sections for detailed sustainability targets of our business segments.

SIGNIFICANT AWARDS AND ACCREDITATION

As testament of our commitment to performance excellence, our construction arm, LCBC has won a slew of various awards issued by the **BCA** since the early 1990s. These range from the BCA Green Mark, Green and Gracious Builder, Construction Excellence, Construction Productivity and Building Information Modelling (BIM) awards. We have also been recognised by the **LTA** at their Annual Safety Award Convention (ASAC) for our excellence in development and infrastructure project management. Our recent awards in the last two years include:

- **BCA Construction Excellence Award, Commercial / Mixed Development Buildings Category, 2019**
  Kampung Admiralty
- **BCA Construction Productivity Award, Projects Category (Platinum), 2019**
  Kampung Admiralty
- **ASAC - LTA Contractors Challenge Shield - Champion, 2019**
  T315
- **ASAC - Safety & Health Certificate of Excellence & Finalist (Category A), 2019**
  T315
- **ASAC - Accident-Free Recognition Award (Category 1), 2019**
  T315
- **WSH Performance (Silver), 2019**
- **WSH Performance (SHARP), 2019**
  Tekka Place
  T315
  Northpoint City
- **RoSPA Health & Safety Awards - Gold, 2019 & 2020**
- **BCA Construction Excellence Award, Industrial Building Category, 2020**
  Kingston
- **BCA Construction Excellence Award, Commercial/Mixed Development Building Category, 2020**
  Northpoint City
- **BCA Green & Gracious Builder Star Champion Award, 2020**
- **BCA Green Mark Platinum Award, 2020**
  Woodlands North Coast (7 North Coast)
  PSA Liveable City
  St James Power Station
- **BCA Green Mark Gold ^{Plus} Award, 2020**
  Tekka Place
- **JTC Construction Safety Performance Award, 2020**
  Woodland North Coast

LTA Annual Safety Award Convention 2019

WSH Awards 2019

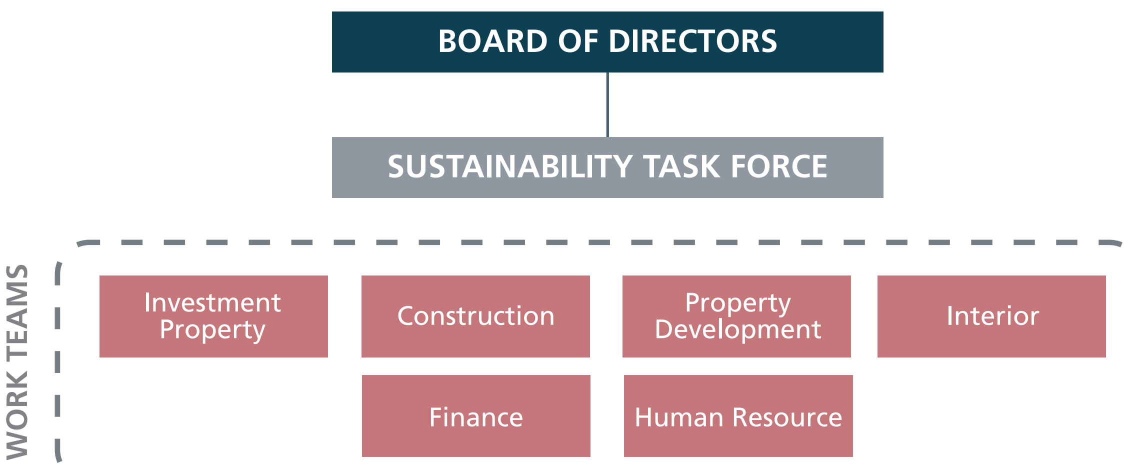
Lum Chang's environmental initiatives are certified under the internationally recognised Environmental Management System Certificate (ISO 14001) as well as the Quality Management System Certificate (ISO 9001).

Our efforts to promote workplace safety were also recognised by the international **RoSPA** when we took home the RoSPA Health & Safety Awards Gold for the fifth consecutive year since 2016. Our Occupational Health and Safety Management System is also internationally recognised under the OHSAS 18001.

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

GOVERNANCE

Established to drive Lum Chang's sustainability efforts, the Sustainability Task Force (STF) comprises key management personnel and representatives from different business units.



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

The Board incorporates sustainability issues into the strategic formulation of the Group. The Board with the assistance of the STF, determines the material environmental, social and economic factors, and ensures that the factors identified are well-managed and monitored.

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

Stakeholder Engagement

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

Stakeholders	Engagement Platforms	Issues of Concern	Read more in the following sections
Employees and workers	• Regular safety briefings and meetings to discuss safety measures against COVID-19 • Safety trainings and inspections • Open annual performance appraisal system to link performance with remuneration • Trainings	• Transmission of COVID-19 among employees and workers • Workplace health and safety • Remuneration and benefits • Training and development • Ethics and conduct	• Safety Against COVID-19 • Workplace Health and Safety • Our People, Our Assets
Suppliers and Subcontractors	• Updates from contractors on any occurrence of accidents/ incidents impact health/ safety/environmental	• Health and safety • Environmental compliance	• Supplier Environmental Management • Supplier Social Management
Customers	• Ongoing dialogues and engagement	• Data privacy • Satisfaction with service provided	• Customer Privacy and Data
Governments and Regulators	• SGX half-yearly announcements • Annual Reports • Sustainability Reporting • Ongoing dialogues	• Environmental compliance with NEA and PUB • Regulatory and Industrial requirements under BCA and MOM	• Fines or Penalty

Stakeholders	Engagement Platforms	Issues of Concern	Read more in the following sections
Community	• Community services engagement	• Social development • Noise management • Vector controls	• Social Responsibility
Shareholders and investors	• Financial results, company announcements and Annual Reports • Investor relations management	• Economic performance • Corporate Governance	• Anti-corruption

Ethics and Integrity

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

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

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

There were zero incidents of corruption and public legal cases brought against the organisation or its employees in FY2020. We remain vigilant in ensuring that our employees conduct themselves with highest integrity.

REPORTING PRACTICE

This sustainability report is produced in accordance to the GRI standards "**Core**" option covering our Group's performance from 1 July 2019 to 30 June 2020.

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

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

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

Lum Chang's material topics are identified based on their impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section.

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

ENVIRONMENT

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

Environmental Measures

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

PROPERTY DEVELOPMENT

Sustainable Design

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

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

Key features of our properties include:

	Energy Management	Water Management	Waste Management
Tekka Place, Singapore	✔ Use of daylighting for common areas ✔ Meters to monitor energy and water consumption of water and cooling systems ✔ Energy efficient systems for air conditioning, lighting, car park systems	✔ Water efficient fittings with minimum 2 ticks rating ✔ Water efficient irrigation system with rain sensor ✔ Provide smart remote monitoring system with alert features for leak detection	✔ Wastewater discharge to PUB sewers/discharge points ✔ Provide facilities for collection and storage of different common recyclables
Kelaty House, London	✔ Efficient glazing and building fabric to reduce solar gains and reduce energy needed to keep interior cool	✔ Installation of water-efficient basins, dishwashers, toilets, showers and washing machines, as well as a leak detection system	✔ Use of environmentally sustainable materials with BRE Green Guide Rating system of A or A+
Twin Palms Sungai Long (Phase 4A) and Twin Palms Kemensah, (Malaysia)	✔ Use of Solar panel Hot water system	✔ Use of Rain water harvesting system for irrigation	✔ Wastewater discharge to IWK sewers/ discharge points
One Tree Hill, Singapore	✔ Installation of energy-efficient equipment	✔ Water efficient fittings	✔ Usage of materials with green labels

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

Environmental Targets and Performance

Below is a summary table of the Group's environmental performance in FY2020 and targets for FY2021 for the Property Development sector.

Environmental Performance for FY2020	
FY2020 Target	**Performance Update**
Achieve Green Mark (or equivalent) award for new and ongoing significant projects	Achieved Green Mark (or equivalent) award for one project
Use of water efficient fittings approved by local certification authorities	Used approved water efficient fittings for three projects

Environmental Targets for FY2021
Achieve Green Mark (or equivalent) award for new and ongoing significant projects
Use of water efficient fittings approved by local certification authorities
Adopt green building strategies and technologies at the construction phase of the development of new and ongoing significant projects

CONSTRUCTION

Energy, Water and Waste Management

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

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

We had one completed project in FY2020, namely PSA Liveable City. The actual energy and water consumption for the completed project were lower than targeted:

Aspect	Actual Consumption	Target Consumption
Electricity (kWh)	**363,970.8**	**410,640**
Diesel Consumed (litres)	**150,385.9**	**225,852**
CO_2 (kg)	**257,342**	**290,339**
Water (m^3)	**19,935.2**	**30,113.6**

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

Type of Waste	Actual Consumption	Target Consumption
Total Waste Disposal Cost ($)	**69,825.2**	**180,681.6**
Concrete Waste (%)	**1.63%**	**2.50%**
Rebar Waste (%)	**1.84%**	**2.50%**

Our actual waste generation was lower than targeted for PSA Liveable City, which is testament to our waste reduction efforts. We will strive to reduce wastage levels at our construction sites.

Noise and Vector Management

GRI 413-2

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

Supplier Environmental Management

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

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

In FY2020, 100% of new suppliers were screened based on environmental criteria such as Green Mark. Suppliers are assessed based on their product range, such as their use of low volatile organic compound (VOC) paints and Persistent Bio-Toxic (PBT) free lighting. Only selected supplier products with green certification are considered unless otherwise stated in project tender documents.

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

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

In FY2020, there were zero incidents of negative environmental impact in our supply chain.

Fines or Penalty

GRI 307-1

We regularly review our internal processes to ensure that there is mindful planning, communication and effective implementation of mitigating measures against environmental non-compliance, noise and mosquito breeding in our projects to prevent such occurrences. There were zero incidents of environmental non-compliance in FY2020.

Environmental Targets and Performance

Below is a summary table of the Group's environmental performance in FY2020 and targets for FY2021 for the Construction sector.

Environmental Performance in FY2020	
FY2020 Target	**Performance Update**
Zero incidents of environmental non-compliance	Achieved **Zero** incidents of environmental non-compliance
Zero incidents of non-compliance with environmental and labour laws among suppliers	Achieved **Zero** incidents of non-compliance with environmental and labour laws among suppliers
Environmental Targets for FY2021	
Zero incidents of environmental non-compliance	
Zero incidents of non-compliance with environmental and labour laws among suppliers	

INVESTMENT PROPERTY

Energy, Water and Waste Management

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

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

We take great care to ensure that waste materials are disposed in an environmentally friendly manner at our investment properties. At 130 Wood Street, we have implemented waste management measures to sort waste into general and recyclable waste.

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

Environmental Targets

We endeavour to minimise energy and water consumption as well as waste production. We will actively advocate recycling of wastes and continue to recycle and harvest rainwater. We will continue to educate our tenants and staff on eco-friendly practices to ensure that our investment properties are managed in a sustainable manner and strictly comply with local environmental laws and regulations.

LC INTERIOR

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

Sustainable Installations

GRI 302-5, 305-5

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

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

Environmental Targets

We endeavour to incorporate environmentally sustainable innovations and use green materials in our projects where possible. We will continue to educate our workers on safety practices to ensure that we strictly comply with local labour and safety laws and regulations.

INNOVATION AND EXCELLENCE

We are at a most exciting and dynamic time in Singapore, and stand at the cusp of a new industrial revolution fueled by digital technologies. Today, digital technologies are rapidly advancing and the next frontier of technologies – big data analytics, artificial intelligence (AI), Internet of Things (IoT) and robotics – will fundamentally transform our nation's economy and change the way we live, work and relate to one another. Digitalisation will be pervasive and change traditional processes as we know it. Many of today's processes were designed around industrialisation. Similarly, our strategies and structures today will change with technology and our adaptability to change will determine our success and ability to stay ahead.

CONSTRUCTION

GRI 203-2

Embracing the age of global digital revolution, Lum Chang has developed its technical capability and integrated a full suite of digital delivery process in all of our projects, including the Woodlands North Coast, PSA Singapore's corporate headquarters, North-South Corridor (Contract N110) and Tanah Merah Station (Contract T315) projects. We utilise Virtual Reality (VR) technology in digital designs to provide immersive experiences for our clients. To this end, our Woodlands North Coast project has implemented 5D Building Information Modelling (BIM) to automate the progress payment process and improve payment performance. This is achieved by utilising the 3D model function in the costX BIM software, where the Quantity Surveyor and Client can visually verify and evaluate the works for Progress Payment and retrieve any required data from the 3D Model instantaneously as opposed to verifying hardcopy prints in a traditional progress payment submission. Using Model Maps in the costX software, the 3D quantities from the model will be automatically transferred to the Bill of Quantities for payment.

We were lauded as a 'forward-looking contractor' by Minister of State, Mr. Zaqy Mohamad, when he hosted DPM Mr. Heng Swee Keat at our Woodlands North Coast Project Site, to witness first-hand how Integrated Digital Delivery (IDD) has been a game changer in the Built Environment (BE) industry. Through our use of digital technology to integrate work processes, we successfully connect the BE professionals working on the same project.

Another digital process that we implemented was digital fabrication, which is a design and production process that combines 3D modelling and computing-aided design with manufacturing. Case in point, a highly detailed 3D model is built and sent to the factory for Computer Numerical Control (CNC) machining or Laser Cutting. This process was adopted in the construction of the entrance canopy at the Northpoint City project and in the structural steel members at the PSA Headquarter project.

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

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

In keeping with our continuous effort to improve productivity, our construction project consultants drive innovation and adopt new technologies in their projects. All current projects have adopted prefabrication and modularisation in the mechanical, electrical and plumbing (MEP) system. Tekka Place has successfully completed installation of horizontal and vertical risers' module to increase efficiency on site. We are also in the midst of installing modular MEP plant rooms in the PSA Headquarters and Woodlands North Coast projects to achieve easy installation of MEP services and equipment on site and significantly improve productivity.

LC INTERIOR

GRI 416-1, 416-2

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

In FY2020, there were zero user safety incidents for our completed projects.

Innovation Targets and Performance

Below is a summary table of the Group's Innovation performance in FY2020 and targets for FY2021.

Innovation Performance for FY2020	
FY2020 Target	**Performance Update**
To continue to investigate and exploit new technology for implementation in our construction projects	Adopted new technology in four construction projects
To continuously increase efficiency, improve execution quality and enhance project controlling by harnessing technology and digitalisation	Implemented digitalisation in four construction projects which increased efficiency and improved quality management
Innovation Targets for FY2021	
To continue to investigate and exploit new technology for implementation in our construction projects	
To continuously increase efficiency, improve execution quality and enhance project controlling by harnessing technology and digitalisation	

WORKPLACE HEALTH AND SAFETY

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

Lum Chang Safety Culture

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

SAFETY AGAINST COVID-19

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

In FY2020, the COVID-19 outbreak resulted in a global pandemic which had an unprecedented impact worldwide. To contain the outbreak, the Singapore Government implemented measures including a circuit breaker, safe distancing and movement restrictions. During these unsettling times, we stay committed to prioritising the safety of our employees and workers.

With the current COVID-19 pandemic, we have set up a Safe Management Task Force to implement safe management measures (SMM) at the Headquarter office to provide a safe working environment for our staff and workers. All employees are briefed on the SMM and are required to ensure strict enforcement. Some of the SMM include putting in place SafeEntry visitor management and temperature screening face recognition systems for employees and visitors. We also implemented the use of visual indicators and physical demarcations at work stations, meeting rooms and common areas to ensure safety distancing and minimal physical interactions. We increased the frequency of cleaning and disinfection of our premises, especially areas with high contact points. All personnel in the premises are required to undergo temperature screening twice a day and check for respiratory symptoms. In addition, a clear physical spacing of at least one metre must be kept between all persons at all times. In line with Government measures, the Group also implemented alternative work arrangements and teleconferencing to minimise physical contact.

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

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

As at 30 June 2020, we had 355 staff and 242 foreign workers under our care. In FY2020, there were two incidents of COVID-19 transmission among foreign workers and zero incidents of COVID-19 transmission among staff. There were no man days lost as a result of COVID-19. In addition, there was no reported incident of non-compliance with local COVID-19 laws and regulations regarding the living conditions of our foreign workers.

CONSTRUCTION

GRI 403-2, 403-9

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

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

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

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

Our workplace fatal injury rate in FY2020 was 0, significantly lower than the Construction industrial average of 2.9 (Ministry of Manpower, 2019)[1] .

Description	2016	2017	2018	**2019**	**2020**
Number of Accidents	2	5	1	0	**0**
Number of Lost Days	25	148	30	0	**0**

[1] Ministry of Manpower. (2019). Workplace Safety And Health Report, 2019. https://www.mom.gov.sg/-/media/mom/documents/safety-health/reports-stats/wsh-national-statistics/wsh-national-stats-2019.pdf?la=en&hash=6D52E18A099E8E83EA4F8836981F3463

LC INTERIOR

GRI 403-9

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

In FY2020, there were zero safety incidents at our project sites.

Safety Targets and Performance

Below is a summary table of the Group's safety performance in FY2020 and targets for FY2021.

Social Performance in FY2020	
FY2020 Target	**Performance Update**
Zero fatal workplace safety incidents	Achieved **zero** fatal workplace safety incidents
Zero lost man days	Achieved **zero** lost man days from workplace health and safety incidents
Social Targets for FY2021	
Zero occupational health and safety incidents	
Zero lost man days	
Zero non-compliance with COVID-19 safety measures	

OUR PEOPLE, OUR ASSETS

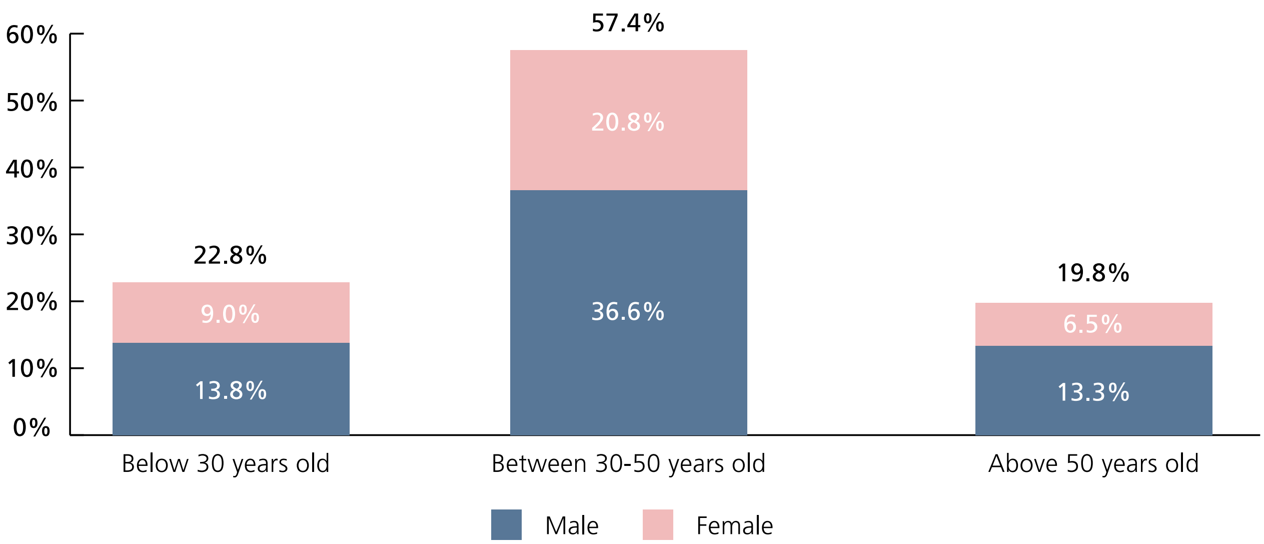
Our employees are our greatest assets to the success and long-term sustainability of our business. We strive to create an empowering and nurturing workplace environment, committed to mutual respect for all our staff and workers. We are committed to investing in our people and retain a diverse and robust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

EMPLOYEE DIVERSITY

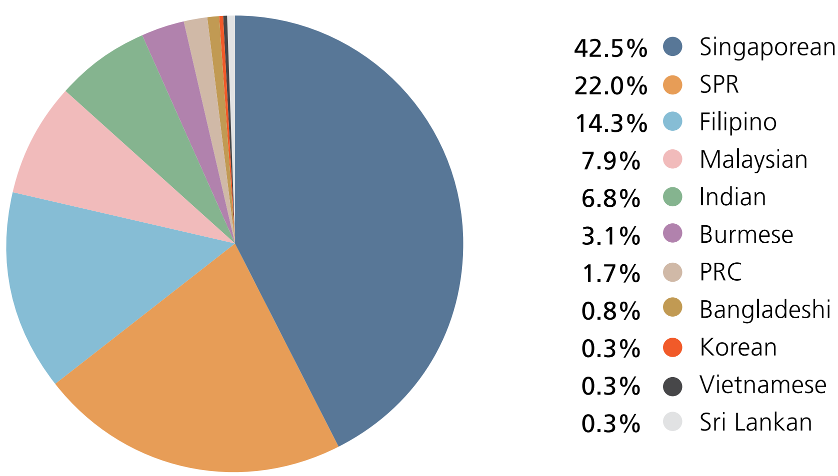
GRI 405-1, GRI 401-1

Lum Chang's workforce stood at 355 as at 30 June 2020, with 72 new hires and 83 job leavers in FY2020. We are a fair and non-discriminatory employer with a diverse work force. We continuously forge a culture of trust and respect between the various groups of people, irrespective of nationality, race and religion.

Our Workforce



Employees by Nationality



EMPLOYEE WELFARE

GRI 401-2, 401-3

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

Healthcare	Disability and Invalidity Coverage	Parental Leave	Others
• Staff are provided Dental and Health Screening allowances, as well as covered under Hospitalisation and Surgical insurance, General Practioner Outpatient and Specialist Medical Benefits.	• Staff are covered under Personal Accident Insurance and Work Injury Compensation Insurance.	• Eligible staff are entitled to Maternity Leave, Paternity Leave, Shared Parental Leave, Childcare Leave, Extended Childcare Leave, Unpaid Infant Care Leave and Adoption Leave where applicable.	• Staff are entitled to receive the following benefits: - Newborn gifts - Examination and Marriage leave

In FY2020, 55 employees took parental leave. We believe that our staff's well-being is of utmost importance. To facilitate camaraderie amongst our employees and promote work-life integration, the company organises year-round events revolving around team building, recreation, social and health.

Organised by the Recreation Committee, our staff participated in fun-filled activities including bowling tournaments, annual dinner and dance, and donation drives. We also organised various activities for both staff and their families such as day-trip excursions, movie screening, handicraft and baking classes. Recreation activities were suspended during circuit breaker and have not restarted due to Government implemented safe distancing measures.

Baking Class

Bowling Tournament

Handicraft Class

Dinner & Dance

EMPLOYEE DEVELOPMENT

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

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

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

Our employees undergo a substantial amount of training every year as part of their professional and career development. In FY2020, we conducted 179 training courses and achieved a total of 9,464 training hours for our staff. We will continue to implement relevant and adequate staff training programmes to upgrade their skills.

SOCIAL RESPONSIBILITY

COMMUNITY ENGAGEMENT

GRI 413-1

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

During the year, we donated to numerous community organisations including the ST Pocket Money Fund, ISCA Cares, Singapore Chinese Orchestra, National Cancer Centre Singapore, Community Chest, Kwong Wai Shiu Hospital and Compassion Fund.

In October 2019, our development property, Tekka Place, was one of the main sponsors of The Gala of Light, a combined charity fundraiser event organised by Compassion Fund and Beyond Social Services. Both welfare organisations are dedicated to help vulnerable children, youth and their families who may be in difficult circumstances. The event was attended by more than 300 guests, including Guest of Honour, Mr S. Iswaran, Minister for Communications and Information, and Minister-in-charge of Trade Relations.

Gala of Light 2019

Our inaugural beach clean-up exercise was held in December 2019 at East Coast Park. Our staff and their families spent the morning picking up trash found along the coastline, doing their part to save the planet.

For our annual year-end charity drive, our staff volunteered at Willing Hearts' soup kitchen. The soup kitchen prepares 5,000 meals every day, with the meals distributed to beneficiaries including the elderly, the disabled, low income families, children from single parent or poor families, and migrant workers. Our staff also donated provisions used to prepare the meals in the kitchen.

Since 2011, the Company has been taking part in the BCA-Industry Built Environment Undergraduate Scholarship Scheme which aims to attract high calibre students from National University of Singapore (NUS) and Nanyang Technological University (NTU) to take up challenging and fulfilling careers in the built environment. In FY2020, the Group granted $96,000 to eight second-year Civil Engineering and Project & Facilities Management students from NUS under the BCA-Lum Chang iBuildSG Undergraduate Scholarship Programme.

Willing Hearts Soup Kitchen

Beach Cleaning

SUPPLIER SOCIAL MANAGEMENT

GRI 414-1, 414-2

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

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

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

In FY2020, there were zero incidents of social non-compliance in our supply chain.

CUSTOMER PRIVACY AND DATA

GRI 418-1

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

There were no reported breaches in FY2020. Lum Chang continues to improve our processes in place to ensure greater data privacy to maintain the confidence of our customers.

FINES OR PENALTY

GRI 419-1

In FY2020, there were no fines or penalty due to non-compliance with laws and/or regulations in the social and economic area.

SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	• Environment, Our People, Our Assets, Social Responsibility • Stakeholder Engagement
2	Policies, Practices and Performance	• Chairman's Message • Lum Chang's Sustainability Story • Environment, Our People, Our Assets, Social Responsibility
3	Board Statement	Statement of the Board
4	Targets	Lum Chang's Sustainability Story
5	Framework	Reporting Practice

GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Annual Report 2020
102-2	Activities, brands, products, and services	Annual Report 2020
102-3	Location of headquarters	Annual Report 2020
102-4	Location of operations	Annual Report 2020
102-5	Ownership and legal form	Annual Report 2020
102-6	Markets served	Annual Report 2020
102-7	Scale of the organisation	Annual Report 2020
102-8	Information on employees and other workers	Annual Report 2020
102-9	Supply chain	Annual Report 2020
102-10	Significant changes to the organisation and its supply chain	Annual Report 2020
102-11	Precautionary principle or approach	Annual Report 2020
102-12	External initiatives	Annual Report 2020
102-13	Membership of associations	Annual Report 2020

GRI Standards	Disclosure Content	Section Reference
102-14	Statement from senior decision-maker	Chairman's Message
102-15	Key impacts, risks, and opportunities	Chairman’s Message, Lum Chang’s Sustainability Story
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Governance
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-46	Defining report content and topic boundaries	Reporting Practice
203-2	Significant Indirect economic impacts	Innovation and Excellence
205-1	Operations assessed for risks related to corruption	Anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
302-1	Energy consumption within the organisation	Environment
302-4	Reduction of energy consumption	Environment
302-5	Reductions in energy requirements of products and services	Environment
303-1	Water withdrawal by source	Environment
303-3	Water recycled and reused	Environment
305-1	Direct GHG emissions (Scope 1)	Environment
305-5	Reductions in GHG Emissions	Environment
306-2	Waste by type and disposal method	Environment
307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Fines or Penalty
308-1	Percentage of new suppliers that were screened using environmental criteria	Supplier Environmental Management
308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Supplier Environmental Management
401-1	New employee hires and employee turnover	Employee Diversity
401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	Employee Welfare

GRI Standards	Disclosure Content	Section Reference
401-3	Parental leave	Employee Welfare
403-1	Occupational health and safety management system	Safety Against COVID-19
403-2	Hazard identification, risk assessment, and incident investigation	Workplace Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Safety Against COVID-19
403-6	Promotion of worker health	Safety Against COVID-19
403-8	Workers covered by an occupational health and safety management system	Safety Against COVID-19
403-9	Work-related injuries	Workplace Health and Safety
403-10	Work-related ill health	Safety Against COVID-19
404-1	Average hours of training per year per employee	Employee Development
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Development
404-3	Regular performance and career development review	Employee Development
405-1	Diversity of governance bodies and employees	Employee Diversity
413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement
413-2	Operations with significant actual and potential negative impacts on local communities	Noise and Vector Management
414-1	New suppliers that were screened using social criteria	Supplier Social Management
414-2	Negative social impacts in the supply chain and actions taken	Supplier Social Management
416-1	Assessment of the health and safety impacts of product and service categories	Innovation and Excellence
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Innovation and Excellence
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy and Data
419-1	Non-compliance with laws and regulations in the social and economic area	Fines or Penalty

CORPORATE GOVERNANCE

INTRODUCTION

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

BOARD MATTERS

The Board's Conduct of Its Affairs (Principle 1)

The Company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Group.

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

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

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

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

BOARD MATTERS (CONTINUED)

The Board's Conduct of Its Affairs (Principle 1) (continued)

Details of the attendance of the Board members at Board meetings and meetings of the various Board committees for the period 1 July 2019 to 30 June 2020 (FY2020) are set out in Table 1.

Table 1

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

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

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

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

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

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

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

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

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

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

Board Composition and Guidance (Principle 2)

The Board has a formal and transparent process for the appointment and re-appointment of directors, which takes into account the need for progressive renewal of the Board. In doing so, the Board strives to maintain an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Group.

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

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

In considering the independence of the non-executive directors, the Nominating Committee and the Board considers the criteria set out in Provision 2.1 of the Code which defines an independent director as one who has no relationship

BOARD MATTERS (CONTINUED)

Board Composition and Guidance (Principle 2) (continued)

with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of the director's independent business judgement with a view to the best interests of the Group. Additionally, the Nominating Committee and the Board, in accordance with Provision 4.4 of the Code, determine if a director is independent, having regard to the circumstances set forth in Provision 2.1 and taking into account disclosures by directors of their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence.

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

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

Pending the implementation of the aforementioned two-tier voting system at the FY2021 AGM, the Nominating Committee and the Board have given due consideration to the recommendation under Guideline 2.4 of the Code of Corporate Governance 2012 when determining the independence of directors who have served on the Board for more than nine years, in that the independence of any such director be subject to particularly rigorous review annually. Whilst the annual review of all directors also includes such aspects, the rigorous review that directors who have served on the Board for more than nine years are subject to, focuses particularly on the following:

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

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

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

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

The Company progressively and staggers refreshing of the Board composition as needed.

Chairman and Managing Director (Principle 3)

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

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

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

BOARD MATTERS (CONTINUED)

Board Membership (Principle 4)

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

Table 2

BOARD MEMBERS	EXECUTIVE COMMITTEE	AUDIT AND RISK COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE	DATE OF INITIAL APPOINTMENT TO THE BOARD	DATE OF LAST RE-ELECTION TO THE BOARD
Raymond Lum Kwan Sung	C		M		18.09.1982	29.10.2019
David Lum Kok Seng	M				18.09.1982	27.10.2017
Tony Fong	M				02.07.2012	27.10.2017
Kelvin Lum Wen Sum					10.11.2016	29.10.2019
Peter Sim Swee Yam		M	M	C	30.11.2001	26.10.2018
Dr Willie Lee Leng Ghee		M	C	M	28.02.2006	29.10.2019
Daniel Soh Chung Hian		C	M		09.01.2013	26.10.2018
Andrew Chua Thiam Chwee		M		M	21.12.2015	26.10.2018
Clement Leow Wee Kia		M			03.05.2018	26.10.2018

C – Chairman
M – Member

Executive Committee

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

Nominating Committee

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board. In that regard, the Board and the Nominating Committee strive to ensure that directors on the Board possess the experience, knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions; and as such considers the respective experience, field-specific expertise and industry knowledge of prospective Board candidates.

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

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Executive Chairman, the Managing Director and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, the Board committees and directors;

(c) the review of training and professional development programs for the Board and the directors;

(d) assessing the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board;

(e) making recommendations on appointment and re-nomination of directors, having regard to the relevant director's contribution and performance;

(f) making recommendations having regard to the changing needs of the Group as regards diversity of experience and expertise so as to maximize the effectiveness of the Board as a whole in the performance of its functions;

(g) reviewing each director's independence annually; and

(h) considering whether or not a director who has multiple board representations is able to and has been properly carrying out his duties as a director of the Company.

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

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

BOARD MATTERS (CONTINUED)

Nominating Committee (continued)

Before making its recommendation to the Board for the re-appointment of a retiring director, the Nominating Committee takes into consideration the director's contribution and performance which are determined by factors such as attendance, preparedness, participation and candour (as well as contribution to the effectiveness of the Board). The director is also assessed based on his ability to adequately carry out the duties expected while performing his roles in other companies or in other appointments. Messrs David Lum Kok Seng, Tony Fong and Clement Leow Wee Kia (the "Retiring Directors") will be seeking re-election as directors pursuant to Article 107(2) of the Company's Constitution at the FY2020 AGM. The Nominating Committee has reviewed and is satisfied with their contribution as directors, and has therefore endorsed their nomination for re-election. Pursuant to Rule 720(6) of the Listing Manual issued by Singapore Exchange Securities Trading Limited (the "Listing Manual"), the information relating to the Retiring Directors as set out in Appendix 7.4.1 of the Listing Manual may be found in pages 72 to 79 of this annual report.

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

Further, in determining the independence of its independent directors, the Nominating Committee and the Board also took into account Rules 210(5)(d)(i), (ii) and (iii) of the Listing Manual, on the circumstances in which a director will not be deemed independent and provisions in the Code as to the circumstances in which a director should not be deemed independent. It must be reiterated at this juncture that from the FY2021 AGM, the Company will implement a two-tier voting system under which the appointment of any independent director who has been a director for an aggregate period of more than nine years (whether before or after listing) will be subject to approval in separate resolutions by (a) all shareholders; and (b) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers.

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

The Board therefore comprises a majority of independent directors, with a total of nine directors of whom five are independent.

Board Performance (Principle 5)

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

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

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

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

Share Purchase Committee

At the AGM on 29 October 2019, the shareholders of the Company had granted a renewal of the mandate to the Company to carry out share buybacks as permitted by the Act (the "Share Purchase Mandate").

The Share Purchase Committee, comprising Messrs Raymond Lum Kwan Sung, David Lum Kok Seng and Tony Fong, was authorised to purchase shares of the Company at such time as it deems suitable subject to the prescribed conditions in the Share Purchase Mandate. The Company purchased 3,798,200 shares at an average price of 32.25 cents per share during FY2020.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 6)

Level and Mix of Remuneration (Principle 7)

Disclosure on Remuneration (Principle 8)

Remuneration Committee

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel.

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

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

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

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

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

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

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

A breakdown, showing the level and mix of each individual director's remuneration payable for FY2020, is set out in Table 3.

Table 3

	FEES	SALARY	BONUS	OTHER BENEFITS
	(%)	(%)	(%)	(%)
$866,000				
Raymond Lum Kwan Sung	-	84	9	7
$863,000				
David Lum Kok Seng	-	85	9	6
$350,000				
Tony Fong	-	86	8	6
Below $100,000				
Kelvin Lum Wen Sum	100	-	-	-
Peter Sim Swee Yam	100	-	-	-
Dr Willie Lee Leng Ghee	100	-	-	-
Daniel Soh Chung Hian	100	-	-	-
Andrew Chua Thiam Chwee	100	-	-	-
Clement Leow Wee Kia	100	-	-	-

The remuneration of the Group's top 5 key executives for FY2020 is set out in Table 4.

Table 4

	FEES	SALARY	BONUS	OTHER BENEFITS
	(%)	(%)	(%)	(%)
$1,500,000 to $1,750,000	-	30	68	2
1				
$500,000 to $750,000	-	61	36	3
1				
$250,000 to $499,999	-	62	33	5
3				

The Remuneration Committee and the Board are of the view that

(i) A significant and appropriate proportion of the executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance, and that performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company;

(ii) The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities; and

(iii) The level of remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

REMUNERATION MATTERS (CONTINUED)

Remuneration Committee (continued)

The two employees who are immediate family members of the Executive Chairman, the Managing Director or a substantial shareholder and whose remuneration exceeds $100,000 during the financial year ended 30 June 2020 are:

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

2. Mr Adrian Lum Wen Hong, a son of Mr David Lum Kok Seng (the Managing Director) and nephew of Mr Raymond Lum Kwan Sung (the Executive Chairman), and who is employed by the Company as Director, Property Development. He received remuneration comprising salary, annual bonus and other benefits in the $300,000 to $350,000 band during the financial year.

For FY2020, the aggregate total remuneration paid to key management personnel, excluding the Board of Directors, was $3,279,000.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls (Principle 9)

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls in order to safeguard the interests of the Group and its stakeholders.

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

For FY2020, the Executive Directors of the Company (which includes the Executive Director, Finance), provided written representations to the Board on the integrity of the interim and full-year financial statements announcements covering the Company and its subsidiaries. Pursuant to Rule 705(5) of the Listing Manual, the Board provided a negative assurance confirmation on the Group's interim financial statements announcements.

Audit and Risk Committee (Principle 10)

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

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

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

(a) Independent review of financial statements;

(b) Examination of the effectiveness of financial, operating, compliance and information technology controls;

(c) Review and approval of audit plans of the external and internal auditors of the Company;

(d) Review of the scope of internal audit reports as well as management's response to the findings;

(e) Review of interested person transactions;

(f) Review of the scope and results of the external audit, and the independence and objectivity of the external auditors;

(g) Review of the nature and extent of non-audit services performed by external auditors; and

(h) Review of procedures for detecting fraud and receive updates on whistle blowing reports.

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

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

The Audit and Risk Committee reviewed the independence of PwC (including the non-audit services provided to the Group), and is satisfied that (i) they have maintained their independence and (ii) the nature and extent of their non-audit services did not affect their objectivity. The Audit and Risk Committee has therefore recommended to the Board that PwC be nominated for re-appointment as auditors at the FY2020 AGM.

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

The Audit and Risk Committee held four meetings in FY2020. During these meetings and in the course of FY2020, the Audit and Risk Committee carried out its functions set out above and in doing so reviewed the internal risk management function, whistle-blowing policy, interested person transactions and material contracts, amongst other activities.

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit and Risk Committee (Principle 10) (continued)

For FY2020, the Board has received assurance from the Managing Director and Executive Director, Finance, as well as other such key management personnel as may be responsible by way of a representation letter, in accordance with Provision 9.2 of the Code:

(a) That the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) Regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Internal Risk Management

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

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

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

The Audit and Risk Committee regards the systems of internal control and risk management as necessary components to safeguard the Shareholders' investments and the Company's assets. The Audit and Risk Committee reviews and assesses Internal Audit based on the Group's adoption of the IIA Standards on a regular basis (but in any event not less than annually) and is satisfied with the adequacy and the overall effectiveness of Internal Audit as at 30 June 2020.

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

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

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

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

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the management, the Board, with the concurrence of the Audit and Risk Committee, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems were effective and adequate as at 30 June 2020.

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit and Risk Committee (Principle 10) (continued)

Whistle-Blowing Policy

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

Interested Person Transactions

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

Name of Interested Person	Aggregate value of all IPTs during FY2020 (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$'000	$'000
Consultancy service rendered		
Kelvin Lum Wen Sum	$180	NIL
Interest paid and/or payable for the Company's term notes held (1)		
Raymond Lum Kwan Sung	$204	NIL
David Lum Kok Seng	$174	NIL
25% investment in an associate of a controlling shareholder and director of the Company		
PT Super Makmur Sejahtera (2)	$1,268	NIL

(1) The term notes were issued pursuant to the Company's Multicurrency Term Note Issuance Programme which allows Company to issue notes thereunder.

(2) With reference to the Group's announcement on 9 October 2019, the Group entered into a Shareholder's Agreement with Cyan Bay Pte Ltd, a unit of Ellipsiz Ltd, in relation to PT Super Makmur Sejahtera (PT Super) to undertake property investment in Bintan. Subsequent to this date, the Group injected additional equity of $68,000 to PT Super for working capital.

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

Material Contracts

Other than disclosed elsewhere in the Annual Report, there were no other material contracts and loans entered into by the Company or any of its subsidiaries involving the interests of any director and/or the controlling shareholders and their associates, either still subsisting at the end of FY2020 or, if not subsisting, which were entered into during FY2020.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings (Principle 11)

Engagement with Shareholders (Principle 12)

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

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

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

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

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

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders (Principle 13)

The Company identifies stakeholders that are impacted, or have the potential to be impacted by the Group's business and operations as well as those external organisations that have a material impact on the Group's business and operations. Accordingly, the Company engages its stakeholders through a variety of channels to ensure that the business interests of the Group are balanced against that of the stakeholders. More information on the Company's stakeholder engagement, including its engagement platforms and issues of concern may be found in the Company's "Sustainability Story" which may be found in pages 29 to 53 of this annual report.

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

DIVIDEND POLICY

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

DEALINGS IN SECURITIES

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

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

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr David Lum Kok Seng, Mr Tony Fong, and Mr Clement Leow Wee Kia are the Retiring Directors seeking re-election at the forthcoming AGM.

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

Name of Director	**Mr David Lum Kok Seng**	**Mr Tony Fong**	**Mr Clement Leow Wee Kia**
Date of Appointment	18 September 1982	2 July 2012	3 May 2018
Date of last re-appointment (if applicable)	27 October 2017	27 October 2017	26 October 2018
Age	71	62	46
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, *inter alia*, the recommendations of the Nominating Committee ("NC") and has reviewed and considered work experience and suitability of Mr Lum for re-appointment as an Executive Director and the Managing Director of the Company. The Board has reviewed and concluded that Mr Lum possesses the necessary and appropriate experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, *inter alia*, the recommendations of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Fong for re-appointment as an Executive Director of the Company. The Board has reviewed and concluded that Mr Fong possesses the necessary and appropriate experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, *inter alia*, the recommendations of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Leow for re-appointment as a non-executive independent Director and a member of the Audit and Risk Committee of the Company, and is considered independent of Management. The Board has reviewed and concluded that Mr Leow possesses the necessary and appropriate experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the Audit and Risk Committee.

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

Name of Director	**Mr David Lum Kok Seng**	**Mr Tony Fong**	**Mr Clement Leow Wee Kia**
Whether appointment is executive, and if so, the area of responsibility	Executive; responsible for the day-to-day management operations of the Group.	Executive; oversees the financial management functions of the Group, contributes to business development and strategic plans of the Group, and ensures compliance of good corporate governance policies and practices.	Non-executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Managing Director.	Executive Director.	Independent Director and a member of the Audit and Risk Committee.
Professional qualifications and working experience and occupation(s) during the past 10 years	Mr Lum has more than 40 years of experience in the construction, construction-related and property development industries.	Mr Fong was trained in a firm of Chartered Accountants in the United Kingdom. He is a member of the Association of Chartered Certified Accoutants and the Institute of Singapore Chartered Accountants.	Mr Leow has more than 18 years of corporate finance experience, primarily in initial public offerings, mergers and acquisitions, and corporate advisory transactions. He graduated from Cornell University with a Bachelor of Science in Applied Economics and also holds a Master in Business Administration and a Postgraduate Diploma in Financial Strategy from the University of Oxford. He completed the Governance as Leadership Program at Harvard University and is a member of the Singapore Institute of Directors.
Shareholding interest in the listed issuer and its subsidiaries	Please refer to page 83 of the Directors' Statement in the Company's 2020 Annual Report.	Please refer to page 83 of the Directors' Statement in the Company's 2020 Annual Report.	Please refer to page 83 of the Directors' Statement in the Company's 2020 Annual Report.

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

Name of Director	**Mr David Lum Kok Seng**	**Mr Tony Fong**	**Mr Clement Leow Wee Kia**
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr David Lum and Mr Raymond Lum, the Executive Chairman of the Company, are siblings.	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships# for the last 5 years* * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Please refer to pages 9 to 11 of the Present and Past Directorships in the Company's 2020 Annual Report.	Please refer to pages 9 to 11 of the Present and Past Directorships in the Company's 2020 Annual Report.	Please refer to pages 9 to 11 of the Present and Past Directorships in the Company's 2020 Annual Report.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

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

Name of Director	**Mr David Lum Kok Seng**	**Mr Tony Fong**	**Mr Clement Leow Wee Kia**
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

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

Name of Director	**Mr David Lum Kok Seng**	**Mr Tony Fong**	**Mr Clement Leow Wee Kia**
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

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

Name of Director	**Mr David Lum Kok Seng**	**Mr Tony Fong**	**Mr Clement Leow Wee Kia**
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

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

Name of Director	**Mr David Lum Kok Seng**	**Mr Tony Fong**	**Mr Clement Leow Wee Kia**
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- (continue) (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

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

Name of Director	**Mr David Lum Kok Seng**	**Mr Tony Fong**	**Mr Clement Leow Wee Kia**
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an issuer listed on the Exchange? *If yes, please provide details of prior experience.* *If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.* *Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).*	Not Applicable	Not Applicable	Not Applicable

GROUP FINANCIAL HIGHLIGHTS

	2020 $'000	2019 $'000	Increase/ (Decrease) %
For the Year:			
Revenue	**322,691**	240,251	34
(Loss)/profit			
Before income tax	**(2,930)**	28,677	(110)
After income tax	**(6,107)**	27,526	(122)
Attributable to equity holders of the Company	**(2,111)**	23,287	(109)
(Loss)/profit attributable to equity holders of the Company as a percentage of:			
Total revenue	**(0.65%)**	9.69%	
Average shareholders' equity	**(0.82%)**	9.41%	
At 30 June:			
Shareholders' equity	**256,813**	257,151	-
Total equity	**270,422**	276,624	(2)
Total assets	**577,037**	679,667	(15)
Per share:			
(Loss)/earnings attributable to equity holders of the Company (Note 1)	**(0.56¢)**	6.11¢	(109)
Net asset value (Note 2)	**$0.68**	$0.68	-
Dividends paid & proposed (Note 3):			
Interim dividend	**0.3¢**	0.3¢	
Final dividend	**1.0¢**	1.5¢	

Notes:
1. Earnings per share (basic) is computed based on the weighted average capital (excluding treasury shares) during the year.
2. Net asset value per share is computed by dividing the shareholders' equity by the number of ordinary shares (excluding treasury shares) in issue at each year end.
3. Please refer to Note 32 of the Notes to the Financial Statements for the treatment of the proposed dividend in the accounts.

FIVE-YEAR FINANCIAL SUMMARY

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Consolidated Income Statement					
Revenue	322,691	240,251	262,327	369,022	426,119
(Loss)/profit before income tax	(2,930)	28,677	32,408	23,785	36,101
(Loss)/profit after income tax	(6,107)	27,526	26,918	19,367	29,448
(Loss)/profit attributable to equity holders of the Company	(2,111)	23,287	24,639	18,697	29,522
Consolidated Balance Sheet					
Property, plant and equipment & investment properties	85,341	169,968	206,047	198,167	251,180
Investments in associated companies & joint ventures	38,265	33,764	10,387	13,531	17,015
Other assets	453,431	475,935	382,945	365,270	287,097
Total assets	577,037	679,667	599,379	576,968	555,292
Total borrowings	168,555	212,731	199,239	128,674	160,893
Other liabilities	138,060	190,312	143,492	210,909	180,901
Total liabilities	306,615	403,043	342,731	339,583	341,794
Net assets	270,422	276,624	256,648	237,385	213,498
Share capital	86,572	86,572	86,574	86,579	86,596
Treasury shares	(2,845)	(1,620)	(1,025)	(1,273)	(1,585)
Capital and other reserves	40,027	26,922	23,281	(3,080)	1,299
Retained profits	133,059	145,277	129,015	138,712	125,917
Shareholders' equity	256,813	257,151	237,845	220,938	212,227
Non-controlling interests	13,609	19,473	18,803	16,447	1,271
Total equity	270,422	276,624	256,648	237,385	213,498
Ratios					
(Loss)/profit attributable to equity holders of the Company as a percentage of:					
Total revenue	(0.65%)	9.69%	9.39%	5.07%	6.93%
Average shareholders' equity	(0.82%)	9.41%	10.74%	8.63%	13.96%
Per share:					
(Loss)/earnings attributable to the equity holders of the Company (Note 1)	(0.56¢)	6.11¢	6.45¢	4.91¢	7.73¢
Net asset value (Note 2)	$0.68	$0.68	$0.62	$0.58	$0.56
Dividends paid & proposed (Note 3):					
Interim dividend	0.30¢	0.30¢	0.30¢	0.30¢	0.75¢
Final dividend	1.00¢	1.50¢	1.50¢	1.20¢	1.25¢

Notes:
1. Earnings per share (basic) is computed based on the weighted average capital (excluding treasury shares) during the year.
2. Net asset value per share is computed by dividing the shareholders' equity by the number of ordinary shares (excluding treasury shares) in issue at each year end.
3. Please refer to Note 32 of the Notes to the Financial Statements for the treatment of the proposed dividend in the accounts.

DIRECTORS' STATEMENT

for the Financial Year Ended 30 June 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2020 and the balance sheet of the Company as at 30 June 2020.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 93 to 210 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

DIRECTORS

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

Mr Raymond Lum Kwan Sung

Mr David Lum Kok Seng

Mr Tony Fong

Mr Kelvin Lum Wen Sum

Mr Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Mr Daniel Soh Chung Hian

Mr Andrew Chua Thiam Chwee

Mr Clement Leow Wee Kia

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" on page 84 in this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director or nominee			Holdings in which a director is deemed to have an interest		
	At 21.7.2020	**At 30.6.2020**	**At 1.7.2019**	**At 21.7.2020**	**At 30.6.2020**	**At 1.7.2019**
The Company:						
Lum Chang Holdings Limited						
(Ordinary shares)						
Raymond Lum Kwan Sung	**15,528,397**	**15,528,397**	15,528,397	**59,954,942**	**59,954,942**	59,954,942
David Lum Kok Seng	**10,938,436**	**10,938,436**	10,938,436	**70,368,300**	**70,368,300**	70,368,300
Tony Fong	**300,000**	**300,000**	300,000	**17,000**	**17,000**	17,000
Peter Sim Swee Yam	**10,000**	**10,000**	10,000	**-**	**-**	-
Lum Chang Holdings Limited						
($40 million 5.8% fixed rate notes due 2021)						
Raymond Lum Kwan Sung	**3,500,000**	**3,500,000**	3,500,000	**-**	**-**	-
David Lum Kok Seng	**3,000,000**	**3,000,000**	-	**-**	**-**	3,000,000
Kelvin Lum Wen Sum	**1,000,000**	**1,000,000**	1,000,000	**-**	**-**	-
Dr Willie Lee Leng Ghee	**500,000**	**500,000**	500,000	**-**	**-**	-
Subsidiary of Lum Chang Holdings Limited:						
UK Property Investment Pte Ltd						
(Ordinary shares)						
Raymond Lum Kwan Sung	**-**	**-**	-	**15**	**15**	15
David Lum Kok Seng	**-**	**-**	-	**15**	**15**	15

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

	At 30 June 2020	**At 1 July 2019**
UK Property Investment Pte Ltd and its subsidiaries		
- Number of ordinary shares	**70**	70
Wembley Properties Pte Ltd and its subsidiaries		
- Number of ordinary shares	**18,900,007**	18,900,007
Lum Chang Interior Pte Ltd and its subsidiary		
- Number of ordinary shares	**1,200,000**	1,200,000

SHARE OPTIONS

Lum Chang Employee Share Option Scheme 2007 (the "Option Scheme 2007")

The Option Scheme 2007 for key management personnel and employees of the Group had expired on 26 October 2018 and the exercise period for the last batch of options granted in 2013 had lapsed on 20 September 2018.

During the financial year ended 30 June 2019, 270,000 treasury shares of the Company were reissued upon the exercise of the options by:

	Number of ordinary shares	Exercise price
Holders of		**$**
2013 Options	270,000	0.32

There was no outstanding share option as at 30 June 2019 and 30 June 2020.

Audit and Risk Committee

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

Daniel Soh Chung Hian, Chairman

Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Andrew Chua Thiam Chwee

Clement Leow Wee Kia

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2020 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

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

INDEPENDENT AUDITOR

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

On behalf of the directors

Raymond Lum Kwan Sung	David Lum Kok Seng
Director	Director

17 September 2020

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

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Lum Chang Holdings Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 30 June 2020;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheet of the Group as at 30 June 2020;
- the balance sheet of the Company as at 30 June 2020;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accounting for construction contracts *Refer to Note 2.2(a) (Significant accounting policies relating to revenue recognition), Note 3(a) (Critical accounting estimates, assumptions and judgements), Note 4(a) (Disaggregation of revenue) and Note 4(b) (Contract assets and liabilities) to the financial statements.*	
For the financial year ended 30 June 2020, revenue from construction contracts ("construction revenue") amounted to $293.9 million. The Group recognised construction revenue over time by reference to the Group's progress towards completing the contract.	Our audit procedures included the following: (1) We obtained an understanding of the projects under construction through discussions with management and examination of project documentation (including contracts and correspondences with customers). (2) In relation to construction revenue, we: a. traced total contract sums to contracts and variation orders entered into by the Group with its customers; b. traced value of work recognised as construction revenue to the surveyor/architect certifications and assessed the competence of the surveyor/architect; c. assessed the adequacy of provision for liquidated damages to be net off against construction revenue recognised; and d. assessed the reasonableness of the revenue recognised via discussions with the project teams and obtaining corroborating evidence such as correspondences with the customers.

Our Audit Approach (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Accounting for construction contracts (continued)	
Significant judgement is required to estimate the construction revenue, variation of claims and total construction costs and provision for liquidated damages that will affect the profit margins recognised from the construction contracts.	(3) In relation to construction cost, we: a. traced the actual costs incurred to supplier invoices sub-contractor progress billings and contracts, other supporting documents; and b. tested management's estimates of cost to complete via the following: i. Traced to quotations and contracts entered with suppliers and sub-contractors. ii. Reviewed the appropriateness of the estimated costs to completion for materials, labour and other construction work with reference to the progress of each project. iii. Discussed with the relevant project teams regarding the progress of each project to assess the appropriateness of the estimated costs to completion for each project. We found no exceptions from the performing the above procedures. We have also assessed the appropriateness of the disclosures in the financial statements in relation to the sensitivity of changes in contract revenue and estimated costs to completion of uncompleted contracts to the Group's construction revenue, gross profit, and loss before income tax and found them to be appropriate.

Our Audit Approach (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to Notes 3(b) and 3(c) (Critical accounting estimates, assumptions and judgements), Note 21 (Investment Properties) and Note 18 (Investments in joint ventures) to the financial statements.*	
The Group's investment properties carried at fair value amounted to $58.3 million at 30 June 2020. In addition, the valuation of the investment property held by the Group's material joint venture, Dorado Holdings Pte Ltd and its subsidiaries, affects the carrying value of the Group's investment and the share of profits of the joint venture. Independent valuation by external valuers is used to support the annual determination of the fair value of the investment properties. The valuation of the investment properties is highly judgmental due to the use of estimates in the key inputs in the valuation techniques. The key inputs include adopted value per square meter, total gross development value, total estimated cost to completion, capitalisation rate and discount rate, and are dependent on the nature of each investment property and the prevailing market conditions. Furthermore, the valuation reports obtained from the external valuers for certain investment properties have highlighted the heightened uncertainty of the Coronavirus Disease 2019 ("COVID-19") outbreak.	Our audit procedures included the following: • assessed the competency, capabilities and objectivity of the external valuers; • obtained an understanding of the techniques used by the external valuers in determining the valuations of each of the investment properties; • discussed the critical assumptions made by the external valuers for the key inputs used in the valuation techniques; • checked, on a sample basis, the accuracy of underlying lease and financial information provided to the external valuers; • assessed the reasonableness of the key inputs used by benchmarking against those of comparable properties and prior year's inputs. • discussed the implications of the COVID-19 outbreak on the critical assumptions used by the external valuers. We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the investment properties and the key inputs used were within the range of market data. We have also assessed the adequacy of the disclosures relating to the significant judgment involved in the valuation of the investment properties and found them to be appropriate.

Other Information

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 17 September 2020

CONSOLIDATED INCOME STATEMENT

for the Financial Year Ended 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	4	**322,691**	240,251
Cost of sales		**(287,177)**	(206,032)
Gross profit		**35,514**	34,219
Other income	5(a)	**6,570**	3,619
Other (losses)/gains - net	5(b)	**(18,224)**	13,205
Expenses			
- Distribution and marketing		**(395)**	(836)
- Administrative and general		**(25,088)**	(29,665)
- Finance	8	**(7,485)**	(8,249)
Share of profits of associated companies		**2,942**	167
Share of profits of joint ventures		**3,236**	16,217
(Loss)/profit before income tax		**(2,930)**	28,677
Income tax expense	9(a)	**(3,177)**	(1,151)
Net (loss)/profit		**(6,107)**	27,526
Net (loss)/profit attributable to:			
Equity holders of the Company		**(2,111)**	23,287
Non-controlling interests		**(3,996)**	4,239
		(6,107)	27,526
(Loss)/earnings per ordinary share attributable to the equity holders of the Company (cents per share)	10		
- Basic		**(0.56)**	6.11
- Diluted		**(0.56)**	6.11

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Financial Year Ended 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000
Net (loss)/profit		**(6,107)**	27,526
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Losses	29(e)	**(357)**	(5,345)
- Reclassification	29(e)	**1,446**	(152)
Share of other comprehensive income/(loss) of associated companies	19	**47**	(16)
		1,136	(5,513)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains/(losses)	29(e)	**116**	(791)
Financial assets, at fair value through other comprehensive income ("FVOCI")			
- Fair value gains	29(d)	**8,710**	9,053
Other comprehensive income for the year, net of tax		**9,962**	2,749
Total comprehensive income for the year		**3,855**	30,275
Total comprehensive income attributable to:			
Equity holders of the Company		**7,735**	26,827
Non-controlling interests		**(3,880)**	3,448
		3,855	30,275

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

BALANCE SHEET - GROUP

As at 30 June 2020

	Note	2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**151,026**	134,326
Financial assets, at FVPL	15(b)	**-**	4,734
Trade and other receivables	12(a)	**23,312**	56,378
Contract assets	4(b)	**16,721**	46,276
Tax recoverable	9(b)	**292**	1,191
Properties held for sale	13	**4,417**	338
Development properties	14	**117,949**	119,052
Other current assets	16(a)	**8,120**	10,638
		321,837	372,933
Non-current assets			
Trade and other receivables	12(b)	**87,084**	80,776
Club memberships	17	**352**	353
Financial assets, at FVPL	15(b)	**8,063**	-
Financial assets, at FVOCI	15(a)	**25,146**	16,436
Investments in joint ventures	18	**33,400**	33,205
Investments in associated companies	19	**4,865**	559
Investment properties	21	**58,316**	144,296
Property, plant and equipment	22	**27,025**	25,672
Deferred income tax assets	9(c)	**6,092**	4,189
Other non-current assets	16(b)	**4,857**	1,248
		255,200	306,734
Total assets		**577,037**	679,667
LIABILITIES			
Current liabilities			
Trade and other payables	25(a)	**71,458**	104,636
Contract liabilities	4(b)	**28,409**	39,981
Provision for other liabilities	25(b)	**15,159**	16,502
Current income tax liabilities	9(b)	**5,758**	2,914
Borrowings	26	**4,368**	9,472
		125,152	173,505
Non-current liabilities			
Trade and other payables	25(a)	**17,180**	25,891
Borrowings	26	**164,187**	203,259
Deferred income tax liabilities	9(c)	**96**	388
		181,463	229,538
Total liabilities		**306,615**	403,043
NET ASSETS		**270,422**	276,624
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	28	**86,572**	86,572
Treasury shares	28	**(2,845)**	(1,620)
Capital and other reserves	29(a)	**40,027**	26,922
Retained profits	31(a)	**133,059**	145,277
		256,813	257,151
Non-controlling interests	30	**13,609**	19,473
Total equity		**270,422**	276,624

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

BALANCE SHEET - COMPANY

As at 30 June 2020

	Note	2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**25,905**	6,707
Trade and other receivables	12(a)	**52,629**	52,085
Other current assets	16(a)	**126**	157
		78,660	58,949
Non-current assets			
Trade and other receivables	12(b)	**129,955**	160,186
Club memberships	17	**350**	370
Investments in subsidiaries	20	**72,167**	72,285
Property, plant and equipment	22	**2,068**	1,271
		204,540	234,112
Total assets		**283,200**	293,061
LIABILITIES			
Current liabilities			
Trade and other payables	25(a)	**134,781**	127,967
Current income tax liabilities	9(b)	**266**	154
Borrowings	26	**486**	8,030
		135,533	136,151
Non-current liabilities			
Borrowings	26	**40,288**	39,948
		40,288	39,948
Total liabilities		**175,821**	176,099
NET ASSETS		**107,379**	116,962
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	28	**86,572**	86,572
Treasury shares	28	**(2,845)**	(1,620)
Capital and other reserves	29(a)	**3,182**	3,182
Retained profits	31(b)	**20,470**	28,828
Total equity		**107,379**	116,962

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2020

		←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
2020								
Balance as at 1 July 2019		**86,572**	**(1,620)**	**26,922**	**145,277**	**257,151**	**19,473**	**276,624**
Net loss		-	-	-	(2,111)	(2,111)	(3,996)	(6,107)
Other comprehensive income		-	-	9,846	-	9,846	116	9,962
Total comprehensive income/(loss)		**-**	**-**	**9,846**	**(2,111)**	**7,735**	**(3,880)**	**3,855**
Purchase of treasury shares	28	-	(1,225)	-	-	(1,225)	-	(1,225)
Interim dividend for FY2020	32	-	-	-	(1,141)	(1,141)	-	(1,141)
Final dividend for FY2019	32	-	-	-	(5,707)	(5,707)	-	(5,707)
Transfer of reserves		-	-	3,259	(3,259)	-	-	-
Interim dividend paid to non-controlling shareholders of subsidiaries	30	-	-	-	-	-	(1,984)	(1,984)
Total transactions with owners, recognised directly in equity		**-**	**(1,225)**	**3,259**	**(10,107)**	**(8,073)**	**(1,984)**	**(10,057)**
Balance as at 30 June 2020		**86,572**	**(2,845)**	**40,027**	**133,059**	**256,813**	**13,609**	**270,422**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the Financial Year Ended 30 June 2020

		← 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
2019								
Balance as at 1 July 2018		**86,574**	**(1,025)**	**23,281**	**129,015**	**237,845**	**18,803**	**256,648**
Net profit		-	-	-	23,287	23,287	4,239	27,526
Other comprehensive income/(loss)		-	-	3,540	-	3,540	(791)	2,749
Total comprehensive income		**-**	**-**	**3,540**	**23,287**	**26,827**	**3,448**	**30,275**
Employee share option scheme								
- Treasury shares reissued	28, 29(c)	(2)	101	(12)	-	87	-	87
Purchase of treasury shares	28	-	(696)	-	-	(696)	-	(696)
Interim dividend for FY2019	32	-	-	-	(1,141)	(1,141)	-	(1,141)
Final dividend for FY2018	32	-	-	-	(5,737)	(5,737)	-	(5,737)
Transfer of reserves		-	-	113	(113)	-	-	-
Interim dividend paid to non-controlling shareholders of subsidiaries	30	-	-	-	-	-	(1,421)	(1,421)
Transactions with non-controlling interests		-	-	-	(34)	(34)	(1,357)	(1,391)
Total transactions with owners, recognised directly in equity		**(2)**	**(595)**	**101**	**(7,025)**	**(7,521)**	**(2,778)**	**(10,299)**
Balance as at 30 June 2019		**86,572**	**(1,620)**	**26,922**	**145,277**	**257,151**	**19,473**	**276,624**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the Financial Year Ended 30 June 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Net (loss)/profit		**(6,107)**	27,526
Adjustments for:			
Income tax expense	9(a)	**3,177**	1,151
Share of profits of associated companies and joint ventures		**(6,178)**	(16,384)
Allowance for impairment of receivables	6	**2**	141
Amortisation of club memberships	6	**32**	38
Depreciation of property, plant and equipment	6	**3,959**	3,064
Dividend income from financial assets, at FVOCI	4	**(158)**	(68)
Fair value losses/(gains) on investment properties	5(b)	**17,327**	(287)
Fair value loss on financial assets, at FVPL	5(b)	**2,073**	-
Loss on liquidation of a subsidiary	5(b)	**-**	14
Gain on disposal of a subsidiary	5(b)	**(1,054)**	-
Gain on disposal of investment property	5(b)	**-**	(12,723)
Gain on disposal of club memberships	5(b)	**(1)**	(57)
Gain on disposal of property, plant and equipment – net	5(b)	**(20)**	(70)
Gain on reversal of accrued cost for investment property	5(b)	**(277)**	-
Impairment loss on club memberships	6	**19**	75
Interest income	5(a)	**(1,322)**	(852)
Finance expense	8	**7,485**	8,249
Property, plant and equipment written off	6	**45**	35
Operating cash flow before working capital changes		**19,002**	9,852
Change in working capital, net of effects from disposal of a subsidiary:			
- Trade and other receivables		**29,108**	2,416
- Contract assets		**29,555**	(29,764)
- Contract liabilities		**(11,572)**	39,981
- Other current assets		**(9,266)**	(191)
- Development properties/properties held for sale		**(3,113)**	375
- Trade and other payables		**(32,483)**	11,687
Cash generated from operations		**21,231**	34,356
Income tax paid	9(b)	**(1,640)**	(5,207)
Net cash provided by operating activities		**19,591**	29,149

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the Financial Year Ended 30 June 2020

	Note	2020 $'000	2019 $'000
Cash flows from investing activities			
Investment in a joint venture		**(326)**	(9,810)
Investment in an associated company		**(1,268)**	-
Investment in financial assets, at FVPL	15(b)	**(5,402)**	(4,734)
Acquisition of non-controlling interest in a subsidiary	20	**-**	(1,389)
Dividends received from an associated company		**-**	1,500
Dividends received from financial assets, at FVOCI		**158**	68
Expenditure on investment property	21	**(14,183)**	(4,546)
Increase in other current assets in relation to investment properties		**-**	(9,588)
Interest income received		**1,244**	818
Proceeds from disposal of a subsidiary, net of cash disposed	11	**96,776**	-
Proceeds from disposal of investment property, net of selling expenses	21	**-**	48,562
Proceeds from disposal of club memberships		**-**	65
Proceeds from disposal of property, plant and equipment		**320**	351
Purchase of club memberships		**(50)**	(154)
Purchase of property, plant and equipment		**(1,381)**	(3,552)
Advances to an investee company		**-**	(676)
Advances to joint ventures		**(7,500)**	(13,000)
Repayment from a joint venture		**6,730**	12,175
Net cash provided by investing activities		**75,118**	16,090
Cash flows from financing activities			
Cash and cash equivalents (pledged)/released from pledge		**(13)**	1
Dividends paid		**(6,848)**	(6,878)
Dividends paid to non-controlling shareholders of subsidiaries		**(1,984)**	(1,421)
Bank facility fees		**(73)**	(149)
Interest paid		**(7,461)**	(7,927)
Purchase of treasury shares	28	**(1,225)**	(696)
Proceeds from re-issuance of treasury shares	28	**-**	87
Proceeds from issuance of medium term notes		**-**	12,543
Repayment of medium term notes		**-**	(22,750)
Proceeds from bank loans		**13,057**	26,902
Repayment of bank loans		**(61,285)**	(1,221)
Repayment of lease liabilities		**(769)**	(78)
Repayment to a non-controlling shareholder of a subsidiary		**(11,371)**	(3,067)
Net cash used in financing activities		**(77,972)**	(4,654)
Net change in cash and cash equivalents		**16,737**	40,585
Cash and cash equivalents at beginning of financial year		**133,746**	93,644
Effect of changes in currency translation rates on cash and cash equivalents		**(50)**	(483)
Cash and cash equivalents at end of financial year	11	**150,433**	133,746

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the Financial Year Ended 30 June 2020

Reconciliation of liabilities arising from financing activities

	1 July 2019	Proceeds from bank loans	Principal and interest payments	Non-cash changes					30 June 2020
				Adoption of FRS 116	Addition during the year	Interest expense	Others	Foreign exchange movement	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Borrowings									
Bank loans	172,564	13,057	(61,285)	-	-	-	58	(26)	124,368
Lease liabilities	325	-	(840)	1,632	3,090	71	(2)	-	4,276
Medium term notes, net of transaction costs	39,842	-	-	-	-	-	69	-	39,911
Trade and other payables									
Loan interest payable	785	-	(7,390)	-	-	7,414	-	(131)	678
Advances from non-controlling shareholders of subsidiaries	11,104	-	(11,371)	-	-	-	-	267	-

	1 July 2018	Proceeds from bank loans	Principal and interest payments	Non-cash changes				30 June 2019
				Addition during the year	Interest expense	Others	Foreign exchange movement	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Borrowings								
Bank loans	149,080	26,902	(1,221)	-	-	113	(2,310)	172,564
Finance lease liabilities	243	-	(94)	160	16	-	-	325
Medium term notes, net of transaction costs	49,916	-	(10,207)	-	-	133	-	39,842
Trade and other payables								
Loan interest payable	915	-	(7,911)	-	7,781	-	-	785
Advances from non-controlling shareholders of subsidiaries	14,780	-	(3,067)	-	-	-	(609)	11,104

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

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

1. GENERAL INFORMATION

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2019

On 1 July 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group and the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group and the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 Leases:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2019 (continued)

Adoption of SFRS(I) 16 Leases

(a) When the Group and the Company are the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group and the Company's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.18.

On initial application of SFRS(I) 16, the Group and the Company have elected to apply the following practical expedients:

(i) For all contracts entered into before 1 July 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Leases, the Group and the Company have not reassessed if such contracts contain leases under SFRS(I) 16; and

(ii) On a lease-by-lease basis, the Group and the Company have:

a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;

c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;

d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and

e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 July 2019.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2019 (continued)

Adoption of SFRS(I) 16 Leases (continued)

(a) When the Group and the Company are the lessee (continued)

For leases previously classified as operating leases on 1 July 2019, the Group and the Company have applied the following transition provisions:

(i) On a lease-by-lease basis, the Group and the Company chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at an amount equal to lease liabilities recognised in the balance sheet immediately before the date of initial application. For ROU assets which meet the definition of an investment property, the Group and the Company had measured the ROU assets at their fair values at 1 July 2019.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 July 2019 using the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

(iii) For lease previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 July 2019 are determined based on the carrying amount of the property, plant and equipment and finance lease liabilities.

(b) When the Group and the Company are a lessor

There are no material changes to accounting by the Group and the Company as a lessor.

(c) When the Group is the intermediate lessor

The Group leases an underlying asset under a head lease arrangement and subleases the same asset to third parties as an intermediate lessor. Prior to the adoption of SFRS(I) 16, the sublease is classified as an operating lease when the head lease is an operating lease. The intermediate lessor recorded rental income in respect of the sublease on a straight-line basis over the term of the sublease and recorded rental expense in respect of the head lease on a straight-line basis over the term of the head lease.

Under SFRS(I) 16, accounting by the Group as an intermediate lessor depends on the classification of the sublease with reference to the ROU asset arising from the head lease rather than the underlying asset.

On 1 July 2019, the Group has reassessed the classification of the sublease based on the remaining contractual terms and condition of the head lease. Based on this assessment, all subleases pertain to the operating leases.

The accounting policy for subleases are disclosed in Note 2.18.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2019 (continued)

Adoption of SFRS(I) 16 Leases (continued)

The effects of adoption of SFRS(I) 16 on the financial statements as at 1 July 2019 are as follows:

	Group Increase $'000	Company Increase $'000
Property, plant and equipment	**1,632**	**1,295**
Borrowings	**1,632**	**1,295**

An explanation of the differences between the operating lease commitments previously disclosed in the financial statements as at 30 June 2019 and the lease liabilities recognised in the statement of financial position as at 1 July 2019 are as follows:

	Group $'000	Company $'000
Operating lease commitments disclosed as at 30 June 2019	2,048	1,336
Less: Short-term leases	(346)	-
Less: Low-value leases	(6)	-
Less: Discounting effects using weighted average incremental borrowing rates at 2.80% and 2.45% for Group and Company respectively	(64)	(41)
Lease liabilities recognised as at 1 July 2019	**1,632**	**1,295**

2.2 Revenue recognition

(a) Construction contracts

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(a) Construction contracts (continued)

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

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

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

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

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

(b) Development properties

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

(c) Properties held for sale

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(d) Rendering of services

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

(e) Rental income

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

(f) Dividend income

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

(g) Interest income

Interest income is recognised using the effective interest method.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 **Group accounting** (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) Disposals of subsidiaries or businesses

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 **Group accounting** (continued)

(b) Transactions with non-controlling interests

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

(c) Associated companies and joint ventures

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

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

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

(i) Acquisitions

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

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

(ii) Equity method of accounting

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 **Group accounting** (continued)

(c) Associated companies and joint ventures (continued)

(ii) Equity method of accounting (continued)

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

(iii) Disposals

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

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

2.4 **Property, plant and equipment**

(a) Measurement

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

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

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 land	2 to 6 years
Leasehold buildings	2 to 40 years
Plant and machinery	5 to 10 years
Furniture, office equipment and fittings	2 to 5 years
Motor vehicles	5 years

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.5 **Properties held for sale**

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Development properties

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

Goodwill

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

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

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

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

2.8 Borrowing costs

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

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

2.9 Investment properties

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments in subsidiaries, joint ventures and associated companies

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

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

2.11 Impairment of non-financial assets

(a) *Goodwill*

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

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

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

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

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

(b) *Club memberships*
Property, plant and equipment
Investments in subsidiaries, associated companies and joint ventures

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 **Impairment of non-financial assets** (continued)

(b) *Club memberships*
Property, plant and equipment
Investments in subsidiaries, associated companies and joint ventures (continued)

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.

2.12 **Financial guarantees**

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

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

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

Intra-group transactions are eliminated on consolidation.

2.13 **Club memberships**

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

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets

(a) *Classification and measurement*

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

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

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

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

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 **Financial assets** (continued)

(a) *Classification and measurement* (continued)

At subsequent measurement (continued)

(ii) Equity investments

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

(b) *Impairment*

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

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

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

(c) *Recognition and derecognition*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Fair value estimation of financial assets and liabilities

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

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

2.16 Borrowings

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

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

2.17 Trade and other payables

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

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

2.18 Leases

(a) The accounting policy for leases before 1 July 2019 are as follows:

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

The Group leases certain property, plant and equipment, offices spaces and state lands from non-related parties. The Company leases offices spaces from a related party.

- *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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 **Leases** (continued)

(a) The accounting policy for leases before 1 July 2019 are as follows: (continued)

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

- *Lessee - Finance leases* (continued)

  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.

- *Lessee - Operating leases*

  Leases of offices spaces and state lands 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.

(ii) 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.

(b) The accounting policy for leases from 1 July 2019 are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 **Leases** (continued)

(b) The accounting policy for leases from 1 July 2019 are as follows: (continued)

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

- *Right-of-use assets*

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

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

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

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

- *Lease liabilities*

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

  Lease payments include the following:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 **Leases** (continued)

(b) The accounting policy for leases from 1 July 2019 are as follows: (continued)

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

- *Lease liabilities* (continued)

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

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

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

- *Short-term and low value leases*

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

- *Variable lease payments*

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

(ii) When the Group is the lessor:

The accounting policies applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16 except when the Group is an intermediate lessor.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (continued)

(b) The accounting policy for leases from 1 July 2019 are as follows: (continued)

(ii) When the Group is the lessor: (continued)

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

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

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

2.19 Income taxes

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 **Income taxes** (continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

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

2.20 **Provisions**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee compensation

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

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

(c) *Share-based compensation*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

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

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

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

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Segment reporting

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

2.24 Cash and cash equivalents

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

2.25 Share capital and treasury shares

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

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

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

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

2.26 Dividends to Company's shareholders

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

2.27 Government grants

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

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) *Construction contracts*

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

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

If the revenue for uncompleted contracts as at balance sheet date had increased/decreased by 1% (2019: 1%), the Group's revenue and gross profit would have been higher/lower by approximately $5,009,000 (2019: $2,906,000), and the Group's loss before tax would have been lower/higher by approximately $5,009,000 (2019: $2,906,000).

If the estimated costs to completion for uncompleted contracts as at balance sheet date had increased by 1% (2019: 1%), the Group's gross profit would have been lower by approximately $819,000 (2019: $374,000) and the Group's loss before tax would have been higher by approximately $819,000 (2019: $374,000).

(b) *Valuation of investment properties*

Investment properties (Note 21) are stated at fair value based on independent valuation by external valuers. The fair values are based on highest and best use basis. The external valuers have considered valuation techniques including the direct market comparison method, income method and residual valuation method where appropriate (Note 21). The fair value of investment properties as at 30 June 2020 amounts to approximately $58,316,000 (2019: $144,296,000).

The valuation report obtained from the external valuer relating to the Group's investment property in United Kingdom with fair value amounting to $31,164,000 at 30 June 2020 has highlighted that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the Coronavirus Disease 2019 ("COVID-19") pandemic. This represents a significant estimation uncertainty in relation to the valuation of the investment property.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

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

(c) *Valuation of investment in a joint venture*

As at 30 June 2020, the carrying value of the Group's investment in a material joint venture, Dorado Holdings Pte Ltd and its subsidiaries ("Dorado Group"), accounted for using the equity method amounted to $21,485,000 (Note 18). The valuation of the investment property held by the Dorado Group affects the carrying value of the Group's investment and the share of profits of Dorado Group. The disclosures relating to the investment in joint venture are in Note 18.

The investment property held by the material joint venture at 30 June 2020 relates to a retail mall, The Tekka Place. The material joint venture has stated the investment property at fair value based on independent valuation by external valuer. The external valuer has derived the fair value using the average of the income capitalisation, discounted cash flow and direct comparison method. The key unobservable inputs used in the valuation are the capitalisation rate, the discount rate and the adopted value per square meter of net lettable area.

The valuation report obtained from the external valuer has highlighted that with the COVID-19 outbreak, it is difficult to predict the future impact that COVID-19 might have on the real estate market. In view of the foregoing, their opinion and assessment are based on the information provided and prevailing market data as at the date of the valuation report.

If the actual fair values of the investment property increase or decrease by 1%, the Group's share of the profits and net assets of the Dorado Group will increase or decrease by $773,500.

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

As at 30 June 2020, the Group has financial assets, at FVOCI amounting to $25,146,000 (2019: $16,436,000). These financial assets, at FVOCI relate to investments in unlisted equity instruments, with details set out in Note 15(a). The fair values of these investments have been measured based on the valuation technique described in Note 35(e). If the adjustment for lack of control and marketability of the unlisted shares measured using the adjusted net assets value method were to increase or decrease by 5%, the net assets of the Group will decrease or increase by $1,749,000.

(e) *Fair value of financial assets, at FVPL*

As at 30 June 2020, the Group has a financial asset, at FVPL amounting to $8,063,000 (2019: $4,734,000). The financial asset, at FVPL relates to the investment in an unlisted debt instrument, with details set out in Note 15(b). The fair value of this investment has been measured based on the valuation technique described in Note 35(e). If the discount rate applied in the discounted cash flow method were to increase or decrease by 1%, the Group's loss before tax will increase by $561,000 or decrease by $609,000 respectively.

4. REVENUE

(a) Disaggregation of revenue

	Group		
2020	**At a point in time $'000**	**Over time $'000**	**Total $'000**
Revenue from construction contracts			
- Non-related parties	**-**	**287,112**	**287,112**
- Joint venture	**-**	**6,827**	**6,827**
Revenue from sale of properties	**120**	**23,420**	**23,540**
Management and technical assistance fees from			
- Related party*	**-**	**48**	**48**
- Non-related parties	**-**	**478**	**478**
- Joint ventures	**-**	**198**	**198**
Total revenue from contracts with customer	**120**	**318,083**	**318,203**
Rental income			**4,330**
Dividend income from financial assets, at FVOCI			**158**
Total revenue			**322,691**

	Group		
2019	**At a point in time $'000**	**Over time $'000**	**Total $'000**
Revenue from construction contracts			
- Non-related parties	-	193,320	193,320
- Joint venture	-	28,390	28,390
- Related party*	-	96	96
Revenue from sale of properties	939	11,697	12,636
Management and technical assistance fees from			
- Related parties*	-	112	112
- Non-related parties	-	411	411
- Joint ventures	-	198	198
Total revenue from contracts with customer	939	234,224	235,163
Rental income			5,020
Dividend income from financial assets, at FVOCI			68
Total revenue			240,251

* Related party/parties refer(s) to a director of the Company, a director of a subsidiary and a company with a common director.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

4. REVENUE (CONTINUED)

(b) Contract assets and liabilities

	Group		
	30 June 2020	**30 June 2019**	**1 July 2018**
	$'000	**$'000**	**$'000**
Contract assets			
- Construction contracts for civil and building works	**6,334**	42,006	13,405
- Construction contracts for development properties	**10,387**	4,270	3,107
	16,721	46,276	16,512
Contract liabilities			
- Construction contracts for civil and building works	**28,409**	39,948	-
- Construction contracts for development properties	**-**	33	-
	28,409	39,981	-

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

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

(i) Revenue recognised in relation to contract liabilities

	Group	
	2020	**2019**
	$'000	**$'000**
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period		
- Construction contracts for civil and building works	**15,535**	-
- Construction contracts for development properties	**33**	-
	15,568	-
Revenue recognised in current period from performance obligations satisfied in previous periods		
- Construction contracts for civil and building works	**4,674**	4,690

4. REVENUE (CONTINUED)

(b) Contract assets and liabilities (continued)

(ii) Unsatisfied performance obligations

	Group	
	2020	**2019**
	$'000	**$'000**
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 30 June		
- Construction contracts for civil and building works	**1,855,760**	1,307,719
- Construction contracts for development properties	**17,910**	22,249
	1,873,670	1,329,968

Management expects that the transaction price allocated to unsatisfied performance obligations as at 30 June 2020 may be recognised as revenue during the next seven financial years. The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of period one year or less, or are billed based on time incurred, is not disclosed.

(c) Trade receivables from contracts with customers

	Group			Company		
	30 June 2020	**30 June 2019**	**1 July 2018**	**30 June 2020**	**30 June 2019**	**1 July 2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current assets						
Trade receivables	**8,451**	26,106	21,811	**50**	60	-
Less: Trade receivables from rental income from operating lease	**(1,112)**	(547)	(440)	**(50)**	(60)	-
Trade receivables from contracts with customers	**7,339**	25,559	21,371	**-**	-	-
Less: Loss allowances	**(152)**	(150)	(9)	**-**	-	-
	7,187	25,409	21,362	**-**	-	-

5(a). OTHER INCOME

	Group 2020 $'000	Group 2019 $'000
Interest income		
- Bank deposits	**1,238**	821
- Others	**84**	31
	1,322	852
Government grants – Construction Engineering Capability Development Programme	**1,048**	1,533
Government grants – Jobs Support Scheme	**2,140**	-
Government grants – Foreign Worker Levy Rebates	**809**	-
Government grants – others	**256**	60
Maintenance fees from development properties	**594**	568
Others - net	**401**	606
	6,570	3,619

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

The Jobs Support Scheme is a temporary scheme introduced in Singapore Budget 2020 to help enterprises retain local employees. Under the Jobs Support Scheme, employers will receive cash grants in relation to the gross monthly wages of eligible employees for the months of October 2019 to August 2020, excluding January 2020. On 17 August 2020, the Government announced that the Jobs Support Scheme has been extended by up to seven months at lower support levels to cover wages paid up to March 2021.

Foreign Worker Levy Rebates is a temporary scheme introduced in Singapore Budget 2020 to help enterprises retain foreign workers who are unable to work due to the circuit breaker measures. Under the Foreign Worker Levy Rebate scheme, employers will receive cash grant of $750 per headcount of foreign worker for the months of May 2020 to June 2020 and $375 per headcount of foreign worker for months of July 2020 to September 2020.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

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

	Group 2020 $'000	Group 2019 $'000
Currency translation (losses)/gains – net	**(176)**	82
Fair value (losses)/gains on investment properties – net (Note 21)	**(17,327)**	287
Fair value loss on financial assets, at FVPL [Note 15(b)]	**(2,073)**	-
Gain on disposal of a subsidiary (Note 11)	**1,054**	-
Gain on disposal of investment property (Note 21)	**-**	12,723
Gain on disposal of property, plant and equipment – net	**20**	70
Gain on disposal of club memberships	**1**	57
Gain on reversal of accrued cost for investment property	**277**	-
Loss on liquidation of a subsidiary	**-**	(14)
	(18,224)	13,205

6. EXPENSES BY NATURE

	Group 2020 $'000	Group 2019 $'000
Subcontractor and other construction costs	**258,736**	178,885
Depreciation of property, plant and equipment (Note 22)	**3,959**	3,064
Employee compensation (Note 7)	**42,495**	46,148
Directors' fees	**377**	364
Auditors fees:		
Fees on audit services paid/payable to:		
- Auditor of the Company	**377**	352
- Other auditors	**118**	124
Fees on non-audit services paid/payable to:		
- Auditor of the Company	**34**	38
- Other auditors	**9**	49
Legal and professional fees	**1,011**	956
Rental expenses	**418**	241
Amortisation of club memberships	**32**	38
Impairment loss on club memberships	**19**	75
Property, plant and equipment written off	**45**	35
Allowance for impairment of receivables	**2**	141
Other	**5,028**	6,023
Total cost of sales, distribution and marketing, and administrative and general expenses	**312,660**	236,533

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

7. EMPLOYEE COMPENSATION

	Group	
	2020	2019
	$'000	$'000
Wages and salaries	**39,183**	42,890
Employer's contribution to defined contribution plans including Central Provident Fund	**2,835**	2,730
Other benefits	**477**	528
Staff costs recognised in profit or loss (Note 6)	**42,495**	46,148

Key management remuneration is disclosed in Note 36(b).

8. FINANCE EXPENSES

	Group	
	2020	2019
	$'000	$'000
Interest expense:		
- Bank borrowings	**4,914**	4,595
- Lease liabilities	**71**	16
- Other	**126**	407
- Medium term notes	**2,301**	3,177
	7,412	8,195
Bank facility fees	**73**	54
Finance expenses recognised in profit or loss	**7,485**	8,249

9. INCOME TAXES

(a) Income tax expense

	Group 2020 $'000	Group 2019 $'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	**2,608**	2,658
- Foreign	**-**	37
	2,608	2,695
Deferred income tax	**600**	(1,487)
	3,208	1,208
Under/(over) provision in prior financial years		
- Current income tax	**2,772**	43
- Deferred income tax	**(2,803)**	(100)
	(31)	(57)
	3,177	1,151

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 2020 $'000	Group 2019 $'000
(Loss)/profit before income tax	**(2,930)**	28,677
Share of profits of associated companies and joint ventures	**(6,178)**	(16,384)
	(9,108)	12,293
Tax calculated at tax rate of 17% (2019: 17%)	**(1,548)**	2,090
Effects of:		
- Statutory stepped income exemption	**(56)**	(56)
- Different tax rates in other countries	**(275)**	(92)
- Tax incentives	**(94)**	(231)
- Income not subject to tax	**(536)**	(2,806)
- Expenses not deductible for tax purposes	**5,962**	3,324
- Recognition of previously unrecognised deferred tax assets	**(370)**	(1,203)
- Deferred tax assets not recognised	**125**	182
- Over provision of tax	**(31)**	(57)
	3,177	1,151

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for the Financial Year Ended 30 June 2020

9. INCOME TAXES (CONTINUED)

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**1,723**	4,208	**154**	69
Currency translation differences	**3**	(16)	**-**	-
Income tax paid	**(1,640)**	(5,207)	**(68)**	(46)
Tax expense	**2,608**	2,695	**232**	83
Under/(over) provision in prior financial years	**2,772**	43	**(52)**	48
End of financial year	**5,466**	1,723	**266**	154
Representing:				
Current income tax liabilities	**5,758**	2,914	**266**	154
Tax recoverable	**(292)**	(1,191)	**-**	-
	5,466	1,723	**266**	154

(c) Deferred income taxes

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**(3,801)**	(2,267)	**-**	-
Currency translation differences	**8**	53	**-**	-
Charged/(credited) to profit or loss	**600**	(1,487)	**-**	-
Over provision in prior financial years	**(2,803)**	(100)	**-**	-
End of financial year	**(5,996)**	(3,801)	**-**	-

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.

9. INCOME TAXES (CONTINUED)

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

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	**(6,092)**	(4,189)	**-**	-
Deferred tax liabilities	**96**	388	**-**	-
Net deferred tax assets	**(5,996)**	(3,801)	**-**	-

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

Deferred income tax liabilities

	Accelerated tax depreciation	**Others**	**Lease assets**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Group				
30 June 2020				
Beginning of financial year	388	-	-	388
Adjustment on adoption of SFRS(I) 16	-	-	304	304
At 1 July 2019	388	-	304	692
Currency translation differences	1	(1)	-	-
(Credited)/charged to profit or loss	(380)	88	487	195
End of financial year	**9**	**87**	**791**	**887**
30 June 2019				
Beginning of financial year	552	-	-	552
Credited to profit or loss	(164)	-	-	(164)
End of financial year	388	-	-	388

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9. INCOME TAXES (CONTINUED)

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

Deferred income tax assets

	Expenditure on sale of development properties $'000	Tax losses $'000	Others $'000	Lease liabilities $'000	Total $'000
Group					
30 June 2020					
Beginning of financial year	(1,802)	(2,244)	(143)	-	(4,189)
Adjustment on adoption of SFRS(I) 16	-	-	-	(304)	(304)
At 1 July 2019	(1,802)	(2,244)	(143)	(304)	(4,493)
Currency translation differences	5	3	-	-	8
Charged/(credited) to profit or loss	72	(2,104)	121	(487)	(2,398)
End of financial year	**(1,725)**	**(4,345)**	**(22)**	**(791)**	**(6,883)**
30 June 2019					
Beginning of financial year	(2,290)	(293)	(236)	-	(2,819)
Currency translation differences	36	17	-	-	53
Charged/(credited) to profit or loss	452	(1,968)	93	-	(1,423)
End of financial year	(1,802)	(2,244)	(143)	-	(4,189)

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 2020 $'000	Group 2019 $'000
Unutilised tax losses	**33,597**	35,136
Unabsorbed capital allowances	**131**	133
	33,728	35,269

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	
	2020	**2019**
Net (loss)/profit attributable to equity holders of the Company ($'000)	**(2,111)**	23,287
Weighted average number of ordinary shares in issue for basic earnings per share ('000) for diluted earnings per share ('000)	**379,592**	381,208
(Loss)/earnings per share (in cents per share)		
- Basic	**(0.56)**	6.11
- Diluted	**(0.56)**	6.11

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

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. There are no potential dilutive ordinary shares as at 30 June 2020 and 30 June 2019.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	**105,180**	56,296	**25,903**	6,705
Short-term bank deposits	**45,846**	78,030	**2**	2
	151,026	134,326	**25,905**	6,707

Included in cash and cash equivalents of the Group is an amount of approximately $6,462,000 (2019: $3,499,000) held under the Malaysia's Housing Developers (Control and Licensing) Act 1966 and an amount of approximately $5,153,000 (2019: $1,699,000) held under the Singapore's Housing Developers (Project Account) Rules (1997 Ed.), withdrawals from which are restricted to payments for expenditure incurred on the project.

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for the Financial Year Ended 30 June 2020

11. CASH AND CASH EQUIVALENTS (CONTINUED)

As at 30 June 2020, short-term bank deposits of $593,000 (2019: $580,000) 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	
	2020	**2019**
	$'000	**$'000**
Cash and bank balances (as above)	**151,026**	134,326
Less: Cash and cash equivalents pledged	**(593)**	(580)
Cash and cash equivalents per consolidated statement of cash flows	**150,433**	133,746

Disposal of subsidiaries

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

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

12. TRADE AND OTHER RECEIVABLES

(a) **Current**

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
- Non-related parties	**8,392**	26,041	**-**	-
- Related party*	**13**	26	**13**	26
- Joint venture and associated companies	**46**	39	**37**	34
	8,451	26,106	**50**	60
Less: Allowance for impairment of receivables				
- Non-related parties	**(152)**	(150)	**-**	-
Trade receivables - net	**8,299**	25,956	**50**	60
Construction contracts				
Retention sums receivable				
- Non-related parties	**6,639**	19,008	**-**	-
- Joint venture	**2,358**	2,143	**-**	-
Advances to subsidiaries (i)	**-**	-	**79,674**	79,291
Less: Allowance for impairment	**-**	-	**(27,267)**	(27,267)
	-	-	**52,407**	52,024
Interest receivable	**65**	16	**-**	-
Dividend receivable	**1,958**	-	**-**	-
Other receivables	**3,295**	1,544	**172**	1
Accrued income	**-**	305	**-**	-
Advances to joint ventures (ii)	**698**	7,406	**-**	-
	23,312	56,378	**52,629**	52,085

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

(i) The advances to subsidiaries are unsecured, repayable on demand and interest-free.

(ii) The advances to joint ventures are unsecured, interest-free and repayable on demand, except for an amount of $698,000 (2019: $676,000) which is unsecured, bears interest at 8% (2019: 8%) per annum and is repayable on demand.

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for the Financial Year Ended 30 June 2020

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) **Non-current**

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Construction contracts				
Retention sums receivable				
- Non-related parties	**13,665**	12,859	**-**	-
- Joint venture	**-**	2,144	**-**	-
Advance to a joint venture (i)	**73,000**	65,500	**-**	-
Other receivables	**313**	167	**-**	-
Advances to subsidiaries (ii)	**-**	-	**129,955**	160,186
Advances to an associated company (iii)	**106**	106	**-**	-
	87,084	80,776	**129,955**	160,186

(i) The advance to a joint venture of $73,000,000 (2019: $65,500,000) is unsecured, interest-free and have no fixed terms of repayment and forms part of Group's investment in the joint venture. Settlement of the advance is neither planned nor likely to occur in the foreseeable future.

(ii) The advances to subsidiaries amounting to $129,955,000 (2019: $160,186,000) are unsecured, interest-free and have no fixed terms of repayment and form part of the Company's investments in subsidiaries. Settlement of these advances is neither planned nor likely to occur in the foreseeable future.

Included in the advances to subsidiaries is an amount of $5,755,000 (2019: $31,665,000) that has been subordinated to a bank loan of a subsidiary.

(iii) The advances to an associated company amounting to $106,000 (2019: $106,000) is unsecured, interest-free and have no fixed terms of repayment. Settlement of these advances is neither planned nor likely to occur in the foreseeable future.

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

13. PROPERTIES HELD FOR SALE

	Group	
	2020	**2019**
	$'000	**$'000**
Properties held for sale – at cost	**4,417**	338

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

Location	**Description of development**	**Tenure/ Group's interest in property**	**Site area sq.m.**	**Estimated gross floor area sq.m.**
2 parcels of land at Lot No. 990 and 1308 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia	Residential development	Freehold/ 100%	3,776	3,154

14. DEVELOPMENT PROPERTIES

	Group	
	2020	**2019**
	$'000	**$'000**
Properties under construction	**117,949**	119,052

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

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for the Financial Year Ended 30 June 2020

14. DEVELOPMENT PROPERTIES (CONTINUED)

(a) Details of the development properties as of 30 June 2020 are as follows:

Location	Description of development	Tenure/ Group's interest in property	Site area sq.m.	Estimated gross floor area sq.m.	Stage of completion/ Expected year of completion
2 parcels of land at Lot No. 990 and 1308 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia	Residential development	Freehold/ 100%	622,703	227,120	66%^/ 2025
GM7799 Lot 62391 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia	Residential development#	Freehold/ 100%	11,767	-#	-#
One Tree Hill, Singapore	Residential development	Freehold/ 100%	3,831	6,938	62%^/ 2021

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

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

15(a). FINANCIAL ASSETS, AT FVOCI

	Group	
	2020	**2019**
	$'000	**$'000**
Beginning of financial year	**16,436**	-
Reclassification at 1 July 2018	**-**	7,383
Fair value gains [Note 29(d)]	**8,710**	9,053
End of financial year	**25,146**	16,436

15(a). FINANCIAL ASSETS, AT FVOCI (CONTINUED)

	Group	
	2020	**2019**
	$'000	**$'000**
Unlisted equity investments		
At fair value		
- Singapore*	**22,484**	13,762
- British Virgin Islands	**2,662**	2,674
	25,146	16,436

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

15(b). FINANCIAL ASSETS, AT FVPL

	Group	
	2020	**2019**
	$'000	**$'000**
Beginning of financial year	**4,734**	-
Addition	**5,402**	4,734
Fair value loss [Note 5(b)]	**(2,073)**	-
End of financial year	**8,063**	4,734

	Group	
	2020	**2019**
	$'000	**$'000**
Current		
Unlisted debt instrument		
- Convertible loan	**-**	4,734
Non-current		
Unlisted debt instrument		
- Convertible loan	**8,063**	-
	8,063	4,734

The instruments are all mandatorily measured at fair value through profit or loss.

The financial assets, at FVPL is not expected to be recovered within twelve months from the balance sheet date as at 30 June 2020. The financial assets, at FVPL was repayable on demand as of 30 June 2019.

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16. OTHER ASSETS

(a) **Current**

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deposits	**6,341**	891	**126**	157
Deposits in Escrow account (i)	**1,413**	9,588	**-**	-
Prepayments	**366**	159	**-**	-
	8,120	10,638	**126**	157

(b) **Non-current**

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deposits	**3,746**	436	**-**	-
Prepayments	**1,111**	812	**-**	-
	4,857	1,248	**-**	-

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

17. CLUB MEMBERSHIPS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cost				
Beginning of financial year	**1,191**	1,071	**972**	815
Additions	**50**	154	**-**	157
Disposals	**(2)**	(34)	**(2)**	-
End of financial year	**1,239**	1,191	**970**	972
Accumulated amortisation				
Beginning of financial year	**745**	710	**589**	572
Amortisation charge	**32**	38	**24**	17
Disposals	**(2)**	(3)	**(2)**	-
End of financial year	**775**	745	**611**	589
Accumulated impairment				
Beginning of financial year	**93**	40	**13**	18
Reversal of impairment charge	**19**	75	**(4)**	(5)
Disposals	**-**	(22)	**-**	-
End of financial year	**112**	93	**9**	13
Net book value	**352**	353	**350**	370

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

18. INVESTMENTS IN JOINT VENTURES

Set out below are the joint ventures of the Group as at 30 June 2020, which, in the opinion of the directors, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2020	2019
			%	**%**
Held by subsidiaries				
Dorado Holdings Pte Ltd and its subsidiaries ("Dorado Group")	Property investment	Singapore	**50**	50
CLI CP (Netherlands) Pte Ltd and its subsidiary ("CLI Group")	Property investment	Singapore	**50**	50

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

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

The Group has $20,531,700 (2019: $20,928,000) of commitments to provide funding if called, relating to its joint venture. There are no contingent liabilities relating to the Group's interest in the joint venture.

18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures

Set out below is the summarised financial information for Dorado Group and CLI Group.

Summarised balance sheet

	Dorado Holdings Pte Ltd and its subsidiaries $'000	**CLI CP (Netherlands) Pte Ltd and its subsidiary $'000**
As at 30 June 2020		
Current assets	14,701	5,047
Includes:		
- Cash and cash equivalents	10,738	5,047
- Other current assets	154	-
Current liabilities	(11,630)	(4,256)
Includes:		
- Financial liabilities (excluding trade and other payables and provisions)	(4,657)	(4,240)
- Other current liabilities (including trade payables)	(6,973)	(16)
Non-current assets	441,765	-
Non-current liabilities	(401,867)	-
Includes:		
- Financial liabilities (excluding trade and other payables and provisions)	(393,167)	-
Net assets	42,969	791

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18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised balance sheet (continued)

	Dorado Holdings Pte Ltd and its subsidiaries $'000	CLI CP (Netherlands) Pte Ltd and its subsidiary $'000
As at 30 June 2019		
Current assets	8,631	18,519
Includes:		
- Cash and cash equivalents	7,856	323
- Other current assets	108	-
Current liabilities	(240,817)	(18,467)
Includes:		
- Financial liabilities (excluding trade and other payables and provisions)	(230,818)	(18,424)
- Other current liabilities (including trade payables)	(9,999)	(43)
Non-current assets	411,238	-
Non-current liabilities	(135,287)	-
Includes:		
- Financial liabilities (excluding trade and other payables and provisions)	(131,000)	-
- Other current liabilities (including trade payables)	(4,287)	-
Net assets	43,765	52

18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income

	Dorado Holdings Pte Ltd and its subsidiaries $'000	CLI CP (Netherlands) Pte Ltd and its subsidiary $'000
For the year ended 30 June 2020		
Revenue	5,169	-
Other gains	17,398	4,627
Other income	424	29
Interest income	11	52
Expenses	(12,244)	(159)
Includes:		
- Depreciation	(3,278)	-
- Interest expense	(3,735)	(8)
Profit from continuing operations	10,758	4,549
Income tax expense	(8,700)	-
Post-tax profit from continuing operations/ total comprehensive income	2,058	4,549
Dividends received from joint ventures	-	1,914
For the year ended 30 June 2019		
Revenue	-	-
Other gains	33,869	-
Other income	63	2
Interest income	22	215
Expenses	(927)	(256)
Includes:		
- Interest expense	-	(108)
Profit from continuing operations	33,027	(39)
Income tax expense	-	-
Post-tax profit/(loss) from continuing operations/ total comprehensive income/(loss)	33,027	(39)
Dividends received from joint ventures	-	-

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

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18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

	2020	2019
	$'000	$'000
Net loss	**68**	277
Total comprehensive loss	**68**	277

Reconciliation of summarised financial information

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

	Dorado Holdings Pte Ltd and its subsidiaries	**CLI CP (Netherlands) Pte Ltd and its subsidiary**	**Total**
	$'000	**$'000**	**$'000**
As at 30 June 2020			
Net Assets	42,969	791	43,760
Interest in joint ventures (50%)	21,485	395	21,880
Carrying value of individually immaterial joint ventures			11,520
Carrying value of Group's interest in joint ventures			**33,400**

18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Reconciliation of summarised financial information (continued)

	Dorado Holdings Pte Ltd and its subsidiaries $'000	CLI CP (Netherlands) Pte Ltd and its subsidiary $'000	Total $'000
As at 30 June 2019			
Net Assets	43,765	52	43,817
Interest in joint ventures (50%)	21,882	26	21,908
Carrying value of individually immaterial joint ventures			11,297
Carrying value of Group's interest in joint ventures			**33,205**

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19. INVESTMENTS IN ASSOCIATED COMPANIES

Set out below is an associated company of the Group as at 30 June 2020, which, in the opinion of the directors, is material to the Group. The associated company as listed below has share capital consisting solely of ordinary shares, which is held directly by the Group.

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2020	**2019**
			%	**%**
Held by subsidiaries				
Unquoted equity shares				
PT Super Makmur Sejahtera*	Property development	Indonesia	**25**	-

* Audited by other firm of auditors

During the financial year ended 30 June 2020, the Group invested $1,268,000, which represents 25% of the shareholding interests, in PT Super Makmur Sejahtera ("PT Super") to fund the acquisition of a land for investment purposes. The other 75% shareholding interests is held by a related party [Note 36(c)].

PT Super owns a piece of vacant land of approximately 580,000 square meters located in Bintan, Indonesia.

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

19. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies

Set out below are the summarised financial information for PT Super Makmur Sejahtera.

Summarised balance sheet

	PT Super Makmur Sejahtera As at 30 June 2020 $'000
Current assets	**116**
Current liabilities	**(9)**
Non-current assets	**16,928**
Net assets	**17,035**

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19. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised statement of comprehensive income

	PT Super Makmur Sejahtera For the year ended 30 June 2020 $'000
Interest income	1
Other gain	11,783
Expenses	(14)
Profit from continuing operations	11,770
Income tax expense	-
Post-tax profit from continuing operations/total comprehensive income	11,770
Dividends received from associated company	-

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

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

	2020 $'000	2019 $'000
Loss from continuing operations	(5)	(5)
Other comprehensive income/(loss)	47	(16)
Total comprehensive income/(loss)	42	(21)

19. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

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

	PT Super Makmur Sejahtera As at 30 June	
	2020	**2019**
	$'000	**$'000**
Net Assets	**17,035**	-
Group's equity interest	**25%**	-
Group's share of net assets	**4,259**	-
Add:		
Carrying value of individually immaterial associated companies, in aggregate	**606**	559
Carrying value of Group's interest in associated companies	**4,865**	559

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for the Financial Year Ended 30 June 2020

20. INVESTMENTS IN SUBSIDIARIES

	2020 $'000	2019 $'000
Equity investment at cost	**98,518**	98,562
Less: Allowance for impairment losses	**(26,351)**	(26,277)
	72,167	72,285

The movement in allowance for impairment losses is as follows:

	2020 $'000	2019 $'000
Beginning of financial year	**26,277**	25,377
Allowance for impairment losses	**74**	900
End of financial year	**26,351**	26,277

Details of subsidiaries are provided in Note 40.

During the previous financial year ended 30 June 2019, the Group acquired an additional 12,250 shares in Lum Chang (Suzhou) Investments Pte Ltd ("LCZ") for a purchase consideration of $1,389,000. The Group holds 100% of the equity share capital of LCZ as at 30 June 2019. The Group derecognised non-controlling interest of $1,357,000 (Note 30) and recorded a decrease in equity attributable to owners of the parent of $34,000.

Summarised financial information of subsidiaries with non-controlling interests

The non-controlling interest of the Group amounted to $13,609,000 (2019: $19,473,000) as at 30 June 2020 and is disclosed in Note 30.

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with non-controlling interests (continued)

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

Summarised balance sheet

	Wembley Properties Pte Ltd and its subsidiaries $'000	Lum Chang Interior Pte Ltd and its subsidiary $'000
As at 30 June 2020		
Current		
Assets	12,682	9,023
Liabilities	(3,736)	(6,216)
Total current net assets	8,946	2,807
Non-current		
Assets	31,034	3,065
Liabilities	-	(54)
Total non-current net assets	31,034	3,011
Net assets	39,980	5,818
Non-controlling interests' share of net assets in subsidiaries (30%; 20%)	**11,994**	**1,164**
As at 30 June 2019		
Current		
Assets	33,369	7,482
Liabilities	(1,913)	(5,906)
Total current net assets/(liabilities)	31,456	1,576
Non-current		
Assets	25,704	776
Liabilities	(63)	-
Total non-current net assets	25,641	776
Net assets	57,097	2,352
Non-controlling interests' share of net assets in subsidiaries (30%; 20%)	17,129	470

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised income statement

	Wembley Properties Pte Ltd and its subsidiaries $'000	Lum Chang Interior Pte Ltd and its subsidiary $'000
For the year ended 30 June 2020		
Revenue	-	27,340
(Loss)/profit before income tax	(17,521)	4,088
Income tax expense	-	(623)
(Loss)/profit after income tax	(17,521)	3,465
Other comprehensive income	406	-
Total comprehensive (loss)/income	**(17,115)**	**3,465**
Total comprehensive (loss)/income allocated to non-controlling interests	**(5,134)**	**693**
Dividends paid to non-controlling interests	**-**	**-**
For the year ended 30 June 2019		
Revenue	112	12,553
Profit before income tax	12,268	1,541
Income tax expense	36	(234)
Profit after income tax	12,304	1,307
Other comprehensive loss	(2,375)	-
Total comprehensive income	9,929	1,307
Total comprehensive income allocated to non-controlling interests	2,979	262
Dividends paid to non-controlling interests	1,322	100

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised cash flows

	Wembley Properties Pte Ltd and its subsidiaries $'000	Lum Chang Interior Pte Ltd and its subsidiary $'000
For the year ended 30 June 2020		
Cash flows from operating activities		
Cash generated from operations	739	4,049
Income tax refunded/(paid)	5	(209)
Net cash generated from operating activities	744	3,840
Net cash used in investing activities	(14,182)	(209)
Net cash used in financing activities	-	(5)
Net (decrease)/increase in cash and cash equivalents	(13,438)	3,626
Cash and cash equivalents at beginning of year	23,484	3,300
Cash and cash equivalents at end of year	**10,046**	**6,926**

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for the Financial Year Ended 30 June 2020

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised cash flows (continued)

	Wembley Properties Pte Ltd and its subsidiaries $'000	Lum Chang Interior Pte Ltd and its subsidiary $'000
For the year ended 30 June 2019		
Cash flows from operating activities		
Cash (used in)/generated from operations	(13,290)	2,074
Income tax refunded/(paid)	8	(158)
Net cash (used in)/generated from operating activities	(13,282)	1,916
Net cash generated from/(used in) investing activities	47,577	(6)
Net cash used in financing activities	(14,096)	(500)
Net increase in cash and cash equivalents	20,199	1,410
Cash and cash equivalents at beginning of year	3,285	1,890
Cash and cash equivalents at end of year	23,484	3,300

21. INVESTMENT PROPERTIES

	Group 2020 $'000	Group 2019 $'000
Beginning of financial year	**144,296**	180,658
Capitalisation of expenditure for re-development of investment property	**22,358**	4,546
Disposal of investment property	**(95,760)**	(34,711)
Fair value (losses)/gains recognised in profit or loss [Note 5(b)]	**(17,327)**	287
Currency translation differences	**4,749**	(6,484)
End of financial year	**58,316**	144,296

The expenditure capitalised for re-development of investment property amounting to $22,358,000 during the financial year ended 30 June 2020 was settled by cash amounting to $14,183,000 and via utilisation of deposit in escrow account (Note 16) amounting to $8,175,000.

21. INVESTMENT PROPERTIES (CONTINUED)

During the financial year ended 30 June 2020, the Group fully disposed one of its investment properties in the United Kingdom via disposal of its investment in the subsidiary for a cash consideration of $97,619,000 (net of expenses incurred). The carrying value of the investment property disposed is $95,760,000. The Group's gain on disposal of the investment in subsidiary after accounting for related transaction costs amounting to $1,054,000 [Note 5(b)].

During the financial year ended 30 June 2019, the Group disposed a portion of one of its investment properties in the United Kingdom for a cash consideration of $48,562,000. The carrying value of the portion of the investment property disposed is $34,711,000. The Group's gain on disposal of the investment property after accounting for related transaction costs of $1,128,000 is $12,723,000 [Note 5(b)].

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

(i) Located in Singapore:

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

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

(ii) Located in the United Kingdom:

	Description/Existing use	Tenure of land
Kelaty House, Wembley	Under construction*	Freehold

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

(b) At 30 June 2020, an investment property with total carrying value of $23,792,000 (2019: $115,232,000) is charged by way of mortgage in favour of a bank for bank loan as disclosed in Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

21. INVESTMENT PROPERTIES (CONTINUED)

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

	Group	
	2020	**2019**
	$'000	**$'000**
Rental income	**3,789**	4,503
Fair value (losses)/gains recognised in profit or loss	**(17,327)**	287
Direct operating expenses arising from:		
- Investment properties that generated rental income	**(873)**	(859)
- Investment properties that did not generate rental income	**(57)**	(457)

(d) Fair value hierarchy

Description	**Fair value measurements using significant unobservable inputs (Level 3) $'000**
Recurring fair value measurements	
30 June 2020	
Singapore:	
- Commercial properties	27,152
United Kingdom:	
- Commercial properties	31,164
Recurring fair value measurements	
30 June 2019	
Singapore:	
- Commercial properties	27,429
United Kingdom:	
- Commercial properties	116,867

Valuation processes of the Group

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

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

21. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy (continued)

Valuation techniques used to derive Level 3 fair values

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

(i) the Direct Market Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant inputs to the valuation approach would be the adopted value per square meter of net lettable area, adopted value per square meter of gross floor area and adopted value per acre of site area.

(ii) the Income Method where the approach is to capitalise the rental income for the property by an appropriate market based yield taken from the analysis of comparable transactions. The most significant inputs to the valuation approach would be the estimated rental value per square feet of net lettable area and the yield rate.

(iii) the Residual Valuation Method where the property is valued in its existing partially completed state of construction taking into account the cost of work done by deducting estimated cost to complete and other relevant costs from gross development value of the proposed development, assuming satisfactory completion.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

21. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy at 30 June 2020:

Fair value at 30 June 2020 ('000)	Valuation technique(s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Commercial properties in Singapore				
$27,152 (2019: $27,429)	Direct Market Comparison Method	Adopted value per square meter of net lettable area	$6,700 to $26,880 per sq.m. (2019: $6,780 to $26,880 per sq.m.)	The higher the adopted value, the higher the fair value
Commercial properties in United Kingdom				
$NIL (2019: $91,163)	Income Method	Capitalisation rate	NIL% (2019: 4.85%)	The lower the yield rate, the higher the fair value
Commercial properties under development in United Kingdom				
$31,164 (2019: $25,704)	Residual Valuation Method	Total gross development value	$84,358,000 (2019: $100,245,000)	The higher the total gross development value, the higher the fair value
		Total estimated cost to completion	$47,197,000 (2019: $68,064,000)	The lower the total estimated cost to completion, the higher the fair value

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

The third party valuer engaged by management for one of the investment properties held by the group with fair value amounting to $31,164,000 at 30 June 2020 included a material valuation uncertainty clause in its report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of the investment property.

22. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land $'000	Leasehold buildings $'000	Plant and machinery $'000	Furniture, office equipment and fittings $'000	Motor vehicles $'000	Total $'000
Group						
30 June 2020						
Cost						
Beginning of financial year	-	23,004	19,452	8,188	6,501	57,145
Adoption of SFRS(I) 16 (Note 2.1)	1,300	332	-	-	-	1,632
	1,300	23,336	19,452	8,188	6,501	58,777
Currency translation differences	-	(1)	-	(1)	(1)	(3)
Additions	2,836	117	112	559	623	4,247
Disposals	-	-	(668)	(30)	(1,035)	(1,733)
Others	-	(223)	-	-	-	(223)
End of financial year	4,136	23,229	18,896	8,716	6,088	61,065
Accumulated depreciation						
Beginning of financial year	-	6,438	15,236	7,373	2,426	31,473
Currency translation differences	(1)	(1)	-	(1)	(1)	(4)
Depreciation charge (Note 6)	728	1,016	879	531	805	3,959
Disposals	-	-	(662)	(30)	(696)	(1,388)
End of financial year	727	7,453	15,453	7,873	2,534	34,040
Net book value						
End of financial year	**3,409**	**15,776**	**3,443**	**843**	**3,554**	**27,025**

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for the Financial Year Ended 30 June 2020

22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land $'000	Leasehold buildings $'000	Plant and machinery $'000	Furniture, office equipment and fittings $'000	Motor vehicles $'000	Total $'000
Group						
30 June 2019						
Cost						
Beginning of financial year	-	23,004	17,770	7,797	6,176	54,747
Currency translation differences	-	-	-	(11)	(10)	(21)
Additions	-	-	2,330	422	914	3,666
Disposals	-	-	(648)	(20)	(579)	(1,247)
End of financial year	-	23,004	19,452	8,188	6,501	57,145
Accumulated depreciation						
Beginning of financial year	-	5,500	14,904	6,927	2,027	29,358
Currency translation differences	-	-	-	(11)	(7)	(18)
Depreciation charge (Note 6)	-	938	837	477	812	3,064
Disposals	-	-	(505)	(20)	(406)	(931)
End of financial year	-	6,438	15,236	7,373	2,426	31,473
Net book value						
End of financial year	**-**	**16,566**	**4,216**	**815**	**4,075**	**25,672**

22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold building $'000	Furniture, office equipment and fittings $'000	Motor vehicles $'000	Total $'000
Company				
30 June 2020				
Cost				
Beginning of financial year	-	416	2,017	2,433
Adoption of SFRS(I) 16 (Note 2.1)	1,295	-	-	1,295
	1,295	416	2,017	3,728
Additions	-	86	498	584
Disposals	(76)	(4)	(682)	(762)
End of financial year	1,219	498	1,833	3,550
Accumulated depreciation				
Beginning of financial year	-	398	764	1,162
Depreciation charge	481	21	266	768
Disposals	(11)	(4)	(433)	(448)
End of financial year	470	415	597	1,482
Net book value				
End of financial year	**749**	**83**	**1,236**	**2,068**
30 June 2019				
Cost				
Beginning of financial year	-	407	1,997	2,404
Additions	-	9	364	373
Disposals	-	-	(344)	(344)
End of financial year	-	416	2,017	2,433
Accumulated depreciation				
Beginning of financial year	-	383	758	1,141
Depreciation charge	-	15	260	275
Disposals	-	-	(254)	(254)
End of financial year	-	398	764	1,162
Net book value				
End of financial year	-	18	1,253	1,271

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for the Financial Year Ended 30 June 2020

22. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 23.

(b) An amount of $2,188,000 (2019: $1,574,000) included in the Group's depreciation charge for leasehold land, leasehold buildings, plant and machinery, furniture, office equipment and fittings, and motor vehicles has been included in direct construction costs during the financial year.

(c) One of the leasehold buildings of the Group with carrying amount of approximately $12,522,000 (2019: $13,094,000) as at 30 June 2020 is charged by way of a mortgage in favour of a bank for a bank loan as disclosed in Note 26 to the financial statements.

(d) Included within the Group's additions to property, plant and equipment, is an amount of $3,090,000 (2019: Nil) which relates to addition of right-of-use assets and a reversal of costs accrual amounting to $224,000 during the financial year ended 30 June 2020.

23. LEASES – THE GROUP AND THE COMPANY AS A LESSEE

Nature of the Group and the Company's leasing activities

Property

The Group leases office spaces for the purpose of back office operations and state land from the government for the purposes of its construction projects. The Company leases office spaces for the purpose of back office operations.

Motor vehicles

The Group and the Company leased motor vehicles for employees. The leased motor vehicles are recognised within Property, plant and equipment (Note 22).

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	Group		Company	
	30 June 2020 $'000	**1 July 2019 $'000**	**30 June 2020 $'000**	**1 July 2019 $'000**
Leasehold building	**15,776**	332	**749**	1,295
Leasehold land	**3,409**	1,300	**-**	-
Effects of adoption of SFRS(I) 16	**19,185**	1,632	**749**	1,295
Motor vehicles*	**610**	735	**250**	307
	19,795	2,367	**999**	1,602

* Motor vehicles were previously included within property, plant and equipment as they were acquired under finance leases arrangement.

23. LEASES – THE GROUP AND THE COMPANY AS A LESSEE (CONTINUED)

(a) Carrying amounts (continued)

ROU assets classified within investment properties

The right-of-use asset relating to leasehold land presented under investment properties (Note 21) is stated at fair value and has a carrying amount of $27,152,000 (2019: $27,429,000) as at 30 June 2020.

(b) Depreciation charge during the year

	Group 2020 $'000	Company 2020 $'000
Leasehold building	1,016	470
Leasehold lands	728	-
Motor vehicles	125	57
	1,869	527

(c) Interest expense

	Group 2020 $'000	Company 2020 $'000
Interest expense on lease liabilities (Note 8)	71	29

(d) Lease expense not capitalised in lease liabilities

	Group 2020 $'000	Company 2020 $'000
Short-term lease expense	380	-
Low value lease expenses	6	-
	386	-

(e) Total cash outflow for all leases in 2020 was $1,226,000 for the Group and $516,000 for the Company.

(f) Addition of ROU assets during the financial year 2020 was $3,090,000 for the Group and $Nil for the Company.

(g) Future cash outflow which are not capitalised in lease liabilities

Extension options

The leases for office spaces and leasehold land contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

24. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out its owned retail space and office premises to non-related parties for monthly lease payments. The leases have varying terms and renewal rights. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 21.

Nature of the Group's leasing activities – Group as an intermediate lessor

Subleases – classified as operating leases

The Group acts as an intermediate lessor under arrangement in which it subleases out leasehold building spaces to non-related party for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head lease and accordingly, the sub-leases are classified as an operating leases.

Income from subleasing the leasehold building recognised during the financial year 2020 was $516,000 (2019: $517,000).

Maturity analysis of lease payments - Group as lessor

Undiscounted lease payments from the operating leases to be received after the reporting date are:

	Group	
	30 June 2020 $'000	1 July 2019 $'000
Less than one year	925	1,091
One to two years	1,408	431
Total undiscounted lease payment	2,333	1,522

25(a). TRADE AND OTHER PAYABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade payables				
- Non-related parties	**46,262**	82,019	**138**	139
- Related parties*	**40**	-	**37**	-
- Joint venture	**44**	-	**-**	-
Construction contracts				
- Retention sums payable	**11,910**	6,990	**-**	-
Development projects				
- Retention sums payable	**2,552**	1,664	**-**	-
- Advances received on development projects	**-**	43	**-**	-
Loans and advances from:				
- Subsidiaries	**-**	-	**132,922**	124,107
Accruals for development costs	**3,014**	2,423	**-**	-
Accruals for operating expenses	**3,530**	7,487	**416**	2,707
Other payables	**1,172**	875	**423**	380
Deposits received	**950**	1,150	**-**	-
Deferred grant income	**1,268**	-	**232**	-
Rent received in advance	**35**	1,149	**-**	-
Loan interest payable	**678**	785	**610**	583
Unclaimed dividends	**3**	51	**3**	51
	71,458	104,636	**134,781**	127,967
Non-current				
Deposits received	**446**	295	**-**	-
Construction contracts				
- Retention sums payable	**15,381**	13,895	**-**	-
Development projects				
- Retention sums payable	**1,353**	597	**-**	-
Advances from non-controlling shareholders of subsidiaries	**-**	11,104	**-**	-
	17,180	25,891	**-**	-

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

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25(a). TRADE AND OTHER PAYABLES (CONTINUED)

Loans and advances from subsidiaries are unsecured, interest-free and repayable on demand.

As at 30 June 2019, the advances from the non-controlling shareholders of subsidiaries were unsecured and interest-free. The advances were fully repaid during the financial year.

The fair values of the financial liabilities included in non-current trade and other payables approximate their carrying amounts as at the balance sheet date.

25(b). PROVISION FOR OTHER LIABILITIES

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

The movement in provision for other liabilities is as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**16,502**	19,450	**-**	-
Provision made	**1,709**	2,095	**-**	-
Provision utilised	**(781)**	(136)	**-**	-
Provision written back	**(2,271)**	(4,907)	**-**	-
End of financial year	**15,159**	16,502	**-**	-

26. BORROWINGS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Bank loans	**3,165**	9,385	**-**	8,000
Finance lease liabilities (Note 27)	**-**	87	**-**	30
Lease liabilities	**1,203**	-	**486**	-
	4,368	9,472	**486**	8,030
Non-current				
Bank loans	**121,203**	163,179	**-**	-
Finance lease liabilities (Note 27)	**-**	238	**-**	106
Lease liabilities	**3,073**	-	**377**	-
5.8% medium term notes due 2021, net of transaction costs	**39,911**	39,842	**39,911**	39,842
	164,187	203,259	**40,288**	39,948
Total borrowings	**168,555**	212,731	**40,774**	47,978

Refer to Note 35(a)(iii) for the exposure of borrowings to interest rate risk.

26. BORROWINGS (CONTINUED)

(a) Security granted

Total borrowings as at 30 June 2020 included the following:

Certain revolving and term loans amounting to $124,368,000 (2019: $164,564,000) are secured by two of the Group's development properties (Note 14), an investment property (Note 21), a leasehold building (Note 22), the assignment of sales and rental proceeds and insurance policies relating to property, plant and equipment [Note 22(c)], and corporate guarantees from the Company.

(b) Medium term notes

On 31 March 2014, the Company established a $300,000,000 Multicurrency Medium Term Note Programme (the "Programme"). Under the Programme, the Company may, subject to compliance with all relevant laws and regulations and directives, from time to time issue notes in series or tranches. The notes may be in Singapore dollars or in other currencies, in various amounts and tenors, and may bear interest at a fixed, floating, variable or hybrid rate, or may not bear interest, as agreed between the Company and the relevant dealer.

On 27 September 2018, the Company issued Medium Term Notes amounting to $40,000,000, with transaction costs amounting to $207,000. The notes will mature on 27 September 2021 and bears a fixed interest of 5.80% per annum which is payable semi-annually.

(c) Fair value of non-current borrowings

The carrying amounts of the non-current bank loans approximate their fair values, as the bank loans bear interest at variable rates.

The fair value of Medium Term Notes which bears a fixed interest of 5.80% per annum is disclosed as following:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Medium Term Notes	**42,084**	42,147	**42,084**	42,147

The fair value above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the date of statement of financial position which the directors expect to be available to Group as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	%	**%**	**%**	**%**
Medium Term Notes	**1.5%**	3.1%	**1.5%**	3.1%

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27. FINANCE LEASE LIABILITIES

Finance lease liabilities were reclassified to lease liabilities on 1 July 2019 arising from the adoption of SFRS(I) 16.

	Group 2019 $'000	Company 2019 $'000
Minimum lease payments due:		
- not later than 1 year	100	36
- between 1 and 5 years	255	114
	355	150
Less: Future finance charges	(30)	(14)
Present value of lease liabilities	325	136
The present value of finance lease liabilities are analysed as follows:		
- not later than 1 year (Note 26)	87	30
- between 1 and 5 years (Note 26)	238	106
	325	136

Finance leases are in respect of motor vehicles.

28. SHARE CAPITAL AND TREASURY SHARES

	← No. of ordinary shares →		← Amount →	
	Issued share capital	**Treasury shares**	**Issued share capital**	**Treasury shares**
	'000	**'000**	**$'000**	**$'000**
Group and Company				
30 June 2020				
Beginning of financial year	**385,030**	**(4,543)**	**86,572**	**(1,620)**
Purchase of treasury shares	**-**	**(3,799)**	**-**	**(1,225)**
End of financial year	**385,030**	**(8,342)**	**86,572**	**(2,845)**
30 June 2019				
Beginning of financial year	385,030	(2,819)	86,574	(1,025)
Purchase of treasury shares	-	(1,994)	-	(696)
Treasury shares reissued	-	270	(2)	101
End of financial year	385,030	(4,543)	86,572	(1,620)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares (except treasury shares) carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company did not issue any ordinary shares during the financial years ended 30 June 2020 and 30 June 2019.

(a) **Treasury shares**

During the financial year, the Company acquired 3,799,000 (2019: 1,994,000) shares in the Company in the open market. The total amount paid to acquire the shares was $1,225,000 (2019: $696,000) and this was presented as a component within shareholders' equity.

During the financial year ended 30 June 2019, 270,000 treasury shares of the Company were reissued pursuant to the Option Scheme 2007 for a total cash consideration of $87,000 upon the exercise of options by:

	No. of ordinary shares		**Exercise price**
Holders of	**2020**	**2019**	**$**
2013 Options	**-**	270,000	0.32
	-	270,000	

The cost of treasury shares reissued amounted to $101,000. The gain/(loss) on reissue of the treasury shares is recognised directly in share capital account.

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for the Financial Year Ended 30 June 2020

28. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(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 scheme had expired on 26 October 2018 after being in place for 10 years and the exercisable period for the last batch of options granted in 2013 had lapsed on 20 September 2018.

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

	No. of ordinary shares under option						
	Beginning of financial year	**Granted during financial year**	**Forfeited during financial year**	**Exercised during financial year**	**End of financial year**	**Exercise price**	**Exercise Period**
Group and Company							
2019							
2013 Options	1,390,000	-	(1,120,000)	(270,000)	-	$0.32	21.09.2015 to 20.09.2018
	1,390,000	-	(1,120,000)	(270,000)	-		

There was no outstanding share options as at 30 June 2020 and 30 June 2019.

Options exercised during the financial year ended 30 June 2019 resulted in 270,000 treasury shares being reissued at the exercise price of $0.32 per share.

29. CAPITAL AND OTHER RESERVES

		Group		Company	
		30 June 2020 $'000	**30 June 2019 $'000**	**30 June 2020 $'000**	**30 June 2019 $'000**
(a)	**Composition**				
	Capital reserves	**19,131**	19,131	**2,800**	2,800
	Share option reserve	**382**	382	**382**	382
	Fair value reserve	**17,836**	9,079	**-**	-
	Foreign currency translation reserve	**(923)**	(2,012)	**-**	-
	Capital redemption reserve	**3,601**	342	**-**	-
		40,027	26,922	**3,182**	3,182

		Group		Company	
		30 June 2020 $'000	**30 June 2019 $'000**	**30 June 2020 $'000**	**30 June 2019 $'000**
(b)	**Movement in capital reserves**				
	Beginning and end of financial year	**19,131**	19,131	**2,800**	2,800

The capital reserves arise mainly from acquisition of subsidiaries under common control and capitalisation of retained profits of subsidiaries.

		Group		Company	
		30 June 2020 $'000	**30 June 2019 $'000**	**30 June 2020 $'000**	**30 June 2019 $'000**
(c)	**Movement in share option reserve**				
	Beginning of financial year	**382**	394	**382**	394
	Employee share option scheme				
	- Treasury shares reissued on exercise of share options	**-**	(12)	**-**	(12)
	End of financial year	**382**	382	**382**	382

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for the Financial Year Ended 30 June 2020

29. CAPITAL AND OTHER RESERVES (CONTINUED)

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
(d) Movement in fair value reserve				
Beginning of financial year	**9,079**	42	**-**	-
Financial assets, at FVOCI				
- Fair value gains [Note 15(a)]	**8,710**	9,053	**-**	-
Other	**47**	(16)	**-**	-
End of financial year	**17,836**	9,079	**-**	-
(e) Movement in foreign currency translation reserve				
Beginning of financial year	**(2,012)**	3,485	**-**	-
Net currency translation differences of financial statements of foreign subsidiaries, joint ventures and associated companies	**(241)**	(6,136)	**-**	-
(Add)/less: Non-controlling interests	**(116)**	791	**-**	-
	(357)	(5,345)	**-**	-
Reclassification on repayment of loan receivables	**1,620**	(152)	**-**	-
Reclassification on disposal of a subsidiary	**(174)**	-	**-**	-
End of financial year	**(923)**	(2,012)	**-**	-
(f) Movement in capital redemption reserve				
Beginning of financial year	**342**	229	**-**	-
Transfer of reserves	**3,259**	113	**-**	-
End of financial year	**3,601**	342	**-**	-

During the financial year ended 30 June 2020, a wholly-owned Malaysia subsidiary of the Group redeemed its Class "B" redeemable non-cumulative preference shares out of profits. When the shares were redeemed, an amount which is not available for distribution as dividends to the shareholder was transferred from retained profits to capital redemption reserve as required by the Malaysia Companies Act.

(g) All capital and other reserves are non-distributable.

30. NON-CONTROLLING INTERESTS

	Group	
	2020	**2019**
	$'000	**$'000**
Beginning of financial year	**19,473**	18,803
(Loss)/profit for the financial year	**(3,996)**	4,239
Other comprehensive income/(loss)	**116**	(791)
Dividends paid to non-controlling interests	**(1,984)**	(1,421)
Derecognised non-controlling interest (Note 20)	**-**	(1,357)
End of financial year	**13,609**	19,473

The summarised financial information about the assets, liabilities, profit or loss and cashflows for the Group's subsidiaries with material non-controlling interests are as disclosed in Note 20.

31. RETAINED PROFITS

(a) **Group**

Retained profits of the Group are distributable except for the retained profits of associated companies and joint venture amounting to $24,428,000 (2019: $21,482,000). Retained profits of the Company are distributable.

(b) **Company**

Movements in retained profits of the Company are as follows:

	Company	
	2020	**2019**
	$'000	**$'000**
Beginning of financial year	**28,828**	26,456
(Loss)/profit for the financial year	**(1,510)**	9,250
Dividends paid (Note 32)	**(6,848)**	(6,878)
End of financial year	**20,470**	28,828

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for the Financial Year Ended 30 June 2020

32. DIVIDENDS

	Group and Company	
	2020	**2019**
	$'000	**$'000**
Interim dividend of 0.3 cents (2019: 0.3 cents) per ordinary share	**1,141**	1,141
Final dividend of 1.5 cents (2019: 1.5 cents) per ordinary share	**5,707**	5,737
Total dividends paid	**6,848**	6,878

The directors have proposed a final dividend for 2020 of 1.0 cents per share, amounting to approximately $3,767,000. These financial statements do not reflect these proposed dividends, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2021.

33. CONTINGENCIES

Guarantees (unsecured)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Financial guarantees given to banks and finance companies in connection with facilities given to subsidiaries	**-**	-	**183,294**	207,416
Financial guarantees given to banks and finance companies in connection with facilities given to joint ventures	**125,955**	115,487	**125,955**	115,487

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.

34. COMMITMENTS

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
(a) Commitments not provided for in the financial statements excluding those held by joint ventures (Note 18) are as follows:				
Development expenditure contracted for development properties	**5,154**	13,277	**-**	-
Investment commitments	**10,811**	10,477	**-**	-
Purchase of property, plant and equipment	**101**	-	**-**	-
	16,066	23,754	**-**	-

(b) **Operating lease commitments – where the Group is a lessee**

The Group leases office spaces, state lands and dormitories from non-related parties and the Company leases office premises from a subsidiary under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

As at 30 June 2019, 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 2019 $'000	Company 2019 $'000
Not later than 1 year	946	503
Between 1 and 5 years	1,102	833
	2,048	1,336

As disclosed in Note 2.1, the Group has adopted SFRS(I) 16 on 1 July 2019. These lease payments have been recognised in ROU assets and lease liabilities on the balance sheet as at 30 June 2020, except for short-term and low value leases.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

34. COMMITMENTS (CONTINUED)

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

The Group leases out retail space and office premises to non-related parties under non-cancellable operating leases. The leases have varying terms and renewal rights.

As at 30 June 2019, 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
	2019
	$'000
Not later than 1 year	3,917
Between 1 and 5 years	11,464
Later than 5 years	3,422
	18,803

On 1 July 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease payments from the operating leases to be received after 30 June 2020 is disclosed in Note 24.

35. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to financial risks arising from its operations and the key financial risks identified include credit risk, liquidity risk and market risk (including price risk, currency risk, interest rate risk).

The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group does not hold or issue derivative financial instruments for speculative purposes.

The Group operates predominantly in Singapore, Malaysia and the United Kingdom and the functional currencies of the entities in each of the countries are the Singapore Dollar ("SGD"), the Malaysian Ringgit ("RM") and Pound Sterling ("GBP") respectively. Entities in the Group transact predominantly in their functional currencies and hold matching currency assets and liabilities to the extent possible to achieve a natural hedging effect.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) **Market risk**

(i) Price risk

Price risk is the risk arising from uncertainties on future prices of investments classified as financial assets, at FVPL or FVOCI. The fair value information on the Group's investments in unquoted debt and equity instruments (classified as financial assets, at FVPL or FVOCI) is presented in Note 35(e).

(ii) Currency risk

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

	Group			Company	
	RM	**GBP**	**USD**	**RM**	**GBP**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 30 June 2020					
Financial assets					
Cash and cash equivalents	12,454	22,566	-	35	10,925
Financial assets, at FVPL	-	-	8,063	-	-
Financial assets, at FVOCI	-	-	2,663	-	-
Trade and other receivables	4,998	1,086	761	-	-
Intercompany receivables	236	12,259	-	-	-
Other financial assets	373	1,413	-	-	-
	18,061	37,324	11,487	35	10,925
Financial liabilities					
Borrowings	(21,078)	-	-	-	-
Trade and other payables	(6,453)	(5,672)	-	-	-
Intercompany payables	(236)	(12,259)	-	-	-
	(27,767)	(17,931)	-	-	-
Net financial (liabilities)/assets	**(9,706)**	**19,393**	**11,487**	**35**	**10,925**
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	9,746	(8,468)	-	-	-
Currency exposure	**40**	**10,925**	**11,487**	**35**	**10,925**

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) **Market risk** (continued)

(ii) *Currency risk* (continued)

	Group			Company	
	RM	**GBP**	**USD**	**RM**	**GBP**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 30 June 2019					
Financial assets					
Cash and cash equivalents	20,027	29,473	-	34	844
Financial assets, at FVPL	-	-	4,734	-	-
Financial assets, at FVOCI	-	-	2,674	-	-
Trade and other receivables	8,553	1,006	683	-	-
Intercompany receivables	229	71,297	-	-	-
Other financial assets	436	9,588	-	-	-
	29,245	111,364	8,091	34	844
Financial liabilities					
Borrowings	(16,530)	(51,858)	-	-	-
Trade and other payables	(4,735)	(14,465)	-	-	-
Intercompany payables	(229)	(71,271)	-	-	-
	(21,494)	(137,594)	-	-	-
Net financial assets/(liabilities)	**7,751**	**(26,230)**	**8,091**	**34**	**844**
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(7,711)	27,463	-	-	-
Currency exposure	**40**	**1,233**	**8,091**	**34**	**844**

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) **Market risk** (continued)

(ii) *Currency risk* (continued)

Sensitivity analysis for currency risk

If the RM changes against the SGD by 5% (2019: 4%) and the GBP and USD changes against the SGD by 5% (2019: 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)			
	Loss after tax 30 June 2020 $'000	**Other comprehensive income 30 June 2020 $'000**	**Profit after tax 30 June 2019 $'000**	**Other comprehensive income 30 June 2019 $'000**
Group				
RM against SGD				
- strengthened	**(2)**	**-**	-	-
- weakened	**2**	**-**	-	-
GBP against SGD				
- strengthened	**(453)**	**-**	16	-
- weakened	**453**	**-**	(16)	-
USD against SGD				
- strengthened	**(366)**	**110**	225	111
- weakened	**366**	**(110)**	(225)	(111)
Company				
RM against SGD				
- strengthened	**(2)**	**-**	1	-
- weakened	**2**	**-**	(1)	-
GBP against SGD				
- strengthened	**(453)**	**-**	35	-
- weakened	**453**	**-**	(35)	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) **Market risk** (continued)

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group is exposed to interest rate risk primarily due to changes in interest rates arising from its interest-bearing assets and debt obligations. The Group manages its interest rate risks by maintaining a mix of fixed and variable rate debt instruments with varying maturities.

The material interest-bearing assets of the Group are short-term bank deposits. Short-term bank deposits bear interest at the market interest rate. An interest rate movement of 0.5% will not have a substantial impact on the net profit of the Group.

The Group and the Company's borrowings mainly comprises of bank loans and Medium Term Notes. The bank loans are entered into at variable interest rates while the Medium Term Notes are entered into at fixed interest rates.

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD and GBP. If the SGD interest rate increases/decreases by 0.5% (2019: 0.5%) and the GBP interest rates increases/decreases by 0.5% (2019: 0.5%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company will be lower/higher by $618,000 (2019: $351,000) and $5,400 (2019: $22,000) respectively as a result of higher/lower interest expense on these borrowings.

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

	Variable rates				Fixed rates				
	Less than 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Less than 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group									
At 30 June 2020	**121,434**	**2,933**	**-**	**-**	**107**	**2,009**	**42,072**	**-**	**168,555**
At 30 June 2019	164,400	164	-	-	8,043	44	40,080	-	212,731
Company									
At 30 June 2020	**-**	**-**	**757**	**-**	**15**	**15**	**39,987**	**-**	**40,774**
At 30 June 2019	-	-	-	-	8,015	15	39,948	-	47,978

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. Credit evaluations are performed on all customers who require credit over a certain amount.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Management based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored by the Management.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instrument presented on the balance sheet, except for corporate guarantees provided by the Company as disclosed in Note 33.

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 (2019: three debtors) that individually represented 6% to 20% (2019: 7% to 36%) of trade receivables.

The contract assets due from customers of the Group comprise three debtors (2019: five debtors) that individually represented 7% to 68% (2019: 11% to 40%) of contract assets.

The retention sums receivable of the Group comprise three debtors (2019: three debtors) that individually represented 11% to 57% (2019: 12% to 57%) of retention sums receivable.

The movements in credit loss allowance are as follows:

	Trade receivables[(a)] $'000	Contract assets[(a)] $'000	Total $'000
Group			
Balance at 1 July 2019	150	-	150
Loss allowance recognised in profit or loss during the year on:			
- Assets acquired/originated	2	-	2
Balance at 30 June 2020	**152**	**-**	**152**

[(a)] Loss allowance measured at lifetime ECL

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) **Credit risk** (continued)

The movements in credit loss allowance are as follows: (continued)

	Trade receivables[a] $'000	Contract assets[a] $'000	Total $'000
Group			
Balance at 1 July 2018	9	-	9
Loss allowance recognised in profit or loss during the year on:			
- Assets acquired/originated	141	-	141
Balance at 30 June 2019	**150**	**-**	**150**

[a] Loss allowance measured at lifetime ECL

(i) *Trade receivables, contract assets and retention sum receivables*

The Group has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables, contract assets and retention sum receivables are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables and retention sum receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss, the Group considers historical loss rates for each category of receivables and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Management has considered, among other factors (including forward-looking information), the Group's historical loss pattern over the last three financial years. Based on the above, management concluded that the expected credit loss rate for trade receivables, retention sum receivables and unbilled revenue is close to zero. The loss allowance provision for trade receivables, retention sum receivables and unbilled revenue was assessed as not material.

Trade receivables, contract assets and retention sum receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables and contract assets due. Where recoveries are made, these are recognised in profit or loss.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) **Credit risk** (continued)

(i) *Trade receivables, contract assets and retention sum receivables* (continued)

The Group's credit risk exposure in relation to trade receivables, retention sum receivables and contract assets under SFRS(I) 9 as at 30 June 2020 and 30 June 2019 are set out in the provision matrix as follows:

		Past due			
	Current	Less than 3 months	3 to 6 months	More than 6 months	Total
	$'000	$'000	$'000	$'000	$'000
Group					
As at 30 June 2020					
Construction contracts for civil and building works					
Trade receivables	3,418	1,214	54	723	5,409
Less: Specific allowance	-	-	-	(139)	(139)
	3,418	1,214	54	584	5,270
Contract assets	6,334	-	-	-	6,334
	9,752	1,214	54	584	11,604
Property and development					
Trade receivables	1,150	19	1,873	-	3,042
Less: Specific allowance	(13)	-	-	-	(13)
	1,137	19	1,873	-	3,029
Contract assets	10,387	-	-	-	10,387
	11,524	19	1,873	-	13,416

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for the Financial Year Ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) **Credit risk** (continued)

(i) *Trade receivables, contract assets and retention sum receivables* (continued)

	Current	Past due: Less than 3 months	Past due: 3 to 6 months	Past due: More than 6 months	Total
	$'000	$'000	$'000	$'000	$'000
Group					
As at 1 July 2019					
Construction contracts for civil and building works					
Trade receivables	12,468	10,068	20	11	22,567
Less: Specific allowance	(139)	-	-	-	(139)
	12,329	10,068	20	11	22,428
Contract assets	42,006	-	-	-	42,006
	54,335	10,068	20	11	64,434
Property and development					
Trade receivables	3,263	191	-	85	3,539
Less: Specific allowance	(11)	-	-	-	(11)
	3,252	191	-	85	3,528
Contract assets	4,270	-	-	-	4,270
	7,522	191	-	85	7,798

The trade receivables contract assets and retention sum receivables is subject to immaterial expected credit loss.

(ii) *Cash and cash equivalents*

The Group and the Company held cash and cash equivalents of $151,026,000 and $25,905,000 respectively (2019: $134,326,000 and $6,707,000) with banks which are rated AAA and AA+ based on Standard & poor and consider to have low credit risk. The cash balances are measured based on 12-month expected credit losses and subject to immaterial credit loss.

(iii) *Advances to joint ventures*

The Group has assessed that its joint ventures have strong financial capacity to meet the contractual obligation of $73,698,000 (2019: $72,906,000) and considered to have low credit risk. The loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iv) *Advances to subsidiaries*

The Company has advances to subsidiaries amounting to $209,629,000 (2019: $239,477,000) as at 30 June 2020. The advances to subsidiaries amounting to $182,362,000 (2019: $212,210,000) are considered to have low credit risk, are measure on a 12-month expected credit losses and subject to immaterial credit losses as these subsidiaries have strong financial capacity to meet the contractual obligations. For the remaining advances to subsidiaries amounting to $27,267,000 (2019: $27,267,000), management has fully impaired the amount as these subsidiaries do not have the financial capacity to repay the amounts.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) **Credit risk** (continued)

(v) *Financial guarantee contracts*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(vi) *Dividend receivables and other receivables*

Dividend receivables and other receivables are measured based on 12-month expected credit losses and subject to immaterial credit loss.

(c) **Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities to meet obligations when due and the ability to close out market positions at short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Group				
At 30 June 2020				
Trade and other payables	**70,155**	**17,180**	**-**	**87,335**
Lease liabilities	**1,203**	**3,073**	**-**	**4,276**
Borrowings (excluding lease liabilities)	**7,806**	**166,150**	**-**	**173,956**
Financial guarantee contracts	**125,955**	**-**	**-**	**125,955**
At 30 June 2019				
Trade and other payables	104,636	14,787	11,104	130,527
Borrowings	17,345	220,312	-	237,657
Financial guarantee contracts	115,487	-	-	115,487

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) **Liquidity risk** (continued)

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Company				
At 30 June 2020				
Trade and other payables	**133,632**	**-**	**-**	**133,632**
Lease liabilities	**454**	**303**	**-**	**757**
Borrowings (excluding lease liabilities)	**2,344**	**40,642**	**-**	**42,986**
Financial guarantee contracts	**309,249**	**-**	**-**	**309,249**
At 30 June 2019				
Trade and other payables	127,967	-	-	127,967
Borrowings	10,414	42,992	-	53,406
Financial guarantee contracts	322,903	-	-	322,903

(d) **Capital risk**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks and financial institutions to maintain a gearing ratio of not exceeding 150% (2019: 150%). The Group's and the Company's strategies, which were unchanged from 2019, are to maintain gearing ratios within the limits required.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents (excludes pledged cash).

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net debt	**18,122**	78,985	**14,869**	41,271
Total equity (excluding non-controlling interest)	**256,813**	257,151	**107,379**	116,962
Gearing ratio	**7%**	31%	**14%**	35%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2019 and 2020.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) **Fair value measurements**

The following table presents financial assets, at FVOCI and financial assets, at FVPL measured at fair value and classified by level of the following fair value measurement hierarchy.

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value hierarchy for investment properties is disclosed in Note 21.

The fair values of borrowings, trade and other receivables and trade and other payables as disclosed in Note 26, Note 12 and Note 25 respectively approximate to their carrying amounts.

The fair value of finance assets, at FVOCI and FVPL are as disclosed:

	Level 3 **$'000**
The Group:	
30 June 2020	
Financial assets, at FVOCI	**25,146**
Financial assets, at FVPL	**8,063**
30 June 2019	
Financial assets, at FVOCI	16,436
Financial assets, at FVPL	4,734

The following table presents the changes in Level 3 instruments:

	Unlisted equity investments **$'000**	**Unlisted debt investments** **$'000**
At 30 June 2020		
Beginning of financial year	**16,436**	**4,734**
Fair value gains recognised in other comprehensive income	**8,710**	**-**
Fair value losses recognised in profit or loss	**-**	**(2,073)**
Additions	**-**	**5,402**
End of financial year	**25,146**	**8,063**
At 30 June 2019		
Beginning of financial year	7,383	-
Fair value gains recognised in other comprehensive income [Note 15(b)]	9,053	-
Additions	-	4,734
End of financial year	16,436	4,734

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) **Fair value measurements** (continued)

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

Description	Fair value at 30 June 2020 $'000	Fair value at 30 June 2019 $'000	Valuation technique	Significant unobservable input	Range of unobservable input	Relationship of unobservable input to fair value
Financial assets, at FVOCI						
Unlisted equity investment	**20,984**	12,261	Adjusted net asset value*	Adjustments for lack of control marketability	Lack of control – 20% Lack of marketability – 20%	The higher the adjustments for lack of controls and marketability, the lower the fair value.
Unlisted equity investments	**4,162**	4,175	Net asset value*	Net asset value	Not applicable	Not applicable
Financial assets, at FVPL						
Unlisted convertible debt	**8,063**	4,734	Discounted cash flow**	Risk adjusted discount rate	10.4%	The higher the discounted rate the lower the fair value.

* Financial assets, at FVOCI comprise of investments in unlisted equity instruments and the fair values of these instruments are based on the adjusted net assets value or net assets value of the investee companies. This method is appropriate as the assets and liabilities of investee companies are primarily held at their respective fair values at the balance sheet date.

To arrive at the fair value of an unlisted equity instrument accounted for as FVOCI financial asset, downward adjustments are made to the net assets value of the investee company to account for the lack of control and marketability of the unlisted equity instrument. These adjustments incorporate assumptions based on market conditions existing at the balance sheet date and are based on studies of discounts for lack of control and marketability for similar typed instruments. The extent of adjustment requires judgement and the effect of a change in management's estimate on this adjustment is disclosed in Note 3(d).

** Financial asset, at FVPL comprise of an investment in a convertible loan instrument, whose fair value is derived primarily from the loan component by discounting the cash flows from repayment of principal and interest, over the expected loan period.

The discount rate applied in the discounted cash flow model is based on the cost of debt of comparable debt instruments and the effect of a change in management's estimate of the discount rate is disclosed in Note 3(e).

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 15(a) and Note 15(b) to the financial statements, except for the following:

	Group $'000	Company $'000
30 June 2020		
Financial assets, at amortised cost	**270,597**	**208,615**
Financial liabilities, at amortised cost	**255,710**	**175,275**
30 June 2019		
Financial assets, at amortised cost	282,395	219,135
Financial liabilities, at amortised cost	340,873	175,881

36. 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	
	2020 $'000	2019 $'000
Joint ventures and associated companies		
Revenue from construction contracts	**22,767**	51,462
Management services fees	**246**	310
Project management fees	**-**	396
Related party		
Consultancy fee paid to a director of the Company	**180**	180

Outstanding balances at 30 June 2020, arising from sale/purchase of goods and services, are set out in Notes 12 and 25.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

36. 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	
	2020	**2019**
	$'000	**$'000**
Salaries and other short-term employee benefits	**5,244**	9,077
Post-employment benefits – contribution to CPF	**114**	119
	5,358	9,196

Included in above is total remuneration to directors of the Company amounting to $2,079,000 (2019: $5,379,000).

(c) Investment in an associated company

During the financial year ended 30 June 2020, the Group invested $1,268,000 in cash for a 25% shareholding interest in PT Super. Further details on PT Super is disclosed in Note 19 to the financial statements.

The other 75% shareholding interest in PT Super is held by Cyan Bay Pte.Ltd., a wholly owned subsidiary of Ellipsiz Limited ("Ellipsiz").

Ellipsiz is considered a related party to the Company by virtue of common controlling shareholder and directors in the two companies.

37. SEGMENT INFORMATION

Management has determined the operating segment based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Executive Chairman, the Managing Director, and the Executive Director of the Company.

The Exco considers the business primarily from a business segment perspective. Revenue from investment holding, provision of management services, construction and property investment are derived mainly from Singapore and the United Kingdom. Revenue from property development are derived mainly from Malaysia and Singapore.

The segment information provided to the Exco for the reportable segments for the financial years ended 30 June 2020 and 30 June 2019 are as follows:

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Total $'000
Financial year ended 30 June 2020				
Revenue from external customers	294,829	27,476	386	322,691
Inter-segment revenue	6,827	1,256	8,606	16,689
	301,656	28,732	8,992	339,380
Elimination				(16,689)
Revenue				322,691
Segment results	16,665	(4,478)	(1,023)	11,164
Elimination				(6,609)
				4,555
Finance expense				(7,485)
Profit before income tax				(2,930)
Income tax expense				(3,177)
Net loss				(6,107)
Segment results include:				
Interest income	1,091	159	72	1,322
Fair value loss on investment properties	-	(17,327)	-	(17,327)
Fair value loss on financial assets, at FVPL	-	-	(2,073)	(2,073)
Depreciation of property, plant and equipment	(2,891)	(622)	(446)	(3,959)
(Impairment loss)/write-back of impairment loss on club membership	(23)	-	4	(19)
Share of (losses)/profits of associated companies and joint ventures	(10)	6,188	-	6,178

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

37. SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Total $'000
Financial year ended 30 June 2019				
Revenue from external customers	222,829	17,078	344	240,251
Inter-segment revenue	28,690	1,275	28,512	58,477
	251,519	18,353	28,856	298,728
Elimination				(58,477)
Revenue				240,251
Segment results	14,991	31,125	17,107	63,223
Elimination				(26,297)
				36,926
Finance expense				(8,249)
Profit before income tax				28,677
Income tax expense				(1,151)
Net profit				27,526
Segment results include:				
Interest income	670	129	53	852
Fair value gain on investment properties	-	287	-	287
Depreciation of property, plant and equipment	(2,170)	(619)	(275)	(3,064)
Write-back of/(impairment loss) on club membership	4	(79)	-	(75)
Share of (losses)/profits of associated companies and joint ventures	(11)	16,400	(5)	16,384

37. SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Elimination $'000	Total $'000
As at 30 June 2020					
Segment assets	156,409	353,694	65,122	(4,572)	570,653
Tax recoverable					292
Deferred income tax assets					6,092
Consolidated total assets					577,037
Segment assets include:					
Investment in associates and joint ventures	255	37,974	36	-	38,265
Capital expenditure on property, plant and equipment	1,716	141	2,390	-	4,247
Capitalisation of expenditure for re-development of investment property	-	22,358	-	-	22,358
Segment liabilities	(118,242)	(12,373)	(1,884)	293	(132,206)
Borrowings					(168,555)
Deferred income tax liabilities and current income tax liabilities					(5,854)
Consolidated total liabilities					(306,615)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

37. SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Elimination $'000	Total $'000
As at 30 June 2019					
Segment assets	192,152	453,910	30,708	(2,483)	674,287
Tax recoverable					1,191
Deferred income tax assets					4,189
Consolidated total assets					679,667
Segment assets include:					
Investment in associates and joint ventures	266	33,499	-	-	33,765
Capital expenditure on property, plant and equipment	3,286	7	373	-	3,666
Capitalisation of expenditure for re-development of investment property	-	4,546	-	-	4,546
Segment liabilities	(162,035)	(21,371)	(3,900)	296	(187,010)
Borrowings					(212,731)
Deferred income tax liabilities and current income tax liabilities					(3,302)
Consolidated total liabilities					(403,043)

37. SEGMENT INFORMATION (CONTINUED)

The Group is organised into three main business segments:

(a) Construction	-	construction of buildings and building extensions, additions and alterations, refurbishment and restoration of buildings.
(b) Property development and investment	-	develops property for sale and/or holds properties for its own investment purposes and for hotel operations.
(c) Investment holding and others	-	holding of investments and provision of management services to the companies within the Group.

The amounts reported to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than tax recoverable and deferred tax assets.

The amounts are provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments other than current and deferred income tax liabilities and borrowings.

Sales between segments are carried out based on market terms.

Information about major customer

Revenue of approximately 70% (2019: 72%) are derived from three (2019: four) major customers. These revenues are attributable to the Construction segment.

Geographical information

The Group's three business segments operate in three main geographical areas:

Singapore	-	the country where the headquarters of the Group and the Company is located. The areas of operation are principally investment holding, provision of management services, construction, property development and investment and hotel operations.
Malaysia	-	the area of operation is mainly property development.
United Kingdom	-	the area of operation is mainly property investment and property development.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

37. SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

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

	Total sales		Non-current assets*	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**316,608**	229,836	**56,956**	54,188
Malaysia	**3,528**	7,156	**2,559**	514
United Kingdom	**2,555**	3,259	**31,034**	116,867
	322,691	240,251	**90,549**	171,569
Investment in associated companies and joint ventures			**38,265**	33,764
			128,814	205,333

* Non-current assets exclude financial instruments and deferred tax assets.

Changes in accounting policy

The adoption of the new leasing standard described in Note 2.1 had the following impact on the segment results in the current year:

	Group			
	Segment results before adoption of SFRS(I) 16	**Rental expenses under SFRS(I) 1-17, when the Company is a lessee**	**Depreciation and interest expenses under SFRS(I) 16, when the Company is a lessee**	**Segment results after adoption of SFRS(I) 16**
	$'000	**$'000**	**$'000**	**$'000**
Construction	16,640	600	(575)	16,665
Property development and investment	(4,521)	169	(126)	(4,478)
Investment holding and others	(821)	15	(217)	(1,023)
	11,298	784	(918)	11,164

38. IMPACT OF CORONAVIRUS DISEASE 2019 ("COVID-19")

The COVID-19 pandemic has affected almost all countries of the world, and resulted in borders closure, production shutdowns, workplace closures, movement controls and other measures imposed by the various governments.

The Group's significant operations are in Singapore, Malaysia and the United Kingdom and at the financial year end, the respective governments have relaxed the COVID-19 measures and have implemented various approaches to resume economic activities safely in the respective countries.

The Group has been adopting precautionary and control measures to mitigate the impact of the global COVID-19 pandemic to the Group's operations, including but not limited to flexible work-from home practices, as well as resuming construction works on its construction and development projects with the approval of the various government bodies.

In measuring its assets and liabilities as at the balance sheet date, management has considered the market conditions (including the impact of COVID-19) as at that date and assessed that the fair value of its investment property in the United Kingdom [Note 3(b)] is subject to significant estimation uncertainty. Further details on the fair value of this property are set out in Note 21(d). As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2020 or later periods and which the Group has not early adopted:

Amendments to SFRS(I) 3 Business Combination (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 July 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

40. COMPANIES IN THE GROUP

(a) The subsidiaries are as follows:

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
				2020	**2019**
				%	**%**
	Held by the Company				
	Unquoted equity shares				
1	Lum Chang Asia Pacific Pte Ltd	Investment holding	Singapore	**100**	100
1	Lum Chang Corporation Pte Ltd	Investment holding	Singapore	**100**	100
1	Lum Chang Properties Ltd	Investment holding	Singapore	**100**	100
1	Lum Chang (Suzhou) Investments Pte Ltd	Investment holding	Singapore	**100**	100
2	Nexus Sdn Bhd	Dormant	Malaysia	**100**	100
8	Urban Assignment Sdn Bhd	Liquidated	Malaysia	**-**	100
1	Binjai Holdings Pte Ltd	Investment holding	Singapore	**100**	100
1	Kemensah Holdings Pte Ltd	Investment holding	Singapore	**100**	100
3	Twin Palms Development Sdn Bhd	Property development	Malaysia	**100**	100
1	UK Property Investment Pte Ltd	Investment holding	Singapore	**70**	70
1	Wembley Properties Pte Ltd	Investment holding	Singapore	**70**	70
1	Tucana Investments Pte Ltd	Investment holding	Singapore	**100**	100
1	Sky Real Estate Investment Pte Ltd	Investment holding	Singapore	**100**	100
1	Solluna Investments Pte Ltd	Investment holding	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

40. COMPANIES IN THE GROUP (CONTINUED)

(a) The subsidiaries are as follows: (continued)

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
				2020 %	2019 %
	Held by subsidiaries				
	Unquoted equity shares				
1	Lum Chang Auriga Pte Ltd	Property development	Singapore	**100**	100
1	Lum Chang Property Investments Pte Ltd	Property investment	Singapore	**100**	100
1	Lum Chang Building Contractors Pte Ltd	Building construction	Singapore	**100**	100
1	Bluesky Real Estate Investment Pte Ltd	Property investment	Singapore	**100**	-
1	Lum Chang Interior Pte Ltd	Building construction	Singapore	**80**	80
3	Lum Chang Interior (M) Sdn Bhd	Building construction	Malaysia	**80**	-
2	Lum Chang Sdn Bhd	Dormant	Malaysia	**100**	100
8	Uptown Viewpoint Sdn Bhd	In member's voluntary liquidation	Malaysia	**100**	100
3	Venus Capital Corporation Sdn Bhd	Property development	Malaysia	**100**	100
3	Fabulous Range Sdn Bhd	Property development	Malaysia	**100**	100
3	PJBOX Sdn Bhd	Property development	Malaysia	**100**	100
6	130 WS Holdings Limited	Investment holding	Jersey, Channel Islands	**70**	70
6	130 WS Investments Limited	Investment holding	Jersey, Channel Islands	**70**	70
6	130 Wood Street Unit Trust	Property investment	Jersey, Channel Islands	**-**	70
6	Kelaty Holdings Limited	Investment holding	Jersey, Channel Islands	**70**	70
6	Kelaty Propco Limited	Property investment	Jersey, Channel Islands	**70**	70
6	Kelaty Leaseco Limited	Property investment	Jersey, Channel Islands	**70**	70
6	Lum Chang Development Services Limited	Property management and technical consultancy	England and Wales	**100**	100

40. COMPANIES IN THE GROUP (CONTINUED)

(b) The associated companies are as follows:

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
				2020	**2019**
				%	**%**
	Held by subsidiaries				
	Unquoted equity shares				
9	FCL Compassvale Pte Ltd	Property development	Singapore	**20**	20
9	FCL Admiralty Pte Ltd	Property development	Singapore	**30**	30
1	Pavo Holdings Pte Ltd	Investment holding	Singapore	**40**	40
4	PT Super Makmur Sejahtera	Property development	Singapore	**25**	-

(c) The joint ventures are as follows:

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
				2020	**2019**
				%	**%**
	Held by subsidiaries				
1	Dorado Holdings Pte Ltd	Investment holding	Singapore	**50**	50
10	Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	**50**	50
5,7	Nishimatsu – Lum Chang JV	Dormant	Singapore	**50**	50
9	CLI CP (Netherlands) Pte Ltd	Investment holding	Singapore	**50**	50
	Subsidiaries held by joint venture Dorado Holdings Pte Ltd				
1	Columba Holdings Pte Ltd	Investment holding	Singapore	**50**	50
1	Corwin Holding Pte Ltd	Property investment	Singapore	**50**	50
1	Dorado Retail Holdco Pte Ltd	Investment holding	Singapore	**50**	50
1	Dorado Retail Pte Ltd	Dormant	Singapore	**50**	50
1	Xin Tekka Pte Ltd	Dormant	Singapore	**50**	50
	Subsidiaries held by joint venture CLI CP (Netherlands) Pte Ltd				
11	CLI CP (Netherlands) B.V.	Investment holding	Netherlands	**50**	50

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

40. COMPANIES IN THE GROUP (CONTINUED)

1 Audited by PricewaterhouseCoopers LLP, Singapore.

2 Audited by LT Lim & Associates, Malaysia.

3 Audited by PricewaterhouseCoopers, Malaysia.

4 Incorporated during the financial year. Audit not required in the financial year.

5 Unincorporated jointly – controlled partnerships.

6 Audited by PricewaterhouseCoopers LLP, United Kingdom.

7 Not required to be audited in 2020 as entity is dormant.

8 Not required to be audited in 2020 as entity is in member's voluntary liquidation.

9 Audited by KPMG LLP, Singapore.

10 Audited by KPMG, Malaysia.

11 Not required to be audited in the country of incorporation.

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit and Risk Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lum Chang Holdings Limited on 17 September 2020.

STATISTICS OF SHAREHOLDINGS

As at 9 September 2020

Issued and Fully Paid-Up Capital	- $86,572,309
Class of Shares	- Ordinary Shares
Voting Rights	- One vote per ordinary share
Total no. of Issued Ordinary Shares (excluding treasury shares)	- 376,688,104
Total no. of Treasury Shares	- 8,341,500

DISTRIBUTION OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	% (1)
1 - 99	307	3.00	14,297	0.00
100 - 1,000	1,481	14.47	774,552	0.21
1,001 - 10,000	5,850	57.16	27,741,582	7.36
10,001 - 1,000,000	2,577	25.18	102,983,441	27.34
1,000,001 and above	19	0.19	245,174,232	65.09
TOTAL	**10,234**	**100.00**	**376,688,104**	**100.00**

TWENTY LARGEST SHAREHOLDERS	NO. OF SHARES	% (1)
CITIBANK NOMINEES SINGAPORE PTE LTD	64,861,409	17.22
HONG LEONG FINANCE NOMINEES PTE LTD	64,000,000	16.99
UNITED OVERSEAS BANK NOMINEES PTE LTD	31,753,853	8.43
LUM KWAN SUNG	15,531,080	4.12
DBS NOMINEES PTE LTD	14,407,954	3.82
LUM KOK SENG	10,944,964	2.91
BEVERIAN HOLDINGS PTE LTD	10,368,300	2.75
LUM CHANG INVESTMENTS PTE LTD	6,954,942	1.85
RAFFLES NOMINEES (PTE) LIMITED	5,865,236	1.56
OCBC NOMINEES SINGAPORE PTE LTD	5,767,450	1.53
PHILLIP SECURITIES PTE LTD	2,561,140	0.68
LOH TEE PHENG	2,250,000	0.60
TAN THIAN HWEE	1,723,000	0.46
TANG WOON EE	1,586,600	0.42
CHIAM HOCK POH	1,565,400	0.42
OW YONG HENG LEONG	1,482,000	0.39
UOB KAY HIAN PTE LTD	1,273,276	0.34
LEH BEE HOE	1,259,200	0.33
OCBC SECURITIES PRIVATE LTD	1,018,428	0.27
ESTATE OF THIAN THIN KHOON, DECEASED	1,000,000	0.27
	246,174,232	**65.36**

SUBSTANTIAL SHAREHOLDERS (INCLUDING DEEMED INTERESTS)	NO. OF SHARES	% (1)
Raymond Lum Kwan Sung	75,483,339 (2)	20.04
Lum Chang Investments Pte Ltd	59,954,942	15.92
David Lum Kok Seng	81,306,736 (3)	21.58
Beverian Holdings Pte Ltd	70,368,300	18.68
Edlyn Lum Wen Ee	59,954,942 (2)	15.92
Emlyn Lum Wen Yan	59,954,942 (2)	15.92
Hussam Ali H. Shobokshi	19,724,800 (4)	5.24

Based on information available to the Company as at 9 September 2020, approximately 53% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Notes:
(1) Percentage computed is based on 376,688,104 shares in issue (excluding treasury shares which have no voting rights).
(2) Raymond Lum Kwan Sung, Edlyn Lum Wen Ee and Emlyn Lum Wen Yan are deemed interested in 59,954,942 shares held directly by Lum Chang Investments Pte Ltd and through its nominee accounts.
(3) David Lum Kok Seng is deemed interested in 70,368,300 shares held directly by Beverian Holdings Pte Ltd and through its nominee accounts.
(4) Hussam Ali H. Shobokshi is deemed interested in 13,887,459 shares held directly by Saray Developed Markets Value Fund and through its nominee accounts.

NOTICE OF ANNUAL GENERAL MEETING

Lum Chang Holdings Limited (incorporated in the Republic of Singapore) Company Registration No. 198203949N

NOTICE IS HEREBY GIVEN that the **38th Annual General Meeting** of the Company will be convened and held by way of electronic means only (via live audio-visual webcast and/or live audio-only stream) on **29 October 2020, Thursday at 11:00 a.m.** to transact the following business:-

As Ordinary Business:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 30 June 2020 and the Auditor's Report thereon.

   (Resolution 1)

2. To declare a Final tax exempt (one-tier) Dividend of 1.0 cents per share as recommended by the Directors for the year ended 30 June 2020.

   (Resolution 2)

3. To approve the amount of S$358,150 proposed as Directors' fees for the year ended 30 June 2020 (year ended 30 June 2019: S$377,000).

   (Resolution 3)

4. To re-elect the following Directors, retiring by rotation under Article 107(2) of the Company's Constitution and who, being eligible, offer themselves for re-election:-

   (a) Mr David Lum Kok Seng *(Resolution 4)*

   (b) Mr Tony Fong *(Resolution 5)*

   (c) Mr Clement Leow Wee Kia *(Resolution 6)*

   Note: (a) Mr David Lum Kok Seng, if re-elected, will remain as the Managing Director of the Company.

   (b) Mr Tony Fong, if re-elected, will remain as the Executive Director of the Company.

   (c) Mr Clement Leow Wee Kia, an independent Director, if re-elected, will remain as a member of the Audit and Risk Committee.

   (See Explanatory Note 1)

5. To re-appoint PricewaterhouseCoopers LLP as independent auditors of the Company and to authorise the Directors to fix their remuneration.

   (Resolution 7)

As Special Business:

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without modifications:-

6. **Authority to Directors to issue Shares**

"That pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore, the Constitution of the Company and the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (including any supplemental measures thereto from time to time), the Directors be and are hereby authorised to:-

(a) (i) allot and issue shares in the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of options, warrants, debentures or other instruments convertible into Shares,

at any time to such persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force:-

(i) issue additional Instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and

(ii) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in b(i) above,

PROVIDED ALWAYS THAT:-

(I) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution (as calculated in accordance with subparagraph (II) below), of which the aggregate number of Shares issued other than on a *pro rata* basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with subparagraph (II) below);

(II) subject to such manner of calculation as may be prescribed by SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (I) above, the total number of the issued Shares is based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(IV) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 8)
(See Explanatory Note 2)

7. **Approval for renewal of Share Purchase Mandate**

(a) "That for the purposes of Sections 76C and 76E of the Companies Act (Cap. 50) of Singapore (the "**Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchases (each an "**On-Market Share Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Share Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days ("**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made (and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market Days and the day on which On-Market Share Purchase was made) or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Share Purchase; and

(d) the Directors and/or each of them be and are/is hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

(Resolution 9)

(See Explanatory Note 3)

8. **Any Other Business**

To transact any other business which may properly be transacted at an Annual General Meeting.

NOTICE OF RECORD DATE FOR THE PROPOSED FINAL DIVIDEND

NOTICE IS ALSO HEREBY GIVEN THAT subject to shareholders' approval being obtained for the proposed Final tax exempt (one-tier) Dividend of 1.0 cents per share for the financial year ended 30 June 2020 (the "**Dividend**"), the Share Transfer Books and the Register of Members of the Company will be closed on **9 November 2020** for the purpose of determining shareholders' entitlements to the Dividend.

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services of **80 Robinson Road #02-00 Singapore 068898**, up to 5.00 p.m. on **6 November 2020** will be registered to determine shareholders' entitlements to the Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the shares as at 5.00 p.m. on **6 November 2020** will be entitled to the Dividend.

Payment of the Dividend, if approved by shareholders, will be made on **23 November 2020**.

BY ORDER OF THE BOARD

TONY FONG
TAN ENG CHAN GERALD

Company Secretaries
Singapore
5 October 2020

Explanatory Notes to the Resolutions:

1. Detailed information on these Directors can be found under "Board of Directors", "Present and Past Directorships" and "Corporate Governance" sections in the Company's 2020 Annual Report.

2. Ordinary Resolution 8, if passed, will empower the Directors, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, to issue Shares up to an amount not exceeding (i) 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of Shares which may be issued shall be based on the total number of issued Shares at the time that ordinary resolution 8 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that ordinary resolution 8 is passed, and any subsequent bonus issue or consolidation or subdivision of Shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

3. Ordinary Resolution 9, if passed, will enable the Directors, unless varied or revoked by the Company in general meeting, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated, whichever is the earliest, to purchase Shares by way of On-Market Share Purchases and/or Off-Market Share Purchases of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of the ordinary resolution and up to the Maximum Price. The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its purchase of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchase of Shares cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchase. The rationale for, the authority and the limits on, and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 30 June 2020 (for illustrative purposes only) are set out in greater detail in the Appendix to the Notice of Annual General Meeting dated 5 October 2020 in relation to the proposed renewal of the Share Purchase Mandate.

Notes:

1) The 38th Annual General Meeting ("**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice of AGM will be published on the Company's corporate website at http://investor.lumchang.com.sg/agm.html, and also on the SGX website at https://www.sgx.com/securities/company-announcements.

2) Alternative arrangements relating to the (i) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast and/or live audio-only stream); (ii) submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM; and (iii) voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 5 October 2020 ("**AGM Alternative Arrangements Announcement**"). The AGM Alternative Arrangements Announcement, this Notice of AGM, the Appendix to the Notice of AGM, the Annual Report of the Company and the proxy form may be accessed at the Company's corporate website at http://investor.lumchang.com.sg/agm.html, and also at the SGX website at https://www.sgx.com/securities/company-announcements.

3) **Due to the current COVID-19 situation, a member will not be able to attend the AGM in person.** A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

   The instrument appointing the Chairman of the AGM as proxy may be accessed at the Company's corporate website at http://investor.lumchang.com.sg/agm.html, and also at the SGX website at https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution may be treated as invalid.

   CPFIS/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 19 October 2020.

4) The Chairman of the AGM, as proxy, need not be a Member of the Company.

5) The instrument appointing the Chairman of the AGM as proxy must be submitted in the following manner:

   (a) if submitted by post, be deposited at the office of the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or

   (b) if submitted electronically, be submitted via email to the Company's Polling Agent at LCHAGM2020@boardroomlimited.com,

   in either case, not less than seventy-two (72) hours before the time appointed for holding the AGM.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

LUM CHANG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 198203949N

Annual General Meeting
Proxy Form

IMPORTANT
1. The 38th Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM is published on the Company's corporate website at http://investor.lumchang.com.sg/agm.html, and also at the SGX website at https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to the (i) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast and/or live audio-only stream); (ii) submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM; and (iii) voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 5 October 2020 ("**AGM Alternative Arrangements Announcement**"). The AGM Alternative Arrangements Announcement, the Notice of AGM, the Appendix to the Notice of AGM, the Annual Report of the Company and the proxy form may be accessed at the Company's corporate website at http://investor.lumchang.com.sg/agm.html, and also at the SGX website at https://www.sgx.com/securities/company-announcements.
3. **Due to the current COVID-19 situation, a member will not be able to attend the AGM in person.** A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**
5. CPFIS/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 19 October 2020.

PERSONAL DATA PRIVACY
By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 October 2020.

I/We ______________________ (Name) ____________ (NRIC/Passport Number/Company Registration Number) of ______________________________ (Address),

being a member/members of Lum Chang Holdings Limited (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy to attend, speak and vote for me/us on my/our behalf, at the 38th Annual General Meeting of the Company to be convened and held by way of electronic means on 29 October 2020, Thursday at 11:00 a.m. and at any adjournment thereof.

I/We direct the Chairman of the AGM to vote for or against or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

(Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" or a "√" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with an "X" or a "√" in the "Abstain" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares in the "Abstain" box provided in respect of that resolution. ***In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.***)

No.	Resolution	For	Against	Abstain
	Ordinary Business			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 30 June 2020 and the Auditors' Report thereon			
2.	To declare the payment of proposed Final Dividend			
3.	To approve Directors' fees			
4.	To re-elect Mr David Lum Kok Seng as a Director retiring under Article 107(2) of the Company's Constitution			
5.	To re-elect Mr Tony Fong as a Director retiring under Article 107(2) of the Company's Constitution			
6.	To re-elect Mr Clement Leow Wee Kia as a Director retiring under Article 107(2) of the Company's Constitution			
7.	To re-appoint PricewaterhouseCoopers LLP as independent auditors and to authorise the Directors to fix their remuneration			
	Special Business			
8.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore			
9.	To approve the renewal of the Share Purchase Mandate			

Dated this ________ day of ______________ 2020

Total number of ordinary shares held

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ THE FOLLOWING NOTES.

Notes:

(1) If you have ordinary shares in the Company entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of ordinary shares. If you have ordinary shares in the Company registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares. If no number is inserted, this form of proxy shall be deemed to relate to all the ordinary shares held by you.

(2) **Due to the current COVID-19 situation, a member will not be able to attend the AGM in person.** A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

(3) The instrument appointing the Chairman of the AGM as proxy may be accessed at the Company's corporate website at http://investor.lumchang.com.sg/agm.html, and also at the SGX website at https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution may be treated as invalid.

CPFIS/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 19 October 2020.

(4) The Chairman of the AGM, as proxy, need not be a Member of the Company.

(5) The instrument appointing the Chairman of the AGM as proxy must be submitted in the following manner:

(a) if submitted by post, be deposited at the office of the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or

(b) if submitted electronically, be submitted via email to the Company's Polling Agent at LCHAGM2020@boardroomlimited.com,

in either case, not less than seventy-two (72) hours before the time appointed for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

(6) **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

(7) The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

(8) The Company shall be entitled to reject an instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged or submitted if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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