LUM CHANG HOLDINGS LIMITED

ANNUAL REPORT **2017**

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

2016

SEPTEMBER

- Joint venture with LaSalle Investment Management to acquire The Verge for redevelopment

OCTOBER

- Secured a $325.0 million contract from the Land Transport Authority (LTA) for the addition and alteration works to existing Tanah Merah Station and existing viaducts

DECEMBER

- Contract 912 (Design and Construction of Bukit Panjang Station) awarded the LTA Excellence Awards 2016 for Best Managed Rail / Road Infrastructure - Project Partner
- Obtained Temporary Occupation Permit for The Glades at Bedok Rise

Tanah Merah Station (Contract T315)

The Glades

2017

JANUARY

- Disposed of Pembridge Palace, a freehold property located in the Bayswater area in central London

APRIL

- Won the Gold Award in the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health & Safety Awards 2017
- Bestowed the Honour Award for Best Landscape Development under the Development and GLC Category by the Institute of Landscape Architecture Malaysia (ILAM) for Twin Palms Sungai Long

MAY

- Exercised option to acquire One Tree Hill Gardens for redevelopment into residential landed homes
- Launched 12 Latania semi-detached homes and bungalows at Twin Palms Sungai Long
- Granted Temporary Occupation Permit for Kampung Admiralty

JUNE

- Contract 912 conferred double awards at the Building and Construction Authority (BCA) of Singapore Awards 2017 :
  - Construction Excellence (Civil Engineering Projects Category)
  - Construction Productivity (Projects – Platinum)

JULY

- Won the Workplace Safety and Health (WSH) Awards 2017, in the Safety and Health Award Recognition for Projects (SHARP) category for Kampung Admiralty

Latania at Twin Palms Sungai Long

Kampung Admiralty

CORPORATE PROFILE

From its modest beginnings as a sole proprietorship in the 1940s, Lum Chang has grown to become a leading construction firm listed on the Singapore Exchange, backed by a portfolio of projects valued at over $9.0 billion.

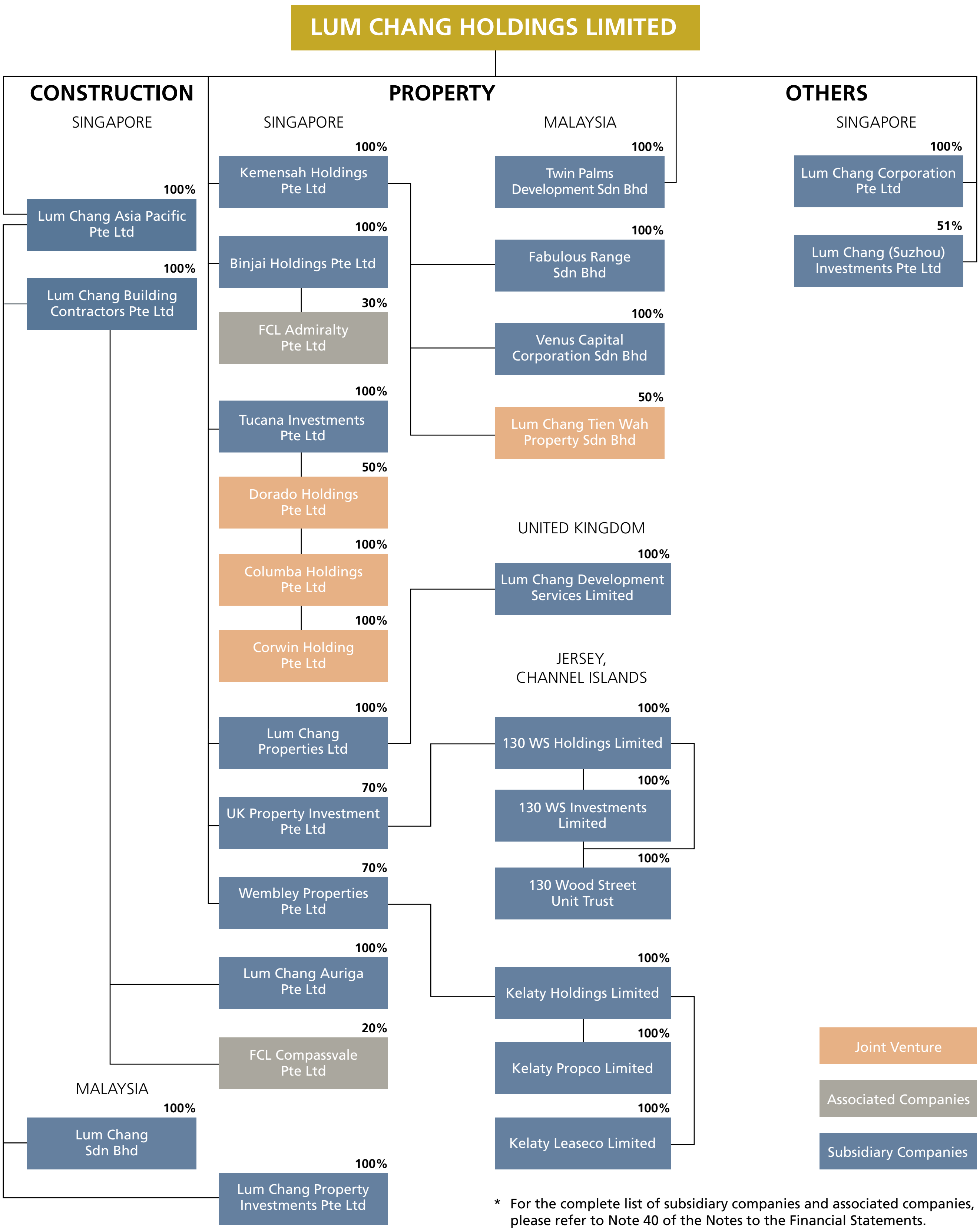
With firm foundations built upon more than seven decades in construction, the Group has also taken the leap to diversify its talents in property investment and development. Today, the twin pillars of Lum Chang are construction and property. The success of the Group is recognised through its impressive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

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

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

CORPORATE STRUCTURE

As at 14 September 2017



* 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 Daniel Soh Chung Hian, 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 and Mr Peter Sim Swee Yam

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

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

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

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

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

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

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

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

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

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

MR KELVIN LUM WEN SUM is a non-independent non-executive Director of LCH appointed in November 2016.

Mr Lum is also an Executive Director of Ellipsiz Ltd, a listed company on the Singapore Exchange. His responsibilities cover the business development and investment functions of that group.

Mr Lum previously held the position of Group Managing Director of LCD Global Investments Ltd (LCD) from 2008 to 2015, where he oversaw the planning of the group's business strategies and day to day operations. He was with the financial sector from 1996 to 2002 before joining the LCD group.

Mr Lum currently sits on the School Management Committees of the Nanyang Kindergarten and Nanyang Primary School. He was appointed as a director of Nanyang Girls' High School Ltd in July 2017.

Mr Lum holds a Bachelor of Commerce degree from the University of Western Australia.

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

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

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

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. His 35 years of experience saw him auditing many publicly listed companies and working on many IPOs of listed companies.

Mr Soh also serves as an independent director of the following companies: Agency For Integrated Care Pte Ltd, British and Malayan Holdings Limited, and British and Malayan Trustees 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.

DR WILLIE LEE LENG GHEE has an MBBS from the then University of Singapore and has been a medical practitioner for over 40 years.

Dr Lee is a non-executive independent Director of LCH appointed in February 2006. He was appointed as the Chairman of the Nominating Committee since December 2015. He also serves on the Audit and Risk Committee, and the Remuneration Committee.

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

Mr Chua has extensive experience in banking and finance, having made his career in the course of over 34 years in three international and renowned banks in functional areas of corporate banking and general management. Before striking out on his own in 2009, Mr Chua was the Managing Director of Enterprise Banking at DBS Bank Ltd, where he had spent more than 20 years. He also serves as an independent director of GKE Corporation Limited, appointed on 30 September 2015.

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

PRESENT AND PAST DIRECTORSHIPS

As at 14 September 2017

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
UK Property Investment Pte Ltd
Lum Chang Sdn Bhd
Arandeur Holdings Pte Ltd
Lum Chang Investments Pte Ltd
SG Link Pte Ltd
Singapore-Suzhou Township Development Pte Ltd #
Kwong Wai Shiu Hospital & Nursing Home

Past Directorships over the Preceding Three Years

Lum Chang Orion Pte Ltd
Lum Chang Realty Pte Ltd
Edu Genus Pte Ltd
Glaxton Trading Pte Ltd
London Property Investment Pte Ltd
River Springs Pte Ltd
RDL Investments Pte Ltd

DAVID LUM KOK SENG

Present Directorships

Lum Chang Holdings Limited *
Lum Chang Asia Pacific Pte Ltd
Lum Chang Auriga Pte Ltd +
Lum Chang Building Contractors Pte Ltd
Lum Chang Corporation Pte Ltd
Lum Chang Properties Ltd
Lum Chang Property Investments Pte Ltd
Lum Chang (Suzhou) Investments Pte Ltd
Binjai Holdings Pte Ltd
Kemensah Holdings Pte Ltd
Tucana Investments Pte Ltd
Wembley Properties Pte Ltd
FCL Compassvale Pte Ltd
Pavo Holdings Pte Ltd
Lum Chang Sdn Bhd
Fabulous Range Sdn Bhd
Uptown Viewpoint Sdn Bhd
Urban Assignment Sdn Bhd
Venus Capital Corporation Sdn Bhd
Lum Chang Tien Wah Property Sdn Bhd
Arandeur Holdings Pte Ltd
Beverian Holdings Pte Ltd
Bevrian Pte Ltd
DML London Pte Ltd
Singapore-Suzhou Township Development Pte Ltd
Nanyang Girls' High School Ltd
Nanyang International Education (Holdings) Limited
Kwong Wai Shiu Hospital & Nursing Home

Past Directorships over the Preceding Three Years

Lum Chang Orion Pte Ltd
Lum Chang Realty Pte Ltd
Edu Genus Pte Ltd
Glaxton Trading Pte Ltd
Sungei Long Holdings Pte Ltd
LCD Global Investments Ltd
L.C. Hotels Pte Ltd
L.C. Logistics Pte Ltd
LCD Property Pte Ltd
LCD Property Management Pte Ltd

Hillgate Investment Pte Ltd
Draycott Garden Pte Ltd
Richful China Investments Limited
Xuzhou YinJian LumChang Real Estate Development Co., Ltd
Xuzhou RE Sales Co., Ltd
LCD Management Sdn Bhd
Corpus Five Sdn Bhd
RDL Investments Pte Ltd

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 Properties Ltd
Lum Chang Property Investments Pte Ltd
Lum Chang (Suzhou) Investments Pte Ltd
Binjai Holdings Pte Ltd
Kemensah Holdings Pte Ltd
Tucana Investments Pte Ltd
UK Property Investment Pte Ltd
Wembley Properties Pte Ltd
Lum Chang Sdn Bhd
Fabulous Range Sdn Bhd
Nexus Sdn Bhd
Twin Palms Development Sdn Bhd
Uptown Viewpoint Sdn Bhd
Urban Assignment Sdn Bhd
Venus Capital Corporation Sdn Bhd
Lum Chang Development Services Limited
130 WS Holdings Limited
130 WS Investments Limited
Kelaty Holdings Limited
Kelaty Propco Limited
Kelaty Leaseco Limited
Columba Holdings Pte Ltd
Corwin Holding Pte Ltd
Dorado Holdings Pte Ltd
Dorado Retail Holdco Pte Ltd
Dorado Retail Pte Ltd
Lum Chang Tien Wah Property Sdn Bhd
FCL Admiralty Pte Ltd #
Pavo Holdings Pte Ltd

Past Directorships over the Preceding Three Years

Lum Chang Orion Pte Ltd
Lum Chang Realty Pte Ltd
Edu Genus Pte Ltd
Glaxton Trading Pte Ltd
LED System Technology Pte Ltd
London Property Investment Pte Ltd
River Springs Pte Ltd
Sungei Long Holdings Pte Ltd
Lum Chang UK Properties Limited
Old Court House Propco Limited
Pembridge Palace Holdco Limited
Pembridge Palace Propco Limited
Lum Chang Investments Pte Ltd
SG Link Pte Ltd

KELVIN LUM WEN SUM

Present Directorships

Lum Chang Holdings Limited *
UK Property Investment Pte Ltd
Beverian Holdings Pte Ltd
Bevrian Pte Ltd
Ellipsiz Ltd *
Ellipsiz DSS Pte Ltd
iNETest Resources Pte Ltd
SV Probe Pte Ltd
Veight Investments Pte Ltd
Ellipsiz iNETest Co Ltd
Ellipsiz Taiwan Second Source Inc.
Nanyang Kindergarten
Nanyang Primary School
Nanyang Girls' High School Ltd
Nanyang International Education (Holdings) Limited

Past Directorships over the Preceding Three Years

London Property Investment Pte Ltd
RMTC (Thailand) Limited
Richful China Investments Limited
LCD Global Investments Ltd
L.C. Hotels Pte Ltd
L.C. Logistics Pte Ltd
L.C. (London) Ltd
LCD (Vietnam) Pte Ltd
LCD (Indochina) Pte Ltd
LCD Property Pte Ltd
LCD Property Management Pte Ltd
Hillgate Investment Pte Ltd
Draycott Garden Pte Ltd
Cheong Hock Chye & Co (Pte) Ltd
Knight Frank Pte Ltd
Bon 88 Investment Pte Ltd
Bon (38) Investment Pte Ltd
Rawai 88 Investment Pte Ltd
Rawai (38) Investment Pte Ltd
ZONE X Leisure Pte Ltd
L.C. (Thailand) Limited
JTM (Thailand) Limited
MKHT (Thailand) Limited
TCNB (Thailand) Limited
Thai Lum Chang Co Ltd
Phuket Island Property Fund
Lum Chang (Hong Kong) Investments Limited
Cityview Property Investment & Trading Limited
Gateway Enterprise Company
LCD Management Sdn Bhd
Corpus Five Sdn Bhd
Xuzhou YinJian LumChang Real Estate Development Co., Ltd
Xuzhou RE Sales Co., Ltd
RDL Investments Pte Ltd

PETER SIM SWEE YAM

Present Directorships

Lum Chang Holdings Limited *
Gravitas Alliance International Pte Ltd
Haw Par Corporation Limited *
Marco Polo Marine Ltd *
Mun Siong Engineering Limited *
Sim Law Practice LLC
Singapore Heart Foundation
Singapore Reinsurance Corporation Ltd *
SKB & Associates Pte Ltd

Past Directorships over the Preceding Three Years

Infinity Capital Partners (S) Pte Ltd
Young Men's Christian Association of Singapore

DANIEL SOH CHUNG HIAN

Present Directorships

Lum Chang Holdings Limited *
JDJ Investment Pte Ltd
Agency for Integrated Care Pte Ltd
British and Malayan Holdings Limited
British and Malayan Trustees Limited

Past Directorships over the Preceding Three Years

Eu Yan Sang International Ltd
QAF Limited

DR WILLIE LEE LENG GHEE

Present Directorships

Lum Chang Holdings Limited *
Clinic @ T3 Hotel LLP

ANDREW CHUA THIAM CHWEE

Present Directorships

Lum Chang Holdings Limited *
SME Care Pte Ltd
GKE Corporation Limited *

Past Directorships over the Preceding Three Years

Transcorp Holdings Limited

* Public-listed company
# Alternate Director
+ Formerly known as Boon Lay Executive Condominiums Pte Ltd

SENIOR MANAGEMENT

TAN WEY PIN

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

Mr Tan holds a Bachelor of Engineering (Civil) from the University of New South Wales, Australia. He has over 20 years of construction industry experience, during which he managed a number of complex and largescale projects in both civil and building works.

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 25 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.

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 and potential joint ventures, and business acquisitions for the Group.

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

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

PETER OW KWOK PHUI

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

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

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

NG KEE HONG

Mr Ng Kee Hong, General Manager of Projects, is in charge of LCBC's building projects. Mr Ng joined the company in 2004 and has been involved in many key projects.

With more than 40 years of diversified experience in construction, Mr Ng has in-depth expertise extending from mechanical and engineering works to project management, from site experience to construction management. Prior to joining LCBC in 2004, Mr Ng was an M&E Specialist, involved in infrastructure and building projects.

RINTU CHAKRAVARTHY

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

Mr Chakravarthy has over 25 years of experience with core competencies in almost every facet of construction and holds a Bachelor of Civil Engineering from the Andhra University, India.

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

Daniel Soh Chung Hian
Independent Director

Dr Willie Lee Leng Ghee
Independent Director

Andrew Chua Thiam Chwee
Independent Director

REGISTERED OFFICE

14 Kung Chong Road
#08-01 Lum Chang Building
Singapore 159150
Tel: 6273 8888
Fax: 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

NOMINATING COMMITTEE

Dr Willie Lee Leng Ghee
Chairman

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

REMUNERATION COMMITTEE

Peter Sim Swee Yam
Chairman

Dr Willie Lee Leng Ghee
Andrew Chua Thiam Chwee

COMPANY SECRETARIES

Tony Fong
Tan Eng Chan Gerald

INDEPENDENT AUDITOR

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

PRINCIPAL BANKERS

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

CHAIRMAN'S STATEMENT

REVIEW OF BUSINESS OPERATIONS

On behalf of the Board of Directors, I am pleased to present the financial report of Lum Chang for the financial year ended 30 June 2017.

Political news pertaining to Brexit and last year's US presidential elections dominated the financial year, both of which will no doubt continue to have global implications and cast uncertainties for some time to come. In terms of economic growth, the US experienced some improvement, and while its GDP is expected to rise moderately, there is still an element of uncertainty in terms of trade policies. Economic growth in Europe was stable, likewise in the Asian and Pacific regions, with China and India both posting positive growth.

In Singapore, the somewhat challenging business environment experienced in FY2016 ran into FY2017. And while overall growth was positive, performance across sectors was uneven. Manufacturing and trade-related segments did well, although the construction sector contracted due to weakness in both private and public sector building activities. To regularise this, the Government intends to roll out some major infrastructure projects in the next few years including Tengah HDB Town, LTA's Cross Island Line and Changi Airport Terminal 5. It has also announced plans to bring forward $700 million worth of public sector infrastructure projects to start construction in 2017 and 2018.

The Group reported a net profit attributable to shareholders of $18.7 million compared to $29.5 million, down 37% from the previous financial year. In comparison, the results in FY2016 included the Group's share of its profits amounting to $13.2 million, from an associated company that completed the development of an executive condominium in Singapore. In addition, the previous year's profits also included profits from our Malaysian developments where revenues were recognised from sold landed homes of three phases that were completed in FY2016. Accordingly, Group revenue was also lower at $369.0 million compared to $426.1 million in the previous year.

DIVIDENDS

We continue to be prudent in our cash and working capital management, and management of investment risks. This approach has enabled us to generate positive cash flow and reward our shareholders with dividends consistently for over a decade. I am pleased to announce that the Board has recommended a final dividend payout of 1.2 cents per share to be approved by Shareholders in the forthcoming Annual General Meeting. Taking into account the interim dividend of 0.3 cents per share paid out in March 2017, the total dividend paid out for the financial year is 1.5 cents per share.

PROPERTY

During the year, our property division focused on development projects – both existing and newly-acquired properties. In September 2016, the Group entered a strategic partnership with LaSalle Investment Management to acquire The Verge, a commercial property located along Serangoon Road, for redevelopment into a mixed-use property, comprising 320 serviced residences and approximately 114,000 square feet of gross floor area of retail space. Construction has commenced and is expected to be completed in the second half of 2019.

In addition, the Group also exercised an Option for the collective purchase of all 13 freehold strata units and common areas of One Tree Hill Gardens earlier in May this year. Situated within the Orchard Road area, the three-storey residential development is located at the junction of One Tree Hill and Jalan Arnap, and is within walking distance to the upcoming Orchard Boulevard MRT Station, along the new Thomson-East Coast Line. The Group plans to redevelop the site into landed homes for sale, comprising a mix of semi-detached and detached houses.

The Group took the opportunity to dispose of Pembridge Palace Hotel, a freehold property located in Prince's Square, London for a reported gain on disposal of $4.7 million.

The large market supply, tight lending standards and rising cost of living continued to put a strain on the property market in Malaysia.

In FY2017, only 12 units were sold from the Group's development at Twin Palms Sungai Long. To date, 388 units out of a total of 573 units at Sungai Long have been launched, with 95% of units launched sold. Despite subdued conditions, there were still buyers looking for homes and we managed to sell the remaining six bungalows at the 127-unit Twin Palms Kemensah. Although the market is expected to remain lacklustre for the coming years, we will continue to monitor market conditions for suitability of future launches.

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

Likewise, the redevelopment of Kelaty House in London's Wembley Regeneration Area is underway. When completed, the mixed development will house serviced residences to let and a student hostel.

To cap off an exciting year, our Malaysian developments scored yet another award this year, this time for Twin Palms Sungai Long. As testament to our commitment to build quality homes, the development was accorded the Honour Award for Best Landscape Development under the Development and GLC category by the Institute of Landscape Architects Malaysia.

CONSTRUCTION

The Construction Division reported revenue of $350.1 million, only a slight dip of 1% from the previous year.

Despite intense competition, the Group managed to win a sizeable infrastructure project during FY2017. Riding on our proven expertise and track record in civil infrastructure works, we secured a $325.0 million project from the LTA, for the addition and alteration works to the existing Tanah Merah Station and viaducts. The scope of work for the project includes the construction of an additional platform and concourse in the station, and two new station entrances linked by an underpass near the Tanah Merah Kechil Avenue intersection. The contract also calls for the addition of tracks and viaducts to run parallel to and form junctions with the existing East-West Line, and connect with the new four-in-one East Coast Integrated Depot at Changi. Works for the project has commenced and is expected to complete in 2024. With this new award, the Group's outstanding order book for the Construction Division was $514.3 million as at 30 June 2017.

Construction for Northpoint City, a mixed development comprising North Park Residences, retail plaza, community club and bus interchange, is progressing according to schedule. Located in Yishun, the development is expected to be completed in the second half of 2018.

The Glades, a residential condominium development at Bedok Rise was completed in December 2016, while the Housing & Development Board's Kampung Admiralty was substantially completed in May 2017.

Even though our Bukit Panjang MRT project (C912) was completed in 2015, it continues to be highly lauded. During the financial year under review, the project garnered three of the most distinguished awards given out by the LTA and the BCA. The LTA named Lum Chang Building Contractors, the Project Partner for the Best Managed Rail/Road Infrastructure at the Authority's Land Transport Excellence Awards 2016. The award honours the most outstanding organisation that has excelled in the development of rail or road infrastructure. In addition, the project was also bestowed with the BCA's Construction Excellence (Civil Engineering Project Category), and Construction Productivity Platinum Awards.

Our efforts to promote workplace safety were also recognised by the international Royal Society for the Prevention of Accidents (RoSPA) and we won the Gold Award in the century-old society's RoSPA Occupational Health & Safety Awards 2017. Locally, the Kampung Admiralty project earned a place on the winner's list in the Workplace Safety and Health Council's 2017 Awards, in the Safety and Health Award Recognition for Projects (SHARP) category.

SHARE BUY-BACK AND EMPLOYEE SHARE OPTION SCHEME

The Company did not purchase any of its own shares during the financial year ended 30 June 2017. In addition, no further share options were granted to employees. To date, 2,235,000 share options out of a total of 36,632,000 share options granted since 2008 remain outstanding. The scheme will be expiring on 26 October 2017 after 10 years. During the term, 25,264,000 options had been exercised by employees of the Group. The Company will review its effectiveness before proposing any new schemes in the future.

SENIOR MANAGEMENT CHANGES

The Board members and I are pleased to welcome our new Non-Independent Non-Executive Director, Mr Kelvin Lum, who was appointed to the Board in November 2016. He brings with him executive and strategic leadership skills, and we look forward to his contribution to the Board.

CONCLUSION

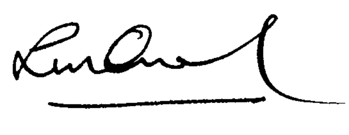
Singapore is expected to see some economic growth in 2017, supported by trade-related sectors such as manufacturing, transportation and storage. The construction sector however, is likely to remain muted and the Group expects its business conditions to remain highly challenging.

The Group's property development projects on hand are currently at development stages, with revenue contribution expected only a few years down the road. These include the redevelopment of the Verge, the residential project at One Tree Hill, the mixed development in Kuala Lumpur's Petaling Jaya and Kelaty House in London.

That said, we are encouraged by the Government's continued investment in transport infrastructure like the Kuala Lumpur-Singapore High Speed Rail, and enhancing the public transportation network with the Jurong Region and Cross Island Lines. With recognised expertise, a proven track record and experience collaborating with Government agencies, our construction arm is in a strong position to pursue viable projects.

We will continue to evolve to stay responsive, renew our overall cost structure, and reinforce our operational and investment strategies for systematic long-term sustainable growth.

On behalf of the Board, my thanks go out to our shareholders, clients, business associates and suppliers for the confidence and support they have again shown our company throughout the year. I also thank my fellow Board colleagues for their invaluable counsel and also extend my appreciation to our Management team and all employees for their continued and consistent passion, dedication and commitment.



Raymond Lum Kwan Sung
Executive Chairman
14 September 2017

PROPERTY

CONCEIVING & DESIGNING QUALITY LIFE SPACES AND MAKING SMART STRATEGIC INVESTMENTS

Over the years, the Group has accumulated an impressive portfolio of investment and development properties comprising deluxe homes, premium condominiums, prime commercial properties and choice office real estate in Singapore, Malaysia and the United Kingdom.

Adding to the development portfolio, the Group acquired another two properties for redevelopment purposes during the year under review. The first being a commercial property in Serangoon (formerly known as The Verge), which the Group will jointly redevelop with strategic partner, LaSalle Investment Management. The other property is the en-bloc acquisition of One Tree Hill Gardens, where the Group intends to develop landed homes.

Out of Singapore, its development in Petaling Jaya, Kuala Lumpur, is in the midst of finalising plans for a mix of serviced residences, residential units for sale and some commercial units. The Group is also working on the design and building plans for the student accommodation and serviced residences at the Kelaty House site, located at the Wembley Regeneration Area.

Consistent with our strategy of unlocking capital when opportunities are ripe, we divested our stake in Pembridge Palace with an eye to re-deploying capital released into other investments that would offer good yields. Harnessing our strategic investments and capability in property development, the Group aims to strengthen our foundations for sustainable growth.

SINGAPORE

COMMERCIAL PROPERTY IN SERANGOON (formerly known as The Verge)

The Group completed an acquisition of a leasehold property located along Serangoon Road with joint venture partner, LAO V Serangoon Pte Ltd (a unit managed by LaSalle Investment Management) on 15 November 2016. The Verge is located at the start of the iconic Little India district, next to Rochor Station on the Downtown Line.

Acquired at an agreed valuation of $273.0 million, the property has a total gross floor area of 238,527 square feet. The Group intends to redevelop the property into a mixed development comprising retail and serviced residences.

Redevelopment works are targeted to complete in the second half of 2019.

ONE TREE HILL

In May 2017, the Group exercised an option to acquire en-bloc, One Tree Hill Gardens, a low-rise apartment block for a consideration of $65 million. This prime site is located at the junction of One Tree Hill and Jalan Arnap, in the Orchard locality.

Situated in a residential area, the property is approximately 39,100 square feet, and will be within walking distance to the Orchard Boulevard MRT station when it opens in about four years' time. The Group intends to redevelop the property into landed homes for sale.

UNITED KINGDOM

KELATY HOUSE

Kelaty House, is a freehold commercial property located in London, near the iconic Wembley Stadium, at the Wembley Regeneration Area.

Wembley is one of the largest regeneration projects in London, and is fast becoming a vibrant and thriving neighbourhood, popular with students.

The site is approximately 1.03 hectares. The Group is finalising the design for its 599-bed student accommodation and 300-key serviced residences, which is to be housed within five blocks of between 4 to 13 storeys high. Construction is likely to start next year and the development would take approximately three years to complete.

Currently, the Group derives rental income from the property which is fully leased.

130 WOOD STREET

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

The building comprises Grade A offices, a basement wine bar, and retail and storage units let out on long leases. The Group derives rental income from the property which is currently fully leased.

PEMBRIDGE PALACE

Pembridge Palace, located at Prince's Square, London, is situated in the City of Westminster Borough, near Bayswater Tube Station and tourist attractions such as Hyde Park and Kensington Gardens.

In January 2017, the Group completed the disposal of the property.

MALAYSIA

DEVELOPMENT AT PETALING JAYA, KUALA LUMPUR

Plans are being finalised for the Group's development in Section 13, Petaling Jaya in Kuala Lumpur. The upmarket project, a joint venture with Tien Wah Properties Sdn Bhd, will yield apartments for sale, serviced residences and a two-storey commercial podium.

The development is expected to be completed in 2022.

TWIN PALMS KEMENSAH

Construction for Twin Palms Kemensah has completed, and the 127-unit luxurious private bungalow development is fully sold. All units have been handed over to the buyers.

The freehold gated residential development is nestled within the cool and green natural surroundings of Kemensah, located within minutes to Kuala Lumpur City Center.

TWIN PALMS SUNGAI LONG

Twin Palms Sungai Long is a modern residential estate within a gated and guarded community nestled on the hillside of Bandar Sungai Long, Kajang. Developed over nine phases, the property features 573 bungalows, semi-detached villas and superlink units sprawled over a 126-acre freehold land.

The estate is fully equipped with 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 and poolside cafe.

For the year under review, 12 Latania semi-detached homes were launched. To date, 95% of all the 388 units launched have been sold.

At the 9th Malaysian Landscape Architecture Awards held on 22 April 2017, the development picked up the Honour Award for Best Landscape Development under the Development and GLC category by the Institute of Landscape Architects Malaysia.

CONSTRUCTION

LEVERAGING COMPETITIVE STRENGTHS TO FORTIFY OUR FOUNDATIONS

Despite the industry's challenging conditions in the year under review, the Group's construction division continued to be profitable.

LCBC completed the construction for a couple of projects while work progressed for other on-going ones. The division also managed to secure an LTA infrastructure contract, bringing the division's total outstanding value of construction projects in progress to $514.3 million as at 30 June 2017.

At $325 million, the LTA contract was awarded for the addition and alteration works to the existing Tanah Merah MRT station, addition of tracks and viaducts to the existing East-West Line to form junctions, and connections to the new East Coast Integrated Depot at Changi. Work on the project has started and is expected to complete approximately seven years down the road in 2024.

The Glades, a residential condominium in Bedok Rise, was completed at the end of last year and HDB's Kampung Admiralty received its Temporary Occupation Permit in May.

The Group's achievements on project execution stand testament to our ability to deliver engineering excellence. Bukit Panjang MRT project (C912) continued to garner accolades despite being completed more than a year ago. LCBC was recognised by the LTA as Project Partner for Best Managed Rail/Road Infrastructure 2016, and was also awarded the BCA's twin awards for Construction Excellence (Civil Engineering Project category) and Construction Productivity Platinum Award 2017 for the project.

Major projects will continue to be an important part of our business focus and the Group maintains its disciplined approach to bidding for, and securing new business. In parallel, we intend to exercise financial prudence and move towards achieving greater operational efficiencies.

TANAH MERAH STATION (CONTRACT T315)

LCBC has secured a tender for the addition and alteration works to the existing Tanah Merah MRT Station and existing viaducts. The $325.0 million contract was awarded by the LTA.

The scope of works includes the construction of an additional platform and concourse in Tanah Merah Station along with two entrances linked by an underpass near the Tanah Merah Kechil Avenue intersection, and related road and drainage works.

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

Construction began in end 2016 and is targeted to complete by 2024.

Image : LTA

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

LCBC was awarded a $60.8 million contract by DBS Trustee Limited as Trustee of Mapletree Industrial Trust, for the construction of a high-specification industrial building, located at the junction of Boon Keng Road and Kallang Place.

The scope of work includes the construction of a fourteen-storey multi-user high-specification building with two-storey carpark. The contract also entails asset enhancement works for lift lobbies and corridors, including modernisation of lifts and lift car replacements for three existing buildings.

The construction for this industrial development is carried out in seven phases and completion is expected in the first half of 2018.

Image : Frasers Centrepoint Limited

NORTHPOINT CITY

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

Northpoint City when completed in the second half of 2018, will be home not only to North Park Residences - a 12-block residential development with 920-units; but also the largest retail mall in the north of Singapore, with a Community Club within the mall. The development will also house a vibrant Town Plaza, a transport hub with an air-conditioned bus interchange, and an underground retail link with direct access to Yishun MRT station.

KAMPUNG ADMIRALTY

Kampung Admiralty, an integrated development located at Woodlands, was substantially completed in May 2017.

The $128.0 million contract from Housing Development Board covers the construction of two studio apartment blocks with 104-units, a community plaza and park, retail shops, a hawker centre, two-level medical centre, and elder and childcare facilities. Associated works such as the construction of a two-level basement carpark and additional contingency works are also included in the contract.

In July 2017, Kampung Admiralty was awarded the WSH Performance (SHARP) Award for good project safety and health management systems at the Workplace Safety and Health (WSH) Awards, organised by the Workplace Safety and Health Council (WSHC) and Ministry of Manpower (MOM).

THE GLADES

Work on The Glades, a condominium project located at Bedok Rise has completed and the development obtained its TOP in December 2016.

The $178.6 million contract from Sherwood Development Pte Ltd (a joint venture between Keppel Land & China Vanke) comprises nine blocks of between 10 to 12 storeys, two basement carparks, a tennis court, swimming pool and clubhouse facilities.

At Keppel Land's Workplace Safety and Health (WSH) Recognition 2017 held in May 2017, the project team for The Glades, was conferred the WSH Recognition Award 2017. The event recognises the efforts of project teams and contractors who have significantly contributed to Keppel Land's safety excellence.

CORPORATE SOCIAL RESPONSIBILITY REVIEW

CORPORATE CITIZENSHIP

It is our responsibility to be a good corporate citizen in the communities where we live and work. At Lum Chang, we are committed to conducting our business in an economically, socially and environmentally–friendly manner that balances the interests of our stakeholders. Our sustainability efforts are guided by four main pillars - protecting the interests of our shareholders, being a responsible employer, giving back to the community, and adopting practices that help preserve the environment.

RESPONSIBILITY TO OUR SHAREHOLDERS

Lum Chang is committed to maintaining high standards of corporate governance with the aim to protect and enhance shareholders' interests and maximising long-term shareholder value. The Group recognises that good corporate governance processes are essential for enhancing corporate sustainability.

The Company is mindful of the need for regular, consistent and transparent communication with its shareholders by providing timely and clear information on our financials, business operations and latest business developments.

The Group disseminates quarterly and full-year results, and announcements through its corporate website and on the Singapore Exchange Securities Trading Limited through SGXNET. The corporate website keeps the investment community up-to-date, with its dedicated Online Investors Relations page providing corporate and financial information, annual reports, daily stock quotes and historical charts.

HUMAN RESOURCE AND PEOPLE DEVELOPMENT

BUILDING CAPABILITY

Investment in our people is key for our continued success. To create an enterprising and engaged workforce, we provide a work environment that encourages continuous learning and development opportunities, to strengthen employees' technical and leadership competences, as well as a healthy work-life balance to ensure their physical and mental well-being.

We are committed to grooming and retaining a diverse and robust talent pool to support and drive growth for the Group. Our staff are continually challenged to grow, and are empowered and nurtured through initiatives like people development programmes. They undergo a diverse range of career-building and learning experiences including 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. Regular visits to our various project sites are organised to share best work practices and provide insights on how technical challenges are overcome.

Training Workshop

DIVERSITY & EQUAL OPPORTUNITIES

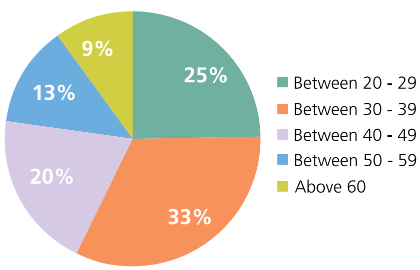
Lum Chang is committed to respecting diversity. We treat all employees fairly, with respect and dignity, irrespective of nationality, race or religion. We adopt fair employment practices, free from discrimination as guided in our human resource policies, governed by the Singapore Tripartite Guidelines.

Lum Chang fully supports the BCA's Pledge for a Better Built Environment Workplace and strives to be an employer of choice. We offer competitive remuneration and reward contribution, with performance-based pay and bonuses. Regular salary reviews are conducted to ensure that our remuneration package remains competitive. Lum Chang offers all employees a comprehensive benefits package which includes health and welfare, maternity and paternity leave entitlements as well as coverage under the Company's group health insurance plan.

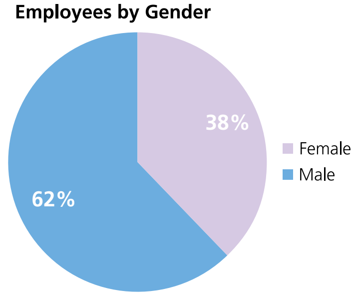
Employees are provided with accessible channels to communicate, raise issues and concerns. Our grievance procedures and whistle-blowing policy encourage the reporting of such matters in good faith with the confidence that employees making such reports will be protected from reprisal.

To make them feel welcomed, new employees undergo an orientation programme to help them assimilate into the organisation. Lum Chang also actively engages new staff through various initiatives such as organising informal sessions to meet with senior management. In addition, staff are regularly updated on the latest company news and developments, via the intranet and quarterly newsletter.

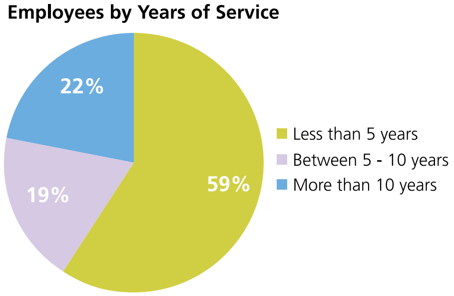
Employees by Age Band



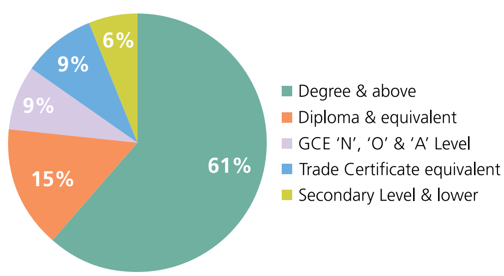
Employees by Gender



Employees by Years of Service



Employees by Educational Qualification



* - inclusive subsidiary company - LCPI Pte Ltd

EMPLOYEE WELFARE

We believe that employee health is of utmost importance. In addition to medical benefits and insurance coverage, we also provide regular health screenings for employees.

To promote work-life harmony and facilitate camaraderie amongst our employees, the Recreation Committee organises a host of recreational and social activities throughout the year. Our staff participate in fun-filled activities including bowling tournaments, annual dinner and dance, yoga and donation drives. We also organise various activities that involve both staff and their families such as day-trip excursions, movie screening, baking class, Laserquest and Megazip Adventure.

This year, the Recreation Committee also rolled out *Get Active*, a programme to encourage employees to get on their feet, get moving and overcome a sedentary lifestyle. To motivate them, employees are rewarded for completing an exercise and we kicked off the programme at our head office with brisk-walking.

Batam Day Trip 2017

Mega Adventure

Baking Class

Laser Quest

HEALTH AND SAFETY

SAFETY FIRST

Health and Safety at the workplace is always a top priority at Lum Chang. We provide a safe work environment for our people and actively promote awareness of workplace occupational health and safety. We aim to elevate the safety standards for all our employees and sub-contractors, through our Workplace Safety and Health (WSH) work plans.

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

Lum Chang works closely with like-minded subcontractors and suppliers who uphold high safety standards. As a certified bizSAFE Partner, Lum Chang proactively encourages our sub-contractors to improve their WSH performance by similarly embarking on the bizSAFE programme.

Safety Workshop

WSH AWARDS Performance 2017 SHARP

TRAINING & OUTREACH

A strong sense of safety is instilled in all our employees to strive for an incident free workplace. We organise various safety programmes and activities to raise health and safety awareness and inculcate a safety culture in our employees. On top of facilitating regular fire drills and safety briefings and audits, our staff are trained in accordance to their job requirements and are educated on safety awareness before being placed on a job. Our Accident Frequency and Accident Severity Rates remain low, below the Singapore National Construction average.

An incentive scheme for staff is in place, to recognise and reward those with exemplary safety performance, and who make valuable contributions towards cultivating safe and healthy project sites.

ACCOLADES

In recognition of our safety performance and our efforts to build a strong Workplace Safety & Healthy culture, Lum Chang was the recipient of numerous safety awards from industry leaders and business partners, reinforcing our commitment to maintaining an excellent health and safety record.

In July 2017, Lum Chang won the Workplace Safety and Health (WSH) Awards 2017, in the Safety and Health Award Recognition for Projects (SHARP) category for Kampung Admiralty

At Keppel Land's Workplace Safety and Health (WSH) Recognition 2017 held earlier this year, the Lum Chang Project Team for The Glades, was conferred the WSH Recognition Award 2017.

For the second consecutive year, Lum Chang has been awarded the Gold Award at the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Awards 2017.

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
- Continual improvement mindset

ENVIRONMENTAL AWARENESS

At Lum Chang, we are conscious of the environmental impacts arising from our business activities. We are committed to eco-friendly practices that contribute towards building a sustainable environment. We have in place, measures to minimise waste and improve operational efficiencies. Besides reducing electricity consumption by turning off lights and machines during lunch and after-office hours, we reduce paper usage through setting default double-sided printing, discouraging the printing of materials, and storing files electronically. This year, our annual report is printed with sustainable paper source that is certified by the Forest Stewardship Council (FSC).

At work sites, we have procedures to encourage recycling and the reduction of construction waste. Treated water is used for flushing of toilets, washing of vehicles and for general cleaning while recycle bins are placed at designated areas for proper segregation of wastes. Good housekeeping at work sites is a priority, to ensure the safety and health of our employees. We also use plants at our worksites to enhance the surroundings and create a more pleasant environment for our employees.

We were one of the earliest contractors to adopt the BCA's Green and Gracious Builder Award Criteria, and green practices and innovations have been implemented at all our work sites since 2009. Our commitment and drive for continual improvement in sustainability has garnered us the highest tier STAR category under BCA's Green & Gracious Builder Award, which we have maintained since 2013. The BCA has approved the Green Mark rating for 14 of our projects and of these, four projects are of the highest Platinum standard.

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). All these efforts are the concerted drive to shape a greener built environment in Singapore.

MINIMISING OUR ENVIRONMENTAL IMPACT

- Train and promote environmental awareness amongst staff
- Use of natural resources efficiently, e.g. using energy efficient lighting and air-conditioning, and water recycling in our construction site offices
- Work with 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

COMPLIANCE AND INDUSTRY ENGAGEMENT

Lum Chang aims to operate within legal and regulatory boundaries. We work closely with government agencies to keep up-to-date with recent changes in policies with regard to construction, and maintain close working relations to promote the exchange of ideas and understand pertinent issues that may affect the business. During the year, we also hosted several site visits by BCA, LTA and HDB among others.

As a BCA Grade A1 contractor for both general building and civil engineering, we not only employ, but also strive to improve existing labour-efficient technologies to upkeep the national agenda of raising productivity in construction. Lum Chang frequently participates in government-led initiatives and trade shows to keep abreast of the latest developments in construction productivity technologies and best practices. We have been a sponsor for Singapore Construction Productivity Week since 2013. Hosted by BCA, the annual event discusses developments in key productivity trends and advanced construction technology for the built sector.

In June 2017, Lum Chang clinched both the BCA Construction Productivity Award – Projects (Platinum), and BCA Construction Excellence Award, for our work on Bukit Panjang station (C912) project. The project also garnered the Best Managed Rail/Road Infrastructure from LTA in December last year.

LCBC was awarded the BCA Construction Excellence Award and BCA Construction Productivity Award - Projects (Platinum) for Bukit Panjang station (C912) Project

In September 2016, Mapletree Logistics Hub at Toh Guan Road East was awarded the BCA BIM GoldPlus Award, Projects category. The award recognises Lum Chang's Building Information Modelling implementation during the design, construction and facility management stages of the project.

The Company also provides educational opportunities through sponsorships and scholarships. Lum Chang sponsored the Singapore Contractors Association Ltd (SCAL) Bursary at the National University of Singapore (NUS) to provide financial assistance to needy students pursuing a Civil Engineering degree. The Company also offers the BCA Built Environment Undergraduate Scholarship, to groom promising young individuals who wish to pursue a rewarding career in the Built Environment sector.

LCBC was awarded the BCA BIM Goldplus Award, Project category for Mapletree Logistics Hub at Toh Guan Road East

BCA-Industry Built Environment Scholarship Scheme 2016

In Malaysia, Twin Palms Sungai Long was conferred the Honour Award for Best Landscape Development under the Development and GLC Category from Institute of Landscape Architecture Malaysia (ILAM) in April 2017. The award recognises the best and most outstanding landscape projects in the region.

Lum Chang Malaysia was awarded the Honour Award for Best Landscape Development under the Development and GLC Category from Institute of Landscape Architecture Malaysia

RESPONSIBILITY TOWARDS SOCIETY

As a responsible corporate citizen, Lum Chang supports and engages the communities that we operate in. These support programmes take various forms, from corporate sponsorships for youth development, culture and the arts to employee-led activities for the needy and underprivileged.

During the year, we supported several fundraisers to aid various causes in the community including the Singapore Island Country Club May Day Charity, Singapore Red Cross, Kwong Wai Shiu Hospital and YMCA. We also participated in community fundraising programmes, organised by various Community Club's such as Nee Soon Central, West Coast and Rotary Club of Jurong Town.

We also supported the Authorities' and our business partners in their CSR programmes including BCA's "Building Bridges" raising funds for the Society for the Physically Disabled, various charity golf tournaments and other fund-raising events.

The Group together with a personal donation by Mr David Lum (LCH Managing Director) made a significant contribution to the Compassion Fund. The pledged gift of $500,000 goes towards supporting needy students from crisis-struck families.

This year, to bring employees together for a good cause, we collaborated with Radion International, a Christian humanitarian relief and community development agency to support Project Lives, their annual relief collection drive. Our staff contributed pre-loved clothing, medical supplies and food items to the low-income and neglected communities living in rural Thailand.

In December, staff volunteered their time, to organise a Christmas party for the residents of Kwong Wai Shiu Hospital, a healthcare provider to the needy and lower-income families in Singapore. Staff entertained the mostly elderly residents with song and games, and spread the season's cheer by bringing gifts sponsored by the Company & employees.

Kwong Wai Shiu Hospital Christmas Party

NETWORK OF OPERATIONS

SINGAPORE

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

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

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

- FCL Admiralty Pte Ltd
- FCL Compassvale Pte Ltd

WEST MALAYSIA

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

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

JERSEY, CHANNEL ISLANDS

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

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

UNITED KINGDOM

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

- Lum Chang Development Services Limited

GROUP FINANCIAL HIGHLIGHTS

	2017 $'000	2016 $'000	%
For the Year:			
Revenue	**369,022**	426,119	-13
Profit			
Before income tax	**23,785**	36,101	-34
After income tax	**19,367**	29,448	-34
Attributable to equity holders of the Company	**18,697**	29,522	-37
Profit attributable to equity holders of the Company as a percentage of:			
Total revenue	**5.07%**	6.93%	
Average shareholders' equity	**8.63%**	13.96%	
At 30 June:			
Shareholders' equity	**220,938**	212,227	4
Total equity	**237,385**	213,498	11
Total assets	**576,968**	555,292	4
Per share:			
Earnings attributable to equity holders of the Company (Note 1)	**4.91¢**	7.73¢	-36
Net asset value (Note 2)	**$0.58**	$0.56	4
Dividends paid & proposed (Note 3):			
Interim dividend	**0.3¢**	0.75¢	
Final dividend	**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 31 of the Notes to the Financial Statements for the treatment of the proposed dividend in the accounts.

FIVE-YEAR FINANCIAL SUMMARY

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Consolidated Income Statement					
Revenue	369,022	426,119	312,394	276,605	494,550
Profit before income tax	23,785	36,101	34,194	30,275	34,939
Profit after income tax	19,367	29,448	29,713	27,949	28,256
Profit attributable to equity holders of the Company	18,697	29,522	29,811	25,144	21,482
Consolidated Balance Sheet					
Property, plant and equipment & investment properties	198,167	251,180	235,809	219,353	156,158
Investments in associated companies & joint ventures	13,531	17,015	4,762	13,358	338
Other assets	365,270	287,097	283,496	311,196	338,086
Total assets	576,968	555,292	524,067	543,907	494,582
Total borrowings	128,674	160,893	81,858	133,350	99,020
Other liabilities	210,909	180,901	230,238	203,825	215,103
Total liabilities	339,583	341,794	312,096	337,175	314,123
Net assets	237,385	213,498	211,971	206,732	180,459
Share capital	86,579	86,596	86,604	84,311	84,060
Treasury shares	(1,273)	(1,585)	(253)	(1,324)	(2,194)
Capital and other reserves	(3,080)	1,299	20,163	25,209	20,346
Retained profits	138,712	125,917	104,098	86,926	69,249
Shareholders' equity	220,938	212,227	210,612	195,122	171,461
Non-controlling interests	16,447	1,271	1,359	11,610	8,998
Total equity	237,385	213,498	211,971	206,732	180,459
Ratios					
Profit attributable to equity holders of the Company as a percentage of:					
Total revenue	5.07%	6.93%	9.54%	9.09%	4.34%
Average shareholders' equity	8.63%	13.96%	14.69%	13.72%	13.08%
Per share:					
Earnings attributable to the equity holders of the Company (Note 1)	4.91¢	7.73¢	7.80¢	6.73¢	5.80¢
Net asset value (Note 2)	$0.58	$0.56	$0.55	$0.52	$0.46
Dividends paid & proposed (Note 3):					
Interim dividend	0.30¢	0.75¢	0.75¢	0.75¢	0.75¢
Final dividend	1.20¢	1.25¢	1.25¢	1.25¢	1.25¢

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

CORPORATE GOVERNANCE

INTRODUCTION

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

BOARD MATTERS

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

The Board oversees the business affairs of the Group and is principally responsible for setting the Group's business direction, approving strategic plans, and monitoring and reviewing its financial performance. The Board also continually monitors and assesses the internal controls which 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.

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

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

Details of the attendance of the Board members at Board meetings and meetings of the various Board committees for the period 1 July 2016 to 30 June 2017 (FY2017) are set out in Table 1.

BOARD MATTERS (CONTINUED)

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

Table 1

NAME	BOARD	AUDIT AND RISK COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
Number of Meetings held	**5**	**4**	**2**	**2**
	Number of Meetings attended			
Raymond Lum Kwan Sung	5	N.A.	2	N.A.
David Lum Kok Seng	5	N.A.	N.A.	N.A.
Tony Fong	5	N.A.	N.A.	N.A.
Kelvin Lum Wen Sum*1	2	N.A.	N.A.	N.A.
Peter Sim Swee Yam	5	4	2	2
Dr Willie Lee Leng Ghee	5	4	2	2
Daniel Soh Chung Hian	5	4	2	N.A.
Andrew Chua Thiam Chwee	5	4	N.A.	2

Notes: *1 Mr Kelvin Lum Wen Sum was appointed as a Non-independent Non-executive Director of the Company on 10 November 2016.

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

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, site visits to the Group's various projects in Singapore and overseas, and 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.

BOARD MATTERS (CONTINUED)

Board Composition and Guidance (Principle 2)

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

With eight members, comprising three executive and five non-executive directors, four of whom are independent, the Board maintains its independence as half its members are independent within the meaning of the Code. Furthermore, the Lead Independent Director convenes and leads meetings of the independent directors without the presence of the executive directors from time to time as deemed necessary, and acts as the leader of the independent directors at board meetings in raising queries and pursuing matters. This ensures that the Board is able to exercise its powers judiciously and objectively.

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

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

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

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

BOARD MATTERS (CONTINUED)

Board Composition and Guidance (Principle 2) (continued)

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

The Company progressively staggers refreshing of the Board composition as needed. The Board, after due and careful consideration of his credentials and experience, appointed Mr Kelvin Lum Wen Sum as its newest member on 10 November 2016, on a non-independent, non-executive basis.

Chairman and Managing Director (Principle 3)

Mr Raymond Lum Kwan Sung is the Executive Chairman of the Company. Together with the Executive Committee ("EXCO"), the Executive Chairman also 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 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 achieve and maintain an amicable and constructive relationship with management to the Group's mutual benefit. The close working relationship between the Board and management fostered by the Executive Chairman allows him to provide a clear, consistent and cohesive narrative of the Company's activities as part of the Company's constant efforts towards effective communications with its shareholders.

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

BOARD MATTERS (CONTINUED)

Board Membership (Principle 4)

Board Performance (Principle 5)

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

Table 2

BOARD MEMBERS	EXECUTIVE COMMITTEE	AUDIT AND RISK COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE	DATE OF INITIAL APPOINTMENT TO THE BOARD	DATE OF LAST RE-ELECTION TO THE BOARD
Raymond Lum Kwan Sung	C		M		18.09.1982	28.10.2016
David Lum Kok Seng	M				18.09.1982	28.10.2014
Tony Fong	M				02.07.2012	28.10.2014
Kelvin Lum Wen Sum					10.11.2016	-
Peter Sim Swee Yam		M	M	C	30.11.2001	28.10.2016
Daniel Soh Chung Hian		C	M		09.01.2013	30.10.2015
Dr Willie Lee Leng Ghee		M	C	M	28.02.2006	30.10.2015
Andrew Chua Thiam Chwee		M		M	21.12.2015	28.10.2016

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; the execution of existing businesses and the management of funds and cashflow. The Members of the EXCO are the Executive Chairman, Mr Raymond Lum Kwan Sung; the Managing Director, Mr David Lum Kok Seng; the Executive Director, Mr Tony Fong; and the Property Development Director, Mr Adrian Lum Wen Hong.

BOARD MATTERS (CONTINUED)

Nominating Committee

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

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

(a) the review of board succession plans for directors;

(b) the development of a process for evaluation of the performance of the Board, its committees and directors;

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

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

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

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

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

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

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

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

Before making its recommendation to the Board for the re-appointment of a retiring director, the Nominating Committee takes into consideration the director's contribution and performance which are determined by factors such as attendance, preparedness, participation and candour (as well as contribution to the effectiveness of the Board). The director is also assessed based on his ability to adequately carry out the duties expected while performing his roles in other companies or in other appointments. Mr Raymond Lum Kwan Sung and Dr Willie Lee Leng Ghee will be seeking re-election as directors pursuant to Section 153(6) of the Companies Act (Cap. 50), Mr David Lum Kok Seng and Mr Tony Fong will be seeking re-election as directors pursuant to Article 99 of the Company's Constitution, and Mr Kelvin Lum Wen Sum

BOARD MATTERS (CONTINUED)

Nominating Committee (continued)

will be seeking re-election as director pursuant to Article 81 of the Company's Constitution at the FY2017 AGM. The Nominating Committee has reviewed and is satisfied with their contribution as directors, and has therefore endorsed their nomination for re-election.

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

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

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

Each member of the Board is also assessed individually according to, 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. Their multiple board representations do not hinder their abilities to carry out their duties as directors of the Company. Such multiple board representations of the directors benefit the Group, as the directors are able to bring with them the experience and knowledge obtained from such board representations in other companies. In view of this, the Nominating Committee has not set any prescribed maximum number of listed company board representations which any Director may hold and is satisfied that the current criteria adopted are adequate and appropriate for the Group.

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

BOARD MATTERS (CONTINUED)

Share Purchase Committee

At the AGM on 28 October 2016, the shareholders of the Company had granted a renewal of the mandate to the Company to carry out share buybacks as permitted by the Companies Act, Cap. 50 ("Share Purchase Mandate").

The Share Purchase Committee, comprising Mr Raymond Lum Kwan Sung, Mr David Lum Kok Seng and Mr Tony Fong, was authorised to purchase shares of the Company at such time as it deems suitable subject to the prescribed conditions in the Share Purchase Mandate. The Company did not purchase any of its own shares during FY2017.

Access to Information (Principle 6)

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 7)

Level and Mix of Remuneration (Principle 8)

Disclosure on Remuneration (Principle 9)

Remuneration Committee

The Remuneration Committee is comprised of 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 member of the Remuneration Committee is involved in deciding his own remuneration.

Directors' fees are set in accordance with a general remuneration framework consisting of basic retainer fees and are benchmarked against fees paid by other companies in related industries, and this general framework is reviewed

REMUNERATION MATTERS (CONTINUED)

Remuneration Committee (continued)

and approved by the Remuneration Committee. The framework and packages contain appropriate and meaningful measures to assess and evaluate the performance of the directors and key management. Such appropriate and meaningful measures are arrived at with the assistance of external expertise engaged for that purpose, as deemed necessary and/or appropriate by the Remuneration Committee.

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

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

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

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

A breakdown, showing the level and mix of each individual director's remuneration payable for FY2017, is set out in Table 3.

Table 3

	FEES	SALARY	BONUS	OTHER BENEFITS
	(%)	(%)	(%)	(%)
$1,777,000				
David Lum Kok Seng	-	49	48	3
$1,772,000				
Raymond Lum Kwan Sung	-	49	48	3
$600,000				
Tony Fong	-	46	51	3
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	-	-	-

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

REMUNERATION MATTERS (CONTINUED)

Remuneration Committee (continued)

The remuneration of the Group's top 5 key executives for FY2017 is set out in Table 4.

Table 4

	FEES	SALARY	BONUS	OTHER BENEFITS
	(%)	(%)	(%)	(%)
$1,500,000 to $1,750,000	-	26	73	1
1				
$250,000 to $500,000	-	63	32	5
4				

The two employees who are immediate family members of a director or the CEO whose remuneration exceeds $50,000 during the financial year ended 30 June 2017 are:

1. Ms Lum Wen Yan Emlyn, a daughter of Mr Raymond Lum Kwan Sung (the Chairman) and niece of Mr David Lum Kok Seng (the Managing Director), and who is employed by the Company as Manager, Asset Management. 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 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 FY2017, the aggregate total remuneration paid to key management personnel, excluding the three executive directors, is S$3,210,000 .

As the information on the remuneration of directors and key executives has already been disclosed, the Board is of the view that there is no need to prepare a separate Remuneration Report.

LCH Share Option Scheme 2007

The LCH Share Option Scheme 2007 ("Scheme") was approved by the shareholders on 26 October 2007. It is administered by the Employee Share Option Committee which is made up of the standing Remuneration Committee. The scheme will be expiring on 26 October 2017. During the term of the scheme, 36,632,000 options had been granted and to date, 2,235,000 options remained outstanding.

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

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

REMUNERATION MATTERS (CONTINUED)

LCH Share Option Scheme 2007 (continued)

The Scheme allowed options to be granted at a maximum discount of 20% of the Market Price (as defined under the Scheme). The aggregate number of shares when added with the number of shares that are issued or issuable in respect of other share-based incentive schemes of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares) on the day immediately preceding the date of the grant. The Company is also not allowed to grant more than 25% of the available shares under the Scheme to the controlling shareholders and their associates provided that individually their grant does not exceed 10% of the available shares under the Scheme.

The Company will review the effectiveness of this scheme and decide on any further issue in due course.

ACCOUNTABILITY AND AUDIT

Accountability (Principle 10)

The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and understandable assessment of the Company's performance and prospects. To enable the directors to fulfill their duties properly, 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 FY2017, the Executive Directors of the Company and the Finance Director provided written representations to the Board on the integrity of the quarterly financial statements announcements covering the Company and its subsidiaries. Pursuant to Rule 705(5) of the listing manual of Singapore Exchange Securities Trading Limited (the "Listing Manual"), the Board provided a negative assurance confirmation on the Group's quarterly financial statements announcements.

Audit and Risk Committee (Principle 11)

The main responsibilities of the Audit and Risk Committee are to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, and business and financial risk management and other relevant legislative and regulatory requirements. The Audit and Risk Committee comprises four 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. 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 their role of reviewing the financial reporting process, the systems of internal control, management of financial risks and the audit process.

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit and Risk Committee (Principle 11) (continued)

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

(a) Independent review of financial statements;

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

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

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

(e) Review of interested person transactions;

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

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

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

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

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

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

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 4 meetings during FY2017. During these meetings and in the course of FY2017, the Audit and Risk Committee carried out its functions set out above and in doing so reviewed the whistle-blowing policy, the interested person transactions and material contracts, amongst other activities.

For FY2017, the Board has received assurance from the Managing Director and Executive Director, Finance by way of a representation letter:

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

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

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit and Risk Committee (Principle 11) (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 FY2017 (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)
Director	$'000	$'000
Kelvin Lum Wen Sum Consultancy services rendered	$180	N.A.

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 FY2017 or if not subsisting, which were entered into during FY2017.

Internal Controls (Principle 12)

Internal Audit (Principle 13)

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

The Group has an internal audit function headed by an Internal Auditor who reports directly to the Chairman of the Audit and Risk Committee, with full and direct access to members of the Audit and Risk Committee at all times. The Audit and Risk Committee has the authority to approve the hiring, removal, evaluation and compensation 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

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal Audit (Principle 13) (continued)

internal controls as well as financial, operational and compliance controls and risk management and as such has the necessary resources and standing required for full and unfettered access to all the Group's documents, records, properties and personnel. The internal audit function performs regular audits of the Group's individual business units and operations, which include overseas subsidiaries and associates.

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

The Audit and Risk Committee regards the systems of internal control and risk management as necessary components to safeguard the Shareholders' investments and the Company's assets. The Audit and Risk Committee reviews and assesses the internal audit function based on the Group's adoption of the IIA Standards on a regular basis (but in any event not less than annually) and is satisfied with the adequacy and the overall effectiveness of the internal audit function as at 30 June 2017.

Risk Management

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

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

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

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

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

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal Audit (Principle 13) (continued)

Risk Management (continued)

The ongoing process of identifying business risks and implementing suitable preventive or corrective measures continues to be carried out primarily by the Audit and Risk Committee together with the internal audit function, with overall oversight by the Board and with participation by various stakeholders within the Group in their respective specific 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, are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems were effective and adequate as at 30 June 2017.

Communication With Shareholders (Principle 14)

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

General meetings provide an excellent opportunity for 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 during the general meetings to address, or to assist the directors in addressing, any relevant queries by the shareholders during general meetings.

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

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

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

DEALINGS IN SECURITIES

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

Each year, the Company plans the release of the announcements of its quarterly and full year results and sets out the "black-out" periods. The Company ensures that each of the Directors and affected staff is informed of the "black-out" periods and each Director and affected staff is required to acknowledge and declare that he or she is fully aware of the same. Notwithstanding that the Directors and affected staff are permitted to trade in the Company's shares during the permitted periods, the Company also specifically highlights in its policy that the Directors and affected staff 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.

DIRECTORS' STATEMENT

for the Financial Year Ended 30 June 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2017 and the balance sheet of the Company as at 30 June 2017.

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 68 to 160 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 2017 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 (appointed on 10 November 2016)

Mr Peter Sim Swee Yam

Mr Daniel Soh Chung Hian

Dr Willie Lee Leng Ghee

Mr Andrew Chua Thiam Chwee

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" on pages 57 to 59 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 21.7.2017	**At 30.6.2017**	**At 1.7.2016**	**At 21.7.2017**	**At 30.6.2017**	**At 1.7.2016**
The Company:						
Lum Chang Holdings Limited						
(Ordinary shares)						
Raymond Lum Kwan Sung	**14,701,397**	**14,701,397**	14,701,397	**59,839,742**	**59,839,742**	59,839,742
David Lum Kok Seng	**10,938,436**	**10,938,436**	10,938,436	**65,722,100**	**65,722,100**	63,423,900
Tony Fong	**300,000**	**300,000**	300,000	**17,000**	**17,000**	17,000
Peter Sim Swee Yam	**10,000**	**10,000**	10,000	**-**	**-**	-
Subsidiary of Lum Chang Holdings Limited:						
UK Property Investment Pte Ltd						
(Ordinary shares)						
Raymond Lum Kwan Sung	**-**	**-**	-	**15**	**15**	15
David Lum Kok Seng	**-**	**-**	-	**15**	**15**	15

(b) Mr. David Lum Kok Seng, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly owned by the Group:

	At 30.6.2017	**At 1.7.2016**
UK Property Investment Pte Ltd		
- No. of ordinary shares	**70**	70
Lum Chang (Suzhou) Investments Pte Ltd		
- No. of ordinary shares	**12,750**	12,750
Wembley Properties Pte Ltd		
- No. of ordinary shares	**18,900,007**	7

SHARE OPTIONS

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

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

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

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

Peter Sim Swee Yam

Dr Willie Lee Leng Ghee

Andrew Chua Thiam Chwee

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

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

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

The Company did not grant any options during the financial year.

SHARE OPTIONS (CONTINUED)

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

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

	No. of unissued ordinary shares of the Company under option			
Name of participant	**Granted in financial year ended 30.6.2017**	**Aggregate granted since commencement of scheme to 30.6.2017**	**Aggregate exercised since commencement of scheme to 30.6.2017**	**Aggregate outstanding as at 30.6.2017**
Controlling shareholders and associate				
Raymond Lum Kwan Sung	-	5,000,000	5,000,000	-
David Lum Kok Seng	-	5,000,000	5,000,000	-
Adrian Lum Wen Hong	-	125,000	125,000	-
Director of the Company				
Tony Fong	-	1,200,000	1,200,000	-

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

During the financial year, 850,000 treasury shares of the Company were reissued upon the exercise of the options by:

	No. of ordinary shares	**Exercise price**
Holders of		**$**
2011 Options	25,000	0.29
2012 Options	415,000	0.27
2013 Options	410,000	0.32
	850,000	

SHARE OPTIONS (CONTINUED)

(b) Share options outstanding

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

	No. of unissued ordinary shares under option at 30.6.2017	Exercise price	Exercise period
		$	
2012 Options	400,000	0.27	28 July 2014 - 27 July 2017
2013 Options	2,235,000	0.32	21 September 2015 - 20 September 2018
	2,635,000		

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

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 2017 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

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

INDEPENDENT AUDITOR

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

On behalf of the directors

Raymond Lum Kwan Sung Director	David Lum Kok Seng Director

14 September 2017

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

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Lum Chang Holdings Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the balance sheet of the Group as at 30 June 2017;
- the balance sheet of the Company as at 30 June 2017;
- the consolidated income statement of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

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

Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accounting for construction contracts *Refer to Note 3 (Critical accounting estimates, assumptions and judgements) and Note 13 (Construction Contract Work-in-Progress) to the financial statements.*	
During the financial year ended 30 June 2017, revenue from construction contracts amounted to S$349.2 million and it represented 94.6% of the total revenue of the Group. The Group accounts for its contract revenue and contract costs by reference to the stage of completion of the contract activity at the end of each financial year ("percentage-of-completion method") in accordance with FRS 11 Construction Contracts.	We have performed the following audit procedures to address the key audit matter: We have obtained an understanding of the projects under construction through discussions with management and examination of project documentation (including contracts and correspondences with customers). In relation to total contract revenue, our audit procedures include the following: a. Traced total contract sums to contract and variation orders entered into by the Group and its customer; b. Traced value of work performed to the surveyor/architect certification and assessed the competence of the surveyor/architect; c. Recomputed the percentage of completion; d. Assessed the adequacy of provision for liquidated damages to be net off against contract revenue recognised (where relevant); and e. Assessed the reasonableness of the revenue recognised via discussion with the project teams, obtaining corroborating evidence such as correspondences with the customer.

Our Audit Approach (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Accounting for construction contracts (continued)	
Significant judgement is required to estimate the total construction contract costs, variation or claims recognised as contract revenue, and provision for liquidated damages that will affect the stage of completion and the revenue and profit margins recognised from construction contracts. Accordingly, we have assessed the accounting for construction contract as a key audit matter.	In relation to total contract cost, our audit procedures include the following: a. Reviewed the actual costs incurred by tracing to supplier invoices or sub-contractor progress billings; and b. Reviewed management's estimates of total construction costs and cost to complete via the following: i. Substantiated to quotations and contracts entered for sub-contracting costs. ii. Reviewed the estimation of the materials, labour and other construction costs with reference to the progress of the project. iii. Discussed with the project team and comparing the percentage of costs incurred over the total contract costs incurred against the percentage of completion. Based on the audit procedures performed above, we have assessed management's estimates to be reasonable. We also recomputed the cumulative contract revenue and the contract cost for the current financial year as well as the amount of foreseeable loss (where relevant) for each project, and traced to the accounting records with no exceptions noted. We have also assessed the disclosures in the financial statements in relation to the sensitivity of contract revenue and contract costs of uncompleted contracts to the construction contract estimates to be appropriate.

Our Audit Approach (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to Note 3 (Critical accounting estimates, assumptions and judgements) and Note 22 (Investment Properties) to the financial statements.*	
The Group's investment properties carried at fair value amount to S$171.4 million at 30 June 2017 and account for 29.7% of the Group's total assets. The disclosures relating to these investment properties are included in notes to the financial statements. Management uses external valuers to support its determination of the individual fair value of its investment properties annually. The valuation of investment properties is considered a key audit matter due to the complexity involved in the valuation which involves assumption and estimates in light of current market conditions.	We considered the objectivity, independence and expertise of the external valuers used by management. We assessed the appropriateness of the valuation techniques used against our understanding of the industry, and found them to be appropriate for the relevant investment properties. We challenged management about the key assumptions and estimated inputs used in the valuation model. The key assumptions and estimated inputs included adopted value, estimated rental value, yield rate, total gross development value, and total estimated cost to completion. Our work done included consideration of externally derived data. We found the explanations provided to us by management to be satisfactory. We have also assessed the adequacy of the disclosures relating to the assumptions, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.

Other Information

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 14 September 2017

CONSOLIDATED INCOME STATEMENT

for the Financial Year Ended 30 June 2017

		Group	
		2017	2016
	Note	$'000	$'000
Revenue	4	**369,022**	426,119
Cost of sales		**(318,964)**	(368,774)
Gross profit		**50,058**	57,345
Other income	5(a)	**3,162**	2,131
Other gains/(losses) - net	5(b)	**3,400**	(1,314)
Expenses			
- Distribution and marketing		**(1,556)**	(1,540)
- Administrative and general		**(25,522)**	(30,033)
- Finance	8	**(5,651)**	(5,034)
Share of profits of associated companies	20	**1,012**	14,556
Share of losses of joint ventures	19	**(1,118)**	(10)
Profit before income tax		**23,785**	36,101
Income tax expense	9	**(4,418)**	(6,653)
Net profit		**19,367**	29,448
Net profit attributable to:			
Equity holders of the Company		**18,697**	29,522
Non-controlling interests		**670**	(74)
		19,367	29,448
Earnings per ordinary share attributable to the equity holders of the Company (cents per share)	10		
- Basic		**4.91**	7.73
- Diluted		**4.90**	7.71

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Financial Year Ended 30 June 2017

		Group	
		2017	2016
	Note	$'000	$'000
Net profit		**19,367**	29,448
Other comprehensive (losses)/income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Losses	28(e)	**(4,745)**	(18,555)
- Reclassification	28(e)	**158**	(212)
Available-for-sale financial assets			
- Fair value gains	28(d)	**282**	-
Other comprehensive losses for the year, net of tax		**(4,305)**	(18,767)
Total comprehensive income for the year		**15,062**	10,681
Total comprehensive income attributable to:			
Equity holders of the Company		**14,362**	10,769
Non-controlling interests		**700**	(88)
		15,062	10,681

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

BALANCE SHEET - GROUP

As at 30 June 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**130,760**	99,958
Trade and other receivables	12(a)	**79,075**	79,791
Tax recoverable	9(b)	**1,174**	908
Properties held for sale	14	**4,289**	13,633
Development properties	15	**57,073**	56,355
Other current assets	17(a)	**7,384**	1,893
		279,755	252,538
Non-current assets			
Trade and other receivables	12(b)	**75,251**	24,429
Club memberships	18	**342**	333
Available-for-sale financial assets	16	**7,642**	7,440
Investments in joint ventures	19	**1,989**	1,971
Investments in associated companies	20	**11,542**	15,044
Investment properties	22	**171,383**	220,028
Property, plant and equipment	23	**26,784**	31,152
Deferred income tax assets	9(c)	**1,153**	1,552
Other non-current assets	17(b)	**1,127**	805
		297,213	302,754
Total assets		**576,968**	555,292
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	**175,963**	147,668
Current income tax liabilities	9(b)	**4,784**	3,735
Borrowings	25	**23,661**	2,541
		204,408	153,944
Non-current liabilities			
Trade and other payables	24(b)	**29,500**	28,659
Borrowings	25	**105,013**	158,352
Deferred income tax liabilities	9(c)	**662**	839
		135,175	187,850
Total liabilities		**339,583**	341,794
NET ASSETS		**237,385**	213,498
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	**86,579**	86,596
Treasury shares	27	**(1,273)**	(1,585)
Capital and other reserves	28(a)	**(3,080)**	1,299
Retained profits	30(a)	**138,712**	125,917
		220,938	212,227
Non-controlling interests		**16,447**	1,271
Total equity		**237,385**	213,498

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

BALANCE SHEET - COMPANY

As at 30 June 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**38,717**	42,702
Trade and other receivables	12(a)	**50,529**	61,351
Other current assets	17(a)	**555**	520
		89,801	104,573
Non-current assets			
Trade and other receivables	12(b)	**117,645**	105,131
Club memberships	18	**228**	252
Investment in an associated company	20	**2,011**	2,011
Investments in subsidiaries	21	**66,111**	33,629
Property, plant and equipment	23	**1,103**	1,364
		187,098	142,387
Total assets		**276,899**	246,960
LIABILITIES			
Current liabilities			
Trade and other payables	24(a)	**127,667**	91,901
Current income tax liabilities	9(b)	**1**	22
Borrowings	25	**26**	25
		127,694	91,948
Non-current liabilities			
Borrowings	25	**49,838**	49,756
		49,838	49,756
Total liabilities		**177,532**	141,704
NET ASSETS		**99,367**	105,256
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	**86,579**	86,596
Treasury shares	27	**(1,273)**	(1,585)
Capital and other reserves	28(a)	**3,224**	3,268
Retained profits	30(b)	**10,837**	16,977
Total equity		**99,367**	105,256

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2017

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

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

		← Attributable to equity holders of the Company →						
	Note	Share capital $'000	Treasury shares $'000	Capital and other reserves $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2016								
Balance as at 1 July 2015		**86,604**	**(253)**	**20,163**	**104,098**	**210,612**	**1,359**	**211,971**
Net profit		-	-	-	29,522	29,522	(74)	29,448
Other comprehensive loss		-	-	(18,753)	-	(18,753)	(14)	(18,767)
Total comprehensive income		**-**	**-**	**(18,753)**	**29,522**	**10,769**	**(88)**	**10,681**
Employee share option scheme	27,28(c)							
- Value of employee services		-	-	4	-	4	-	4
- Treasury shares reissued		(8)	1,004	(165)	-	831	-	831
Purchase of treasury shares	27	-	(2,336)	-	-	(2,336)	-	(2,336)
Incorporation of a subsidiary with non-controlling interests		-	-	-	-	-	-*	-*
Transfer of reserves	28(f)	-	-	50	(50)	-	-	-
Interim dividend for FY2016	31	-	-	-	(2,848)	(2,848)	-	(2,848)
Final dividend for FY2015	31	-	-	-	(4,805)	(4,805)	-	(4,805)
Total transactions with owners, recognised directly in equity		**(8)**	**(1,332)**	**(111)**	**(7,703)**	**(9,154)**	**-**	**(9,154)**
Balance as at 30 June 2016		**86,596**	**(1,585)**	**1,299**	**125,917**	**212,227**	**1,271**	**213,498**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the Financial Year Ended 30 June 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Net profit		**19,367**	29,448
Adjustments for:			
Income tax expense	9(a)	**4,418**	6,653
Share of losses/(profits) of associated companies and joint ventures		**106**	(14,546)
Amortisation of club memberships	6	**42**	58
Depreciation of property, plant and equipment	6	**5,267**	5,761
Dividend income from available-for-sale financial assets	4	**(172)**	(190)
Fair value losses on investment properties – net	5(b)	**300**	2,907
Gain on disposal of subsidiaries	5(b)	**(4,687)**	-
Gain on disposal of available-for-sale financial assets	5(b)	**(1)**	-
Gain on disposal of club memberships	5(b)	**(62)**	(17)
Gain on disposal of property, plant and equipment – net	5(b)	**(25)**	(163)
Impairment loss on club memberships	6	**-**	23
Interest income	5(a)	**(526)**	(691)
Finance expense	8	**5,651**	5,034
Property, plant and equipment written off	6	**2**	6
Share option expense	7	**-**	4
Operating cash flow before working capital changes		**29,680**	34,287
Change in working capital, net of effects from acquisition of a subsidiary:			
- Trade and other receivables		**(7,074)**	(1,923)
- Other current assets		**(5,813)**	201
- Development properties/properties held for sale		**4,674**	30,503
- Trade and other payables		**35,597**	(13,137)
- Unrealised currency translation differences		**1,534**	(157)
Cash generated from operations		**58,598**	49,774
Income tax paid	9(b)	**(3,481)**	(4,572)
Net cash provided by operating activities		**55,117**	45,202

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

	Note	2017 $'000	2016 $'000
Cash flows from investing activities			
Acquisition of a business/subsidiary, net of cash acquired	37	**-**	(38,499)
Acquisition of interest in a joint venture	19	**(321)**	(1,675)
Dividends received from an associated company	20	**4,500**	3,700
Dividends received from available-for-sale financial assets		**172**	190
Expenditure on investment property	22	**(2,723)**	-
Interest income received		**572**	763
Proceeds from disposal of subsidiaries, net of selling expenses	11	**23,497**	-
Proceeds from disposal of available-for-sale financial assets		**81**	-
Proceeds from disposal of club memberships		**84**	32
Proceeds from disposal of property, plant and equipment		**32**	896
Purchase of club memberships		**(73)**	(99)
Purchase of property, plant and equipment		**(917)**	(1,989)
Purchase of available-for-sale financial assets	16	**-**	(2,756)
Advances and repayment from associated companies		**8,111**	17,100
Advances and repayment to an associated company		**(106)**	(2,830)
Advances to a joint venture		**(45,000)**	-
Net cash used in investing activities		**(12,091)**	(25,167)
Cash flows from financing activities			
Cash and cash equivalents released from pledge		**373**	27
Repayment of loan assumed on the acquisition of non-controlling interest in a subsidiary		**-**	(24,765)
Dividends paid		**(5,902)**	(7,653)
Bank facility fees		**(31)**	(18)
Interest paid		**(5,308)**	(3,886)
Proceeds from bank loans		**9,130**	96,752
Proceeds from re-issuance of treasury shares	27	**251**	832
Proceeds from issuance of medium term notes		**-**	49,668
Purchase of treasury shares		**-**	(2,336)
Repayment of bank loans		**(11,303)**	(50,953)
Repayment of finance lease liabilities		**(75)**	(974)
Advance from non-controlling shareholders of a subsidiary		**1,865**	971
Repayment to non-controlling shareholders of a subsidiary		**(64)**	(20,764)
Net cash (used in)/provided by financing activities		**(11,064)**	36,901
Net increase in cash and cash equivalents		**31,962**	56,936
Cash and cash equivalents at beginning of financial year		**99,048**	43,796
Effect of changes in currency translation rates on cash and cash equivalents		**(787)**	(1,684)
Cash and cash equivalents at end of financial year	11	**130,223**	99,048

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

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

1. GENERAL INFORMATION

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2017

On 1 July 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2.2 Revenue recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 **Revenue recognition** (continued)

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

(a) Construction contracts

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

(b) Development properties

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

(c) Properties held for sale

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

(d) Rendering of services

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

(e) Rental income

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

(f) Dividend income

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

(g) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 **Group accounting** (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals of subsidiaries or businesses*

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

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

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

(b) *Transactions with non-controlling interests*

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

(c) *Associated companies and joint ventures*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 **Group accounting** (continued)

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

(i) *Acquisitions*

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

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

(ii) *Equity method of accounting*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

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

(iii) *Disposals*

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

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

2.4 Property, plant and equipment

(a) *Measurement*

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

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

(b) *Depreciation*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

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

(d) *Disposal*

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

2.5 Properties held for sale

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

2.6 Development properties

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

Unsold development properties:

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

Sold development properties:

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Development properties (continued)

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

2.7 Intangible assets

Goodwill

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

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

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

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

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

2.8 Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Construction contracts

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

Contract costs are recognised when incurred.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties

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

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

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

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

2.11 Investments in subsidiaries, joint ventures and associated companies

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

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

2.12 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets (continued)

(b) *Club memberships*

Property, plant and equipment

Investments in subsidiaries, associated companies and joint ventures

Available-for-sale financial assets stated at cost

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

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

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

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

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

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

2.13 Financial assets

(a) *Classification*

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

(i) *Loans and receivables*

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 **Financial assets** (continued)

(a) *Classification* (continued)

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

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

(b) *Recognition and derecognition*

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

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

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

(c) *Initial measurement*

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

(d) *Subsequent measurement*

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

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

(e) *Impairment*

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 **Financial assets** (continued)

(e) *Impairment* (continued)

(i) *Loans and receivables*

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

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

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

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

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

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

2.14 **Financial guarantees**

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 **Financial guarantees** (continued)

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

Intra-group transactions are eliminated on consolidation.

2.15 **Club memberships**

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

2.16 **Borrowings**

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

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

2.17 **Trade and other payables**

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases

(a) When the Group is the lessee:

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

(i) *Lessee - Finance leases*

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

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

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

(ii) *Lessee - Operating leases*

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

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

(b) When the Group is the lessor:

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

Lessor - Operating leases

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

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

2.21 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 **Provisions** (continued)

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

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

2.22 **Employee compensation**

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

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

(c) *Share-based compensation*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Segment reporting

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

2.25 Cash and cash equivalents

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

2.26 Share capital and treasury shares

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

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

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

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

2.27 Dividends to Company's shareholders

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

2.28 Government grants

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

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) *Construction contracts*

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

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

If the total contract value for uncompleted contracts as at balance sheet date had increased/decreased by 1% (2016: 1%), the Group's revenue and gross profit before income tax would have been higher/lower by $3,347,000 (2016: $5,112,000).

If the remaining estimated contract costs for uncompleted contracts as at balance sheet date increased/decreased by 1% (2016: 1%), the Group's gross profit before income tax would decrease/increase by approximately $1,105,000 (2016: $1,398,000).

(b) *Valuation of investment properties*

Investment properties (Note 22) are stated at fair value based on valuation primarily by independent professional valuers. The fair values are based on highest and best use basis. The valuers have considered valuation techniques including the direct market comparison method, income capitalisation method, income and comparison method and residual valuation method where appropriate (Note 22). The fair value of investment properties as at 30 June 2017 amounts to approximately $171,383,000 (2016: $220,028,000).

For the financial year ended 30 June 2017, there was a change in valuation technique during the financial year from using the direct market comparison method to the residual valuation method for one of the Group's investment properties. Management is of the view that the change results in fair value measurement which is more representative of management's intention to redevelop the property into a mixed development comprising of student accommodation and serviced apartments.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

4. REVENUE

	Group 2017 $'000	Group 2016 $'000
Revenue from construction contracts		
- Non-related parties	**349,245**	351,766
- Associated company	**-**	6
Revenue from sale of properties	**12,284**	66,177
Management and technical assistance fees from		
- Non-related parties	**108**	35
- Joint venture	**208**	18
Rental income	**7,005**	7,927
Dividend income from available-for-sale financial assets	**172**	190
	369,022	426,119

5(a). OTHER INCOME

	Group 2017 $'000	Group 2016 $'000
Interest income		
- Advances to associated companies	**11**	390
- Others	**515**	301
	526	691
Government grants	**658**	336
Maintenance fees from development properties	**745**	722
Write back of retention sums payable	**589**	-
Others - net	**644**	382
	3,162	2,131

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

	Group	
	2017	2016
	$'000	$'000
Currency translation (losses)/gains – net	**(1,537)**	1,413
Fair value losses on investment properties – net (Note 22)	**(300)**	(2,907)
Fair value gain on derivative financial instrument	**462**	-
Gain on disposal of subsidiaries (Note 11)	**4,687**	-
Gain on disposal of available-for-sale financial assets	**1**	-
Gain on disposal of property, plant and equipment – net	**25**	163
Gain on disposal of club memberships	**62**	17
	3,400	(1,314)

6. EXPENSES BY NATURE

	Group	
	2017	2016
	$'000	$'000
Subcontractor and other construction costs	**297,246**	343,609
Depreciation of property, plant and equipment (Note 23)	**5,267**	5,761
Employee compensation (Note 7)	**34,511**	38,017
Directors' fees	**247**	255
Auditors fees:		
Fees on audit services paid/payable to:		
- Auditor of the Company	**304**	308
- Other auditors	**128**	169
Fees on non-audit services paid/payable to:		
- Auditor of the Company	**73**	42
- Other auditors	**16**	14
Legal and professional fees	**1,347**	1,453
Rental on operating leases	**171**	241
Amortisation of club memberships	**42**	58
Impairment loss on club memberships	**-**	23
Property, plant and equipment written off	**2**	6
Stamp duty on purchase of investment property	**-**	2,088
Other	**6,688**	8,303
Total cost of sales, distribution and marketing, and administrative and general expenses	**346,042**	400,347

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

7. EMPLOYEE COMPENSATION

	Group 2017 $'000	Group 2016 $'000
Wages and salaries	**34,111**	35,720
Employer's contribution to defined contribution plans including Central Provident Fund	**2,132**	2,058
Other benefits	**400**	463
Share option expense [Note 28(c)]	**-**	4
	36,643	38,245
Less: Government grant – Jobs Credit Scheme	**(180)**	(228)
	36,463	38,017
Less: Staff costs capitalised in construction contract work-in-progress	**(1,952)**	-
Staff costs recognised in profit or loss (Note 6)	**34,511**	38,017

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

8. FINANCE EXPENSES

	Group 2017 $'000	Group 2016 $'000
Interest expense:		
- Bank borrowings	**2,541**	4,060
- Finance lease liabilities	**6**	17
- Other	**326**	328
- Medium term notes	**2,748**	688
	5,621	5,093
Bank facility fees	**31**	18
	5,652	5,111
Less: Amount capitalised in:		
- Development properties	**-**	(72)
- Construction contract work-in-progress	**(1)**	(5)
Finance expenses recognised in profit or loss	**5,651**	5,034

9. INCOME TAXES

(a) Income tax expense

	Group	
	2017	**2016**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	**4,536**	2,745
- Foreign	**119**	1,502
	4,655	4,247
Deferred income tax	**161**	2,165
	4,816	6,412
(Over)/under provision in prior financial years		
- Current income tax	**(411)**	671
- Deferred income tax	**13**	(430)
	4,418	6,653

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

	Group	
	2017	**2016**
	$'000	**$'000**
Profit before income tax	**23,785**	36,101
Share of losses/(profits) of associated companies and joint ventures	**106**	(14,546)
	23,891	21,555
Tax calculated at tax rate of 17% (2016: 17%)	**4,061**	3,664
Effects of:		
- Statutory stepped income exemption	**(27)**	(104)
- Different tax rates in other countries	**116**	1,091
- Tax incentives	**(266)**	(699)
- Income not subject to tax	**(1,420)**	(1,689)
- Expenses not deductible for tax purposes	**2,319**	3,883
- Utilisation of previously unrecognised deferred tax assets	**-**	(96)
- Deferred tax assets not recognised	**33**	362
- (Over)/under provision of tax	**(398)**	241
	4,418	6,653

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

9. INCOME TAXES (CONTINUED)

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**2,827**	2,506	**22**	40
Currency translation differences	**38**	(25)	**-**	-
Income tax paid	**(3,481)**	(4,572)	**(20)**	(39)
Tax expense	**4,655**	4,247	**-**	22
Disposal of subsidiaries (Note 11)	**(18)**	-	**-**	-
(Over)/under provision in prior financial years	**(411)**	671	**(1)**	(1)
End of financial year	**3,610**	2,827	**1**	22
Representing:				
Current income tax liabilities	**4,784**	3,735	**1**	22
Tax recoverable	**(1,174)**	(908)	**-**	-
	3,610	2,827	**1**	22

(c) Deferred income taxes

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**(713)**	(2,662)	**-**	-
Currency translation differences	**48**	214	**-**	-
Charged to profit or loss	**161**	2,165	**-**	-
Under/(over) provision in prior financial years	**13**	(430)	**-**	-
End of financial year	**(491)**	(713)	**-**	-

9. INCOME TAXES (CONTINUED)

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

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets				
- to be recovered within one year	**(964)**	(1,028)	**-**	-
- to be recovered after one year	**(189)**	(524)	**-**	-
	(1,153)	(1,552)	**-**	-
Deferred income tax liabilities				
- to be settled within one year	**7**	8	**-**	-
- to be settled after one year	**655**	831	**-**	-
	662	839	**-**	-

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

	Accelerated tax depreciation	**Profits on sale of development properties**	**Tax losses and others**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Group				
2017				
Beginning of financial year	839	(760)	(792)	(713)
Currency translation differences	-	30	18	48
(Credited)/charged to profit or loss	(419)	57	536	174
End of financial year	**420**	**(673)**	**(238)**	**(491)**
2016				
Beginning of financial year	1,456	(3,517)	(601)	(2,662)
Currency translation differences	(1)	198	17	214
(Credited)/charged to profit or loss	(616)	2,559	(208)	1,735
End of financial year	**839**	**(760)**	**(792)**	**(713)**

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9. INCOME TAXES (CONTINUED)

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

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

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

	Group	
	2017	**2016**
	$'000	**$'000**
Unutilised tax losses	**39,836**	40,198
Unabsorbed capital allowances	**130**	136
	39,966	40,334

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

10. EARNINGS PER SHARE

	Group	
	2017	**2016**
Net profit attributable to equity holders of the Company ($'000)	**18,697**	29,522
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**380,889**	382,024
Adjustments for share options ('000)	**435**	951
Weighted average number of ordinary shares for diluted earnings per share ('000)	**381,324**	382,975
Earnings per share (in cents per share)		
- Basic	**4.91**	7.73
- Diluted	**4.90**	7.71

10. EARNINGS PER SHARE (CONTINUED)

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

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 30 June 2017 and 30 June 2016, the Company has one category of dilutive potential ordinary shares in the form of share options under the Option Scheme 2007.

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

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	**64,414**	70,213	**8,711**	42,700
Short-term bank deposits	**66,346**	29,745	**30,006**	2
	130,760	99,958	**38,717**	42,702

Included in cash and cash equivalents of the Group is an amount of approximately $877,000 (2016: $592,000) held under the Malaysia's Housing Developers (Control and Licensing) Act 1966, withdrawals from which are restricted to payments for expenditure incurred on the project.

As at 30 June 2017, short-term bank deposits of $537,000 (2016: $910,000) were pledged as security for bank facilities.

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

	Group	
	2017	**2016**
	$'000	**$'000**
Cash and bank balances (as above)	**130,760**	99,958
Less: Cash and cash equivalents pledged	**(537)**	(910)
Cash and cash equivalents per consolidated statement of cash flows	**130,223**	99,048

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for the Financial Year Ended 30 June 2017

11. CASH AND CASH EQUIVALENTS (CONTINUED)

Acquisition and disposal of subsidiaries

Please refer to Note 37 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

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

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

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

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

12. TRADE AND OTHER RECEIVABLES

(a) **Current**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
- Non-related parties	**32,081**	28,355	**-**	-
- Joint venture and associated companies	**6**	5	**1**	-
	32,087	28,360	**1**	-
Less: Allowance for impairment of receivables				
- Non-related parties	**-**	(9)	**-**	-
Trade receivables - net	**32,087**	28,351	**1**	-
Construction contracts (Note 13)				
Due from customers				
- Non-related parties	**27,829**	30,534	**-**	-
Retention sums receivable				
- Non-related parties	**17,948**	18,460	**-**	-
Advances to subsidiaries (i)	**-**	-	**77,702**	88,804
Less: Allowance for impairment	**-**	-	**(27,195)**	(27,453)
	-	-	**50,507**	61,351
Advance to an associated company (ii)	**-**	1,104	**-**	-
Interest receivable	**18**	65	**13**	-
Other receivables	**90**	368	**8**	-
Accrued income	**1,103**	909	**-**	-
	79,075	79,791	**50,529**	61,351

(i) The advances to subsidiaries are unsecured, repayable on demand and interest-free except for an amount of $315,000 (2016: $382,000) which bears interest at an effective interest rate of 0.5% (2016: 0.5%) per annum at the balance sheet date.

(ii) As at 30 June 2016, the advance to an associated company of $1,104,000 was unsecured and bears variable interest rate ranging from 1.93% to 2.63% per annum.

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for the Financial Year Ended 30 June 2017

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) **Non-current**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Construction contracts (Note 13)				
Retention sums receivable				
- Non-related parties	**31,028**	24,429	**-**	-
Advance to a joint venture (i)	**45,000**	-	**-**	-
Less: Allowance for impairment	**(883)**	-	**-**	-
	44,117	-	**-**	-
Advances to subsidiaries (ii)	**-**	-	**117,645**	105,131
Advance to an associated company (iii)	**106**	-	**-**	-
	75,251	24,429	**117,645**	105,131

(i) The advance to a joint venture of $45,000,000 (2016: $Nil) is unsecured, interest-free and have no fixed terms of repayment. Settlement of the advance is neither planned nor likely to occur in the foreseeable future. As a result, management considers the advance to be in substance part of the Group's net investment in the joint venture, and has accounted for the advance in the consolidated financial statements using the equity method of accounting less impairment losses in accordance with Note 2.3(c). The Group has charged $883,000 (2016: $Nil) of the share of losses in a joint venture to the allowance for impairment of the advance to a joint venture (Note 19).

(ii) The advances to subsidiaries amounting to $117,645,000 (2016: $105,131,000) are unsecured, interest-free and have no fixed terms of repayment. Settlement of these advances is neither planned nor likely to occur in the foreseeable future. As a result, management considers these advances to be in substance part of the Company's net investment in the subsidiaries, and has stated them at cost less accumulated impairment loss in accordance with Note 2.11.

Included in the advances to subsidiaries is an amount of $27,065,000 (2016: $27,458,000) that has been subordinated to a bank loan of a subsidiary.

(iii) The advance to an associated company amounting to $106,000 (2016: $Nil) is unsecured, interest-free and have no fixed terms of repayment. Settlement of this advance is neither planned nor likely to occur in the foreseeable future. As a result, management considers this advance to be in substance part of the Company's net investment in the associated company, and has stated it at cost less accumulated impairment loss in accordance with Note 2.11.

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

13. CONSTRUCTION CONTRACT WORK-IN-PROGRESS

	Group	
	2017	**2016**
	$'000	**$'000**
Aggregate contract costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**349,691**	511,648
Less: Progress billings	**(321,862)**	(481,114)
	27,829	30,534
Presented as:		
Due from customers on construction contracts (Note 12)		
- Non-related parties	**27,829**	30,534
Retention sums receivable (Note 12):		
- Current	**17,948**	18,460
- Non-current	**31,028**	24,429
Retention sums payable (Note 24):		
- Current	**7,201**	7,748
- Non-current	**14,963**	12,596

Borrowing costs of approximately $1,000 (2016: $5,000) arising from finance leases specifically entered into for the construction projects were capitalised during the financial year and are included in aggregated contract costs recognised.

14. PROPERTIES HELD FOR SALE

	Group	
	2017	**2016**
	$'000	**$'000**
Properties held for sale – at cost	**4,289**	13,633

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

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for the Financial Year Ended 30 June 2017

15. DEVELOPMENT PROPERTIES

	Group	
	2017	**2016**
	$'000	**$'000**
Properties under construction	**57,073**	56,355

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

(a) Details of the development properties as of 30 June 2017 are as follows:

Location	**Description of development**	**Tenure/ Group's interest in property**	**Site area sq.m.**	**Estimated gross floor area sq.m.**	**Stage of completion/ Expected date of completion**
2 parcels of land at Lot No. 990 and 1308 Mukim Cheras, Daerah Hulu Langat, State of Selangor, Malaysia*	Residential development	Freehold/ 100%	622,703	227,120	60%/ December 2021
GM7799 Lot 62391 Mukim Cheras, Daerah Hulu Langat, Negeri Selangor	Residential development#	Freehold/ 100%	11,767	-#	-#

* The development property was charged by way of a mortgage in favour of a bank for a bank loan. The bank loan was fully repaid as at 30 June 2016 and the legal mortgage over the development property was discharged during the financial year.

Management has not yet commenced the development of the development property as at year end.

(b) Borrowing costs of $Nil (2016: $72,000) arising on financing specifically entered into for the development properties were capitalised during the financial year and are included in development expenditure.

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

	Group	
	2017	**2016**
	$'000	**$'000**
Beginning of financial year	**7,440**	4,684
Fair value gains recognised in other comprehensive income [Note 28(d)]	**282**	-
Addition	**-**	2,756
Disposal	**(80)**	-
End of financial year	**7,642**	7,440

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

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

	Group	
	2017	**2016**
	$'000	**$'000**
Unlisted equity investments		
At cost		
- Singapore	**4,684**	4,684
At fair value		
- British Virgin Islands	**2,958**	2,756
	7,642	7,440

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

17. OTHER ASSETS

(a) **Current**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Deposits	**7,115**	1,637	**555**	520
Prepayments	**269**	256	**-**	-
	7,384	1,893	**555**	520

(b) **Non-current**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Prepayments	**1,127**	805	**-**	-

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for the Financial Year Ended 30 June 2017

18. CLUB MEMBERSHIPS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cost				
Beginning of financial year	**1,178**	1,119	**847**	822
Additions	**73**	67	**20**	33
Disposals	**(99)**	(8)	**(55)**	(8)
End of financial year	**1,152**	1,178	**812**	847
Accumulated amortisation				
Beginning of financial year	**729**	694	**558**	551
Amortisation charge	**42**	58	**23**	30
Disposals	**(59)**	(23)	**(27)**	(23)
End of financial year	**712**	729	**554**	558
Accumulated impairment				
Beginning of financial year	**116**	96	**37**	40
Impairment charge	**-**	23	**-**	-
Disposals	**(18)**	(3)	**(7)**	(3)
End of financial year	**98**	116	**30**	37
Net book value	**342**	333	**228**	252

19. INVESTMENTS IN JOINT VENTURES

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**1,971**	306
Currency translation differences	**(68)**	-
Acquisition	**321**	1,675
Share of results, net of tax	**(235)**	(10)
End of financial year	**1,989**	1,971

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The share of losses of joint ventures amount to $1,118,000 (2016: $10,000) of which $235,000 (2016: $10,000) is charged to investments in joint ventures and $883,000 (2016: $Nil) is charged to allowance for impairment on a loan to a joint venture [Note 12(b)] as settlement of the loan is neither planned nor likely to occur in the foreseeable future and management considers the loan to be in substance part of the Company's investment in the joint venture.

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

During the financial year ended 30 June 2016, the Group invested a 50% interest in Lum Chang Tien Wah Property Sdn Bhd ("LCTWP") pursuant to a shareholders' agreement entered into for the purpose of a proposed mixed-use development in Malaysia. Under the shareholders' agreement, both parties have joint control over LCTWP, and accordingly, this investment has been accounted for as a joint venture.

The Group has $30,193,000 (2016: $31,815,000) of commitments to provide funding if called, relating to its joint venture. There are no contingent liabilities relating to the Group's interest in the joint venture.

Set out below are the joint ventures of the Group as at 30 June 2017, which, in the opinion of the directors, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name	**Principal activities**	**Place of incorporation and business**	**Effective equity interest held by Group**	
			2017	**2016**
			%	**%**
Held by subsidiaries				
Dorado Holdings Pte Ltd and its subsidiaries ("Dorado Group")	Property investment	Singapore	**50**	-
Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	**50**	50

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

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19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

Summarised financial information for joint ventures

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

Summarised balance sheet

	Dorado Holdings Pte Ltd and its subsidiaries As at 30 June		Lum Chang Tien Wah Property Sdn Bhd As at 30 June	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current assets	**6,303**	-	**2,129**	3,349
Includes:				
- Cash and cash equivalents	**5,935**	-	**1,510**	2,191
- Other current assets	**135**	-	**-**	1,158
Current liabilities	**(1,449)**	-	**(63)**	-
Includes:				
- Financial liabilities (excluding trade payables)	**(1,416)**	-	**(63)**	-
- Other current liabilities (including trade payables)	**(33)**	-	**-**	-
Non-current assets	**273,358**	-	**1,340**	-
Non-current liabilities	**(279,978)**	-	**-**	-
Includes:				
- Financial liabilities	**(279,978)**	-	**-**	-
Net (liabilities)/assets	**(1,766)**	-	**3,406**	3,349

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

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income

	Dorado Holdings Pte Ltd and its subsidiaries		Lum Chang Tien Wah Property Sdn Bhd	
	For the year ended		For the year ended	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Revenue	5,031	-	-	-
Other income	-	-	669	-
Interest income	18	-	7	-
Expenses	(6,815)	-	(1,126)	-
Includes:				
- Depreciation	(12)	-	(324)	-
- Interest expense	(3,432)	-	(646)	-
Total comprehensive loss	(1,766)	-	(450)	-

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

	2017	2016
	$'000	$'000
Total comprehensive loss	10	10

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19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Reconciliation of summarised financial information

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

	Dorado Holdings Pte Ltd and its subsidiaries As at 30 June		Lum Chang Tien Wah Property Sdn Bhd As at 30 June		Total As at 30 June	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net Assets						
Beginning of financial year	**-**	-	**3,349**	-	**3,349**	-
Shares issued	**-***	-	**642**	-	**642**	-
Acquisition	**-**	-	**-**	3,349	**-**	3,349
Loss for the year	**-#**	-	**(450)**	-	**(450)**	-
Foreign exchange differences	**-**	-	**(135)**	-	**(135)**	-
End of financial year	**-**	-	**3,406**	3,349	**3,406**	3,349
Interest in joint venture (50%)	**-**	-	**1,703**	1,675	**1,703**	1,675
Carrying value	**-**	-	**1,703**	1,675	**1,703**	1,675
Carrying value of individually immaterial joint venture					**286**	296
Carrying value of Group's interest in joint ventures					**1,989**	1,971

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

The share of losses of Dorado Holdings Pte Ltd and its subsidiaries amount to $883,000 (2016: $Nil) during the financial year ended 30 June 2017 of which $50 is charged to investment in joint ventures and remaining amount charged to allowance for impairment on a loan to a joint venture [(Note 12(b)].

20. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**15,044**	4,456
Share of profits, net of tax	**1,012**	14,556
Dividend received	**(4,500)**	(3,700)
Currency translation differences	**(14)**	(268)
End of financial year	**11,542**	15,044

	Company	
	2017	2016
	$'000	$'000
Equity investment at cost	**2,011**	2,011

Set out below are the associated companies of the Group as at 30 June 2017, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
			2017	2016
			%	%
Held by the Company				
Unquoted equity shares				
Faith Global Ventures Inc	Investment holding	British Virgin Islands	**22.73**	22.73
Held by subsidiaries				
Unquoted equity shares				
FCL Compassvale Pte Ltd	Property development	Singapore	**20**	20
FCL Admiralty Pte Ltd	Property development	Singapore	**30**	30

Faith Global Ventures Inc is a dormant investment holding company.

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20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

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

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

Summarised financial information for associated companies

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

Summarised balance sheet

	FCL Compassvale Pte Ltd		FCL Admiralty Pte Ltd		Faith Global Ventures Inc		Total	
	As at 30 June		As at 30 June		As at 30 June		As at 30 June	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current assets	**3,059**	3,130	**49,228**	71,822	**9,707**	70	**61,994**	75,022
Includes:								
- Cash and cash equivalents	**3,059**	3,130	**25,703**	12,294	**226**	70	**28,988**	15,494
Current liabilities	**(1,029)**	(1,918)	**(19,718)**	(27,903)	**(10,054)**	-	**(30,801)**	(29,821)
Includes:								
- Financial liabilities (excluding trade payables)	**(1)**	(6)	**-**	(3,680)	**-**	-	**(1)**	(3,686)
Non-current assets	**-**	-	**-**	-	**10,400**	7,090	**10,400**	7,090
Non-current liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Net assets	**2,030**	1,212	**29,510**	43,919	**10,053**	7,160	**41,593**	52,291

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised statement of comprehensive income

	FCL Compassvale Pte Ltd For the year ended 30 June		FCL Admiralty Pte Ltd For the year ended 30 June		Faith Global Ventures Inc For the year ended 30 June		Total For the year ended 30 June	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**-**	-	**3,442**	363,000	**-**	-	**3,442**	363,000
Interest income	**-**	80	**61**	43	**-**	-	**61**	123
Expenses								
Includes:								
- Interest expense	**-**	-	**(36)**	(377)	**-**	-	**(36)**	(377)
Profit before income tax	**818**	5,736	**618**	62,487	**2,956**	52	**4,392**	68,275
Income tax credit/(expense)	**-**	1,105	**(27)**	(10,160)	**-**	-	**(27)**	(9,055)
Total comprehensive income	**818**	6,841	**591**	52,327	**2,956**	52	**4,365**	59,220
Dividends distributed	**-**	(18,500)	**(15,000)**	-	**-**	-	**(15,000)**	(18,500)

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20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

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

	FCL Compassvale Pte Ltd As at 30 June		FCL Admiralty Pte Ltd As at 30 June		Faith Global Ventures Inc As at 30 June		Total As at 30 June	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Net Assets								
Beginning of financial year	**1,212**	12,871	**43,919**	(8,408)	**7,160**	7,996	**52,291**	12,459
Shares issued	**-**	-	**-**	-	**-**	272	**-**	272
Profit for the year	**818**	6,841	**591**	52,327	**2,956**	52	**4,365**	59,220
Foreign exchange differences	**-**	-	**-**	-	**(63)**	(1,160)	**(63)**	(1,160)
Dividends distributed	**-**	(18,500)	**(15,000)**	-	**-**	-	**(15,000)**	(18,500)
End of financial year	**2,030**	1,212	**29,510**	43,919	**10,053**	7,160	**41,593**	52,291
Interest in associated companies [20%;30%;22.73% (2016: 20%; 30%; 22.73%)]	**406**	242	**8,853**	13,175	**2,285**	1,627	**11,544**	15,044
Carrying value	**406**	242	**8,853**	13,175	**2,285**	1,627	**11,544**	15,044
Carrying value of individually immaterial associated companies, in aggregate							**(2)**	-
Carrying value of Group's interest in associated companies							**11,542**	15,044

21. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 $'000	2016 $'000
Equity investment at cost	**97,173**	65,494
Less: Allowance for impairment losses	**(31,062)**	(31,865)
	66,111	33,629

Details of subsidiaries are provided in Note 40.

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with non-controlling interests

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

Summarised balance sheet

	UK Property Investment Pte Ltd and its subsidiaries $'000	Wembley Properties Pte Ltd and its subsidiaries $'000	Lum Chang (Suzhou) Investments Pte Ltd $'000
As at 30 June 2017			
Current			
Assets	5,667	4,254	28
Liabilities	(2,679)	(524)	(624)
Total current net assets/(liabilities)	2,988	3,730	(596)
Non-current			
Assets	95,944	48,010	3,184
Liabilities	(93,813)	(6,265)	-
Total non-current net assets	2,131	41,745	3,184
Net assets	5,119	45,475	2,588
Non-controlling interests' share of net assets in subsidiaries (30%; 30%; 49%)	**1,536**	**13,643**	**1,268**
As at 30 June 2016			
Current			
Assets	4,784	324	29
Liabilities	(14,562)	(22)	(754)
Total current net (liabilities)/assets	(9,778)	302	(725)
Non-current			
Assets	96,430	46,308	3,184
Liabilities	(84,083)	(48,958)	-
Total non-current net assets/(liabilities)	12,347	(2,650)	3,184
Net assets/(liabilities)	2,569	(2,348)	2,459
Non-controlling interests' share of net assets/(liabilities) in subsidiaries (30%; 30%; 49%)	771	(705)	1,205

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for the Financial Year Ended 30 June 2017

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised income statement

	UK Property Investment Pte Ltd and its subsidiaries $'000	Wembley Properties Pte Ltd and its subsidiaries $'000	Lum Chang (Suzhou) Investments Pte Ltd $'000
For the year ended 30 June 2017			
Revenue	3,730	406	138
Profit/(loss) before income tax	2,679	(437)	129
Income tax expense	(122)	(96)	-
Post-tax profit/(loss)	2,557	(533)	129
Other comprehensive (loss)/income	(7)	105	-
Total comprehensive income/(loss)	2,550	(428)	129
Total comprehensive income/(loss) allocated to non-controlling interests	765	(128)	63
For the year ended 30 June 2016			
Revenue	3,562	402	138
Profit/(loss) before income tax	2,309	(2,650)	128
Income tax expense	(116)	-	-
Post-tax profit/(loss)	2,193	(2,650)	128
Other comprehensive (loss)/income	(350)	302	-
Total comprehensive income/(loss)	1,843	(2,348)	128
Total comprehensive income/(loss) allocated to non-controlling interests	553	(704)	63

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised cash flows

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

22. INVESTMENT PROPERTIES

	Group 2017 $'000	Group 2016 $'000
Beginning of financial year	**220,028**	200,433
Capitalisation of expenditure for re-development of investment property	**2,723**	-
Acquisition of business/subsidiary (Note 37)	**-**	54,998
Disposal of subsidiary (Note 11)	**(47,925)**	-
Fair value losses recognised in profit or loss [Note 5(b)]	**(300)**	(2,907)
Currency translation differences	**(3,143)**	(32,496)
End of financial year	**171,383**	220,028

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

22. INVESTMENT PROPERTIES (CONTINUED)

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

(i) Located in Singapore:

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

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

(ii) Located in the United Kingdom:

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

(b) At 30 June 2017, certain investment properties with total carrying value of $120,013,000 (2016: $185,085,000) are charged by way of mortgages in favour of banks for bank loans as disclosed in Note 25 to the financial statements.

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

	Group	
	2017	**2016**
	$'000	**$'000**
Rental income	**6,228**	7,107
Fair value losses recognised in profit or loss	**(300)**	(2,907)
Direct operating expenses arising from:		
- Investment properties that generated rental income	**(846)**	(839)

22. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy

Description	Fair value measurements using significant unobservable inputs (Level 3) $'000
Recurring fair value measurements	
30 June 2017	
Singapore:	
- Light industrial building	24,069
- Ground floor shop unit	3,360
United Kingdom:	
- Office building	95,944
- Warehouse	48,010
Recurring fair value measurements	
30 June 2016	
Singapore:	
- Light industrial building	24,899
- Ground floor shop unit	3,360
United Kingdom:	
- Hotel	49,032
- Office building	96,429
- Warehouse	46,308

Valuation processes of the Group

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

22. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy (continued)

Valuation techniques used to derive Level 3 fair values

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

(i) the Direct Market Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant inputs to the valuation approach would be the adopted value per square meter of net lettable area, adopted value per square meter of gross floor area and adopted value per acre of site area.

(ii) the Income Capitalisation Method where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.

(iii) the Income and Comparison Method where the approach is to capitalise the rental income for the property by an appropriate market based yield taken from the analysis of comparable transactions. The most significant inputs to the valuation approach would be the estimated rental value per square feet of net lettable area and the yield rate.

(iv) the Residual Valuation Method where the property is valued in its existing partially completed state of construction taking into account the cost of work done by deducting estimated cost to complete and other relevant costs from gross development value of the proposed development, assuming satisfactory completion.

22. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy at 30 June 2017:

Description	Fair value at 30 June 2017 ($'000)	Fair value at 30 June 2016 ($'000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Singapore						
Light industrial building	24,069	24,899	Direct Market Comparison Method	Adopted value per square meter of net lettable area	$6,780 per sq. m. (2016: $7,000 per sq. m.)	The higher the adopted value, the higher the fair value
Ground floor shop unit	3,360	3,360	Direct Market Comparison Method	Adopted value per square meter of gross floor area	$26,880 per sq. m. (2016: $26,880 per sq. m.)	The higher the adopted value, the higher the fair value
United Kingdom						
Hotel	-	49,032	Income Capitalisation Method	Capitalisation rate	NA# (2016: 5%)	The lower the capitalisation rate, the higher the fair value
Office building	95,944	96,429	Income and Comparison Method	Estimated rental value per square feet of net lettable area	$76 to $103 per square feet (2016: $100 to $104 per square feet)	The higher the estimated rental value, the higher the fair value
				Yield rate	4.85% (2016: 5%)	The lower the yield rate, the higher the fair value

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

NA denotes not applicable

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for the Financial Year Ended 30 June 2017

22. INVESTMENT PROPERTIES (CONTINUED)

(d) Fair value hierarchy (continued)

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

Description	Fair value at 30 June 2017 ($'000)	Fair value at 30 June 2016 ($'000)	Valuation technique (s)	Unobservable inputs*	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
United Kingdom						
Warehouse	48,010	46,308	FY2017: Residual Valuation Method	Total gross development value	$238,063,000	The higher the total gross development value, the higher the fair value
				Total estimated cost to completion	$165,420,000	The lower the total estimated cost to completion, the higher the fair value
			FY2016: Direct Market Comparison Method	Adopted value per acre of site area	$18,231,496 per acre	The higher the adopted value, the higher the fair value
Total	**171,383**	**220,028**				

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

For the financial year ended 30 June 2017, there was a change in valuation technique during the financial year from using the Direct Market Comparison method to the Residual Valuation method for one of the Group's investment properties. Management is of the view that the change results in fair value measurement which is more representative of management's intention to redevelop the property into a mixed development comprising of student accommodation and serviced apartments.

23. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings $'000	Plant and machinery $'000	Furniture, office equipment and fittings $'000	Motor vehicles $'000	Total $'000
Group					
2017					
Cost					
Beginning of financial year	23,004	18,405	7,173	5,425	54,007
Currency translation differences	-	-	(13)	(15)	(28)
Additions	-	263	231	423	917
Disposals	-	(130)	(104)	(150)	(384)
End of financial year	23,004	18,538	7,287	5,683	54,512
Accumulated depreciation and impairment losses					
Beginning of financial year	3,623	11,857	5,036	2,339	22,855
Currency translation differences	-	-	(11)	(8)	(19)
Depreciation charge (Note 6)	939	2,558	1,163	607	5,267
Disposals	-	(123)	(103)	(149)	(375)
End of financial year	4,562	14,292	6,085	2,789	27,728
Net book value					
End of financial year	**18,442**	**4,246**	**1,202**	**2,894**	**26,784**
2016					
Cost					
Beginning of financial year	23,004	18,441	7,288	5,335	54,068
Currency translation differences	-	-	(20)	(23)	(43)
Additions	-	1,331	169	787	2,287
Disposals	-	(1,367)	(264)	(674)	(2,305)
End of financial year	23,004	18,405	7,173	5,425	54,007
Accumulated depreciation and impairment losses					
Beginning of financial year	2,685	9,930	4,035	2,042	18,692
Currency translation differences	-	-	(20)	(12)	(32)
Depreciation charge (Note 6)	938	2,899	1,276	648	5,761
Disposals	-	(972)	(255)	(339)	(1,566)
End of financial year	3,623	11,857	5,036	2,339	22,855
Net book value					
End of financial year	**19,381**	**6,548**	**2,137**	**3,086**	**31,152**

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, office equipment and fittings $'000	Motor vehicles $'000	Total $'000
Company			
2017			
Cost			
Beginning of financial year	393	1,904	2,297
Additions	21	-	21
End of financial year	414	1,904	2,318
Accumulated depreciation			
Beginning of financial year	276	657	933
Depreciation charge	67	215	282
End of financial year	343	872	1,215
Net book value			
End of financial year	**71**	**1,032**	**1,103**
2016			
Cost			
Beginning of financial year	420	1,705	2,125
Additions	11	466	477
Disposals	(38)	(267)	(305)
End of financial year	393	1,904	2,297
Accumulated depreciation			
Beginning of financial year	237	524	761
Depreciation charge	69	236	305
Disposals	(30)	(103)	(133)
End of financial year	276	657	933
Net book value			
End of financial year	**117**	**1,247**	**1,364**

(a) Included in additions of the Group are motor vehicles acquired under finance leases (Note 26) amounting to $Nil (2016: $297,000). As at 30 June 2017, the Group has motor vehicles acquired under finance leases with a net book value of $138,000 (2016: $470,000).

Included in additions of the Company are motor vehicles acquired under finance leases (Note 26) amounting to $Nil (2016: $200,000). As at 30 June 2017, the Company has motor vehicles under finance leases with a net book value of approximately $83,000 (2016: $112,000).

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) An amount of $2,966,000 (2016: $2,775,000) included in the Group's depreciation charge for leasehold buildings, plant and machinery, furniture, office equipment and fittings, and motor vehicles has been included in direct construction costs during the financial year.

(c) One of the leasehold buildings with carrying amount of approximately $13,873,000 (2016: $14,263,000) as at 30 June 2017 is charged by way of a mortgage in favour of a bank for a bank loan as disclosed in Note 25 to the financial statements.

24. TRADE AND OTHER PAYABLES

(a) **Current**

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Trade payables				
- Non-related parties	**131,940**	109,460	**112**	-
Construction contracts (Note 13)				
Retention sums payable	**7,201**	7,748	**-**	-
Development projects				
Retention sums payable	**1,472**	854	**-**	-
Loans and advances from:				
- Subsidiaries (c)	**-**	-	**123,316**	88,615
- Non-controlling shareholders of subsidiaries (d)	**303**	12,135	**-**	-
- Associated company (c)	**7,007**	-	**2,207**	-
Accruals for development costs	**150**	-	**-**	-
Accruals for operating expenses	**6,493**	7,011	**1,016**	2,250
Other payables	**6,193**	7,054	**258**	306
Deposits	**822**	1,213	**-**	-
Advances received	**12,188**	58	**-**	-
Rent received in advance	**1,202**	967	**-**	-
Loan interest payable	**950**	1,126	**716**	688
Unclaimed dividends	**42**	42	**42**	42
	175,963	147,668	**127,667**	91,901

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for the Financial Year Ended 30 June 2017

24. TRADE AND OTHER PAYABLES (CONTINUED)

(b) **Non-current**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Deposits	**296**	-	**-**	-
Construction contracts (Note 13)				
Retention sums payable	**14,963**	12,596	**-**	-
Development projects				
Retention sums payable	**762**	1,353	**-**	-
Loans from non-controlling shareholders of subsidiaries (e)	**13,479**	14,710	**-**	-
	29,500	28,659	**-**	-

(c) Loans and advances from subsidiaries and associated companies are unsecured, interest-free and repayable on demand.

(d) The loans from the non-controlling shareholders of subsidiaries are unsecured and interest-free, except for an amount of $303,000 (2016: $366,000) which bears interest at an effective interest rate of 0.5% (2016: 0.5%) per annum at the balance sheet date. The loans are repayable on demand.

(e) The loans from the non-controlling shareholders of subsidiaries are unsecured, interest-free and are not expected to be repaid within the next financial year. Settlement of the loans is neither planned nor likely to occur in the foreseeable future. As a result, management considers these loans to be in substance part of the non-controlling shareholders' net investment in the subsidiaries. Accordingly, they are deemed to be a quasi-equity loans provided to the subsidiaries.

(f) The fair values of the financial liabilities included in non-current trade and other payables approximate their carrying amounts as at the balance sheet date.

25. BORROWINGS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Bank loans	**23,621**	2,465	**-**	-
Finance lease liabilities (Note 26)	**40**	76	**26**	25
	23,661	2,541	**26**	25
Non-current				
Bank loans	**55,149**	108,555	**-**	-
Finance lease liabilities (Note 26)	**62**	103	**36**	62
Medium term notes, net of transaction costs	**49,802**	49,694	**49,802**	49,694
	105,013	158,352	**49,838**	49,756
Total borrowings	**128,674**	160,893	**49,864**	49,781

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

(a) **Security granted**

Total borrowings as at 30 June 2017 included the following:

(i) Certain revolving and term loans amounting to $78,770,000 (2016: $111,020,000) are secured by one of the Group's investment property (Note 22), a leasehold building (Note 23) and the assignment of sales and rental proceeds and insurance policies relating to the properties.

(ii) On 31 March 2014, the Company established a $300,000,000 Multicurrency Medium Term Note Programme (the "Programme"). Under the Programme, the Company may, subject to compliance with all relevant laws and regulations and directives, from time to time issue notes in series or tranches. The notes may be in Singapore dollars or in other currencies, in various amounts and tenors, and may bear interest at a fixed, floating, variable or hybrid rate, or may not bear interest, as agreed between the Company and the relevant dealer.

On 28 March 2016, the Company issued Medium Term Notes amounting to $50,000,000, with transaction costs amounting to $332,000. The notes will mature on 28 March 2019 and bears a fixed interest of 5.50% per annum which is payable semi-annually.

(b) **Fair value of non-current borrowings**

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

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26. FINANCE LEASE LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Minimum lease payments due:				
- not later than 1 year	**83**	82	**64**	28
- between 1 and 5 years	**25**	110	**-**	64
	108	192	**64**	92
Less: Future finance charges	**(6)**	(13)	**(2)**	(5)
Present value of lease liabilities	**102**	179	**62**	87
The present value of finance lease liabilities are analysed as follows:				
- not later than 1 year (Note 25)	**40**	76	**26**	25
- between 1 and 5 years (Note 25)	**62**	103	**36**	62
	102	179	**62**	87

Finance leases are in respect of motor vehicles (2016: motor vehicles).

27. SHARE CAPITAL AND TREASURY SHARES

	← No. of ordinary shares →		← Amount →	
	Issued share capital	Treasury shares	Issued share capital	Treasury shares
	'000	'000	$'000	$'000
Group and Company				
2017				
Beginning of financial year	385,030	(4,339)	86,596	(1,585)
Treasury shares reissued	-	850	(17)	312
End of financial year	**385,030**	**(3,489)**	**86,579**	**(1,273)**
2016				
Beginning of financial year	385,030	(826)	86,604	(253)
Shares issued	-	(6,323)	-	(2,336)
Treasury shares reissued	-	2,810	(8)	1,004
End of financial year	**385,030**	**(4,339)**	**86,596**	**(1,585)**

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company did not issue any ordinary shares during the financial year.

27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(a) **Treasury shares**

During the financial year, the Company acquired nil (2016: 6,323,300) shares in the Company in the open market. The total amount paid to acquire the shares was approximately $Nil (2016: $2,336,000) and this was presented as a component within shareholders' equity.

During the financial year ended 30 June 2017, 850,000 (2016: 2,810,000) treasury shares of the Company were reissued pursuant to the Option Scheme 2007 for a total cash consideration of $251,000 (2016: $832,000) upon the exercise of options by:

Holders of	No. of ordinary shares 2017	2016	Exercise price $
2010 Options	**-**	180,000	0.28
2011 Options	**25,000**	750,000	0.29
2012 Options	**415,000**	740,000	0.27
2013 Options	**410,000**	1,140,000	0.32
	850,000	2,810,000	

The cost of treasury shares reissued amounted to $312,000 (2016: $1,004,000). The gain/(loss) on reissue of the treasury shares is recognised directly in share capital account.

(b) **Share options**

Share options were granted to key management personnel and employees with more than 12 months of service with the Group under the Option Scheme 2007 which became operative on 26 October 2007.

The exercise price of the options is determined at the Market Price or a price which is set at a discount to the Market Price, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price. The Market Price is defined as the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant.

Options granted with the exercise price set at the Market Price are exercisable by the key management personnel or employees after another one year of service to the Group and once vested are exercisable during a period of four years. Options granted with the exercise price set at a discount to the Market Price are exercisable by the key management personnel or employees after another two years of service to the Group and once vested are exercisable during a period of three years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The Company did not grant any options during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

27. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(b) **Share options** (continued)

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

	No. of ordinary shares under option						
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year	Exercise price	Exercise Period
Group and Company							
2017							
2013 Options	2,675,000	-	(30,000)	(410,000)	2,235,000	$0.32	21.09.2015 to 20.09.2018
2012 Options	815,000	-	-	(415,000)	400,000	$0.27	28.07.2014 to 27.07.2017
2011 Options	360,000	-	(335,000)	(25,000)	-	$0.29	23.07.2012 to 21.07.2016
	3,850,000	-	(365,000)	(850,000)	2,635,000		
2016							
2013 Options	4,135,000	-	(320,000)	(1,140,000)	2,675,000	$0.32	21.09.2015 to 20.09.2018
2012 Options	1,600,000	-	(45,000)	(740,000)	815,000	$0.27	28.07.2014 to 27.07.2017
2011 Options	1,130,000	-	(20,000)	(750,000)	360,000	$0.29	23.07.2012 to 21.07.2016
2010 Options	800,000	-	(620,000)	(180,000)	-	$0.28	25.07.2011 to 23.07.2015
	7,665,000	-	(1,005,000)	(2,810,000)	3,850,000		

Out of the unexercised options for 2,635,000 (2016: 3,850,000) shares, options for 2,635,000 (2016: 3,850,000) shares are exercisable at the balance sheet date. Options exercised during the financial year ended 30 June 2017 resulted in nil (2016: 180,000), 25,000 (2016: 750,000), 415,000 (2016: 740,000) and 410,000 (2016: 1,140,000) treasury shares being reissued at the exercise price of $0.28, $0.29, $0.27 and $0.32 per share respectively. The weighted average share price during the year was $0.36 (2016: $0.37) per share.

There were no options granted during the financial years ended 30 June 2017 and 30 June 2016.

28. CAPITAL AND OTHER RESERVES

		Group		Company	
		2017	**2016**	**2017**	**2016**
		$'000	**$'000**	**$'000**	**$'000**
(a)	**Composition**				
	Capital reserves	**19,131**	19,131	**2,800**	2,800
	Share option reserve	**424**	468	**424**	468
	Fair value reserve	**282**	-	**-**	-
	Foreign currency translation reserve	**(23,146)**	(18,529)	**-**	-
	Capital redemption reserve	**229**	229	**-**	-
		(3,080)	1,299	**3,224**	3,268
(b)	**Movement in capital reserves**				
	Beginning and end of financial year	**19,131**	19,131	**2,800**	2,800

The capital reserves arise mainly from negative goodwill on the acquisition of subsidiaries and capitalisation of retained profits of subsidiaries.

		Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
(c)	**Movement in share option reserve**				
	Beginning of financial year	**468**	629	**468**	629
	Employee share option scheme				
	- Value of employee services (Note 7)	**-**	4	**-**	4
	- Treasury shares reissued on exercise of share options	**(44)**	(165)	**(44)**	(165)
	End of financial year	**424**	468	**424**	468
(d)	**Movement in fair value reserve**				
	Beginning of financial year	**-**	-	**-**	-
	Fair value gains (Note 16)	**282**	-	**-**	-
	End of financial year	**282**	-	**-**	-
(e)	**Movement in foreign currency translation reserve**				
	Beginning of financial year	**(18,529)**	224	**-**	-
	Net currency translation differences of financial statements of foreign subsidiaries, joint ventures and associated companies	**(4,745)**	(18,555)	**-**	-
	Reclassification on repayment of quasi-equity loans	**158**	(212)	**-**	-
	Less: Non-controlling interests	**(30)**	14	**-**	-
	End of financial year	**(23,146)**	(18,529)	**-**	-

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for the Financial Year Ended 30 June 2017

28. CAPITAL AND OTHER RESERVES (CONTINUED)

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
(f) **Movement in capital redemption reserve**				
Beginning of financial year	**229**	179	**-**	-
Transfer of reserves	**-**	50	**-**	-
End of financial year	**229**	229	**-**	-

During the financial year ended 30 June 2016, wholly-owned Malaysian subsidiaries of the Group redeemed their Class "B" redeemable non-cumulative preference shares out of profits. When the shares were redeemed, an amount which is not available for distribution as dividends to the shareholder was transferred from retained profits to capital redemption reserve as required by the Malaysia Companies Act.

(g) All capital and other reserves are non-distributable.

29. NON-CONTROLLING INTERESTS

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**1,271**	1,359
Profit/(loss) for the financial year	**670**	(74)
Other comprehensive income/(loss)	**30**	(14)
Capital contribution by a non-controlling interest	**14,476**	-
End of financial year	**16,447**	1,271

During the financial year ended 30 June 2017, the Company along with the non-controlling shareholder of a subsidiary proportionately increased their paid-up share capital by $33,776,000 (2016: $Nil) and $14,476,000 (2016: $Nil) respectively in accordance with their shareholding of the subsidiary by way of converting their loan to the subsidiary to share capital.

30. RETAINED PROFITS

(a) **Group**

Retained profits of the Group are distributable except for the retained profits of associated companies and joint venture amounting to $9,304,000 (2016: $13,016,000). Retained profits of the Company are distributable.

(b) **Company**

Movements in retained profits of the Company are as follows:

	Company	
	2017	**2016**
	$'000	**$'000**
Beginning of financial year	**16,977**	16,376
(Loss)/profit for the financial year	**(238)**	8,254
Dividends paid (Note 31)	**(5,902)**	(7,653)
End of financial year	**10,837**	16,977

31. DIVIDENDS

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Interim dividend of 0.3 cents (2016: 0.75 cents) per ordinary share, paid in respect of the financial year ended 30 June 2017 (2016: 30 June 2016)	**1,141**	2,848
Final dividend of 1.25 cents (2016: 1.25 cents) per ordinary share, paid in respect of the financial year ended 30 June 2016 (2016: 30 June 2015)	**4,761**	4,805
Total dividends paid	**5,902**	7,653

The directors have proposed a final dividend for 2017 of 1.2 cents per share, amounting to approximately $4,578,000. These financial statements do not reflect these proposed dividends, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

32. CONTINGENCIES

Guarantees (unsecured)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Financial guarantees given to banks and finance companies in connection with facilities given to subsidiaries	**-**	-	**126,186**	94,509
Financial guarantees given to banks and finance companies in connection with facilities given to joint ventures	**95,265**	-	**95,265**	-

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

33. COMMITMENTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
(a) Commitments not provided for in the financial statements excluding those held by associated companies (Note 20) and joint ventures (Note 19) are as follows:				
Development expenditure contracted for development properties	**9,163**	6,454	**-**	-
Investment commitments	**5,451**	5,331	**-**	-
Purchase of property, plant and equipment	**280**	-	**280**	-
	14,894	11,785	**280**	-

33. COMMITMENTS (CONTINUED)

(b) **Operating lease commitments – where the Group is a lessee**

The Group leases office premises and dormitories from non-related parties and the Company leases office premises from a subsidiary under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	**165**	4	**503**	503
Between 1 and 5 years	**-**	-	**330**	833
	165	4	**833**	1,336

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

The Group leases out retail space and office premises to non-related parties under non-cancellable operating leases. The leases have varying terms and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Not later than 1 year	**5,937**	6,354
Between 1 and 5 years	**14,723**	14,960
Later than 5 years	**10,135**	11,432
	30,795	32,746

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for the Financial Year Ended 30 June 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial risk factors

The Group is exposed to financial risks arising from its operations and the key financial risks identified include credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance in a timely manner. The Group does not hold or issue derivative financial instruments for speculative purposes.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. Credit evaluations are performed on all customers who require credit over a certain amount.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instrument presented on the balance sheet, except for corporate guarantees provided by the Company as disclosed in Note 32.

The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables.

The trade receivables of the Group comprise two debtors (2016: two debtors) that individually represented 17% to 57% (2016: 34% to 37%) of trade receivables.

The construction contracts due from customers of the Group comprise three debtors (2016: three debtors) that individually represented 12% to 70% (2016: 20% to 41%) of construction contract due from customers.

The retention sums receivable of the Group comprise three debtors (2016: seven debtors) that individually represented 13% to 50% (2016: 8% to 21%) of retention sums receivable.

The credit risk for trade receivables (net of allowance for impairment), construction contracts due from customers and retention sums receivable based on the information provided to key management is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
By types of customers				
Associated and joint venture companies	**6**	5	**1**	-
Non-related parties	**108,887**	101,769	**-**	-
	108,893	101,774	**1**	-

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) **Credit risk** (continued)

(i) *Financial assets that are neither past due nor impaired*

Bank balances that are neither past due nor impaired are mainly balances with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables, construction contracts due from customers and retention sums receivable that are neither past due nor impaired are substantially companies with a good collection track record with the Group. Advances to associated companies, joint venture and subsidiaries are made to entities with potential profitable growth in the future.

(ii) *Financial assets that are past due and/or impaired*

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Past due less than 3 months	**908**	905	**-**	-
Past due 3 to 6 months	**-**	-	**-**	-
Past due over 6 months	**-**	24	**-**	-

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
Gross amount	**-**	9	**-**	-
Less: Allowance for impairment	**-**	(9)	**-**	-
	-	-	**-**	-
Other receivables				
Gross amount	**-**	-	**27,195**	27,453
Less: Allowance for impairment	**-**	-	**(27,195)**	(27,453)
	-	-	**-**	-
Total	**-**	-	**-**	-
Beginning of financial year	**9**	9	**27,453**	27,852
Allowance made	**(9)**	-	**-**	-
Allowance written back	**-**	-	**(258)**	(399)
End of financial year	**-**	9	**27,195**	27,453

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for the Financial Year Ended 30 June 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) **Credit risk** (continued)

(ii) *Financial assets that are past due and/or impaired* (continued)

The impaired trade receivables of the Group mainly relate to customers that are in financial difficulties and whose payments are not forthcoming.

The impaired other receivables of the Company mainly relate to advances to subsidiaries that are in net liabilities positions and whose payments are not forthcoming.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure of the Group and the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage the liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of committed stand-by credit facilities.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Group				
At 30 June 2017				
Trade and other payables	**162,573**	**17,900**	**11,600**	**192,073**
Borrowings	**28,415**	**110,416**	**-**	**138,831**
Financial guarantee contracts	**95,265**	**-**	**-**	**95,265**
At 30 June 2016				
Trade and other payables	146,643	28,659	-	175,302
Borrowings	8,380	170,461	-	178,841
Company				
At 30 June 2017				
Trade and other payables	**127,667**	**-**	**-**	**127,667**
Borrowings	**2,776**	**52,078**	**-**	**54,854**
Financial guarantee contracts	**221,451**	**-**	**-**	**221,451**
At 30 June 2016				
Trade and other payables	91,901	-	-	91,901
Borrowings	2,778	54,856	-	57,634
Financial guarantee contracts	94,509	-	-	94,509

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Market risk

(i) *Currency risk*

The Group operates predominantly in Singapore, Malaysia and the United Kingdom and the functional currencies of the entities in each of the countries are the Singapore Dollar ("SGD"), the Malaysian Ringgit ("RM") and Pound Sterling ("GBP") respectively. Entities in the Group transact predominantly in their functional currencies and hold matching currency assets and liabilities to the extent possible to achieve a natural hedging effect.

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

	Group		Company	
	RM	GBP	RM	GBP
	$'000	$'000	$'000	$'000
At 30 June 2017				
Financial assets				
Cash and cash equivalents	16,911	10,048	37	2,777
Trade and other receivables	4,597	2,909	-	-
Intercompany receivables	10,151	67,789	-	-
Other financial assets	428	-	-	-
	32,087	80,746	37	2,777
Financial liabilities				
Borrowings	(40)	(56,020)	-	-
Trade and other payables, excluding construction contracts and development projects	(10,952)	(17,737)	-	(2,228)
Intercompany payables	(493)	(67,521)	-	-
	(11,485)	(141,278)	-	(2,228)
Net financial assets/(liabilities)	**20,602**	**(60,532)**	**37**	**549**
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(10,903)	61,363	-	-
Currency exposure	**9,699**	**831**	**37**	**549**

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for the Financial Year Ended 30 June 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) **Market risk** (continued)

(i) *Currency risk* (continued)

	Group		Company	
	RM	**GBP**	**RM**	**GBP**
	$'000	**$'000**	**$'000**	**$'000**
At 30 June 2016				
Financial assets				
Cash and cash equivalents	13,672	18,491	45	12,127
Trade and other receivables	5,825	987	-	20,716
Intercompany receivables	6,646	85,850	-	-
Other financial assets	461	-	-	-
	26,604	105,328	45	32,843
Financial liabilities				
Borrowings	(59)	(87,330)	-	-
Trade and other payables, excluding construction contracts and development projects	(14,347)	(28,673)	-	-
Intercompany payables	(6,646)	(85,850)	-	-
	(21,052)	(201,853)	-	-
Net financial assets/(liabilities)	**5,552**	**(96,525)**	**45**	**32,843**
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(5,503)	129,368	-	-
Currency exposure	**49**	**32,843**	**45**	**32,843**

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) **Market risk** (continued)

(i) *Currency risk* (continued)

Sensitivity analysis for currency risk

If the RM changes against the SGD by 4% (2016: 4%) and the GBP changes against the SGD by 5% (2016: 6%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit after tax	
	2017 $'000	**2016 $'000**
Group		
RM against SGD		
- strengthened	**322**	2
- weakened	**(322)**	(2)
GBP against SGD		
- strengthened	**34**	1,636
- weakened	**(34)**	(1,636)
Company		
RM against SGD		
- strengthened	**1**	1
- weakened	**(1)**	(1)
GBP against SGD		
- strengthened	**23**	1,636
- weakened	**(23)**	(1,636)

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group is exposed to interest rate risk primarily due to changes in interest rates arising from its interest-bearing assets and debt obligations. The Group manages its interest rate risks by maintaining a mix of fixed and variable rate debt instruments with varying maturities.

The material interest-bearing assets of the Group are short-term bank deposits and advances to associated companies. Short-term bank deposits and advances to associated companies bear interest at the market interest rate. An interest rate movement of 0.5% will not have a substantial impact on the net profit of the Group.

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for the Financial Year Ended 30 June 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) **Market risk** (continued)

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

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD and GBP. If the SGD interest rate increases/decreases by 0.5% (2016: 1.0%) and the GBP interest rates increases/decreases by 0.5% (2016: 0.5%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company will be lower/higher by $386,000 (2016: $813,000) and $7,000 (2016: $246,000) respectively as a result of higher/lower interest expense on these borrowings.

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

	Variable rates			Fixed rates				
	Less than 6 months	6 to 12 months	1 to 5 years	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 30 June 2017	**78,770**	**-**	**-**	**21**	**19**	**49,864**	**-**	**128,674**
At 30 June 2016	111,020	-	-	42	9	49,822	-	160,893
Company								
At 30 June 2017	**-**	**-**	**-**	**13**	**13**	**49,838**	**-**	**49,864**
At 30 June 2016	-	-	-	-	-	49,781	-	49,781

(d) **Capital risk**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks and financial institutions to maintain a gearing ratio of not exceeding 150% (2016: 100% to 150%). The Group's and the Company's strategies, which were unchanged from 2016, are to maintain gearing ratios within the limits required.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

34. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(d) **Capital risk** (continued)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Net debt	**(1,549)**	61,845	**11,147**	7,079
Total equity	**237,385**	213,498	**99,367**	105,256
Gearing ratio	**(1%)**	29%	**11%**	7%

As at 30 June 2017, the Group's gearing ratio is negative 1% as it has more cash and cash equivalents than its borrowings. The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2017 and 2016.

(e) **Fair value measurements**

The fair value hierarchy for investment properties is disclosed in Note 22.

The fair values of borrowings, trade and other receivables and trade and other payables as disclosed in Note 25, Note 12 and Note 24 respectively approximate to their carrying amounts.

(f) **Financial instruments by category**

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	**292,201**	205,815	**89,801**	104,573
Financial liabilities at amortised cost	**320,747**	336,195	**177,531**	141,682

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

35. RELATED PARTY TRANSACTIONS

In addition to the related party information shown elsewhere in the financial statements, the following transactions between the Group and related parties took place during the financial year:

(a) **Sales and purchases of goods and services**

	Group	
	2017	**2016**
	$'000	**$'000**
Joint ventures and associated companies		
Management services fees	**208**	18
Project management fees	**356**	-
Interest income on advances to associated companies	**11**	390

Outstanding balances at 30 June 2017, arising from sale/purchase of goods and services, are set out in Notes 12 and 24.

(b) **Key management remuneration**

The key management remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or the Company did not incur any costs, the value of the benefit. The key management remuneration is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Salaries and other short-term employee benefits	**7,234**	7,754
Post-employment benefits – contribution to CPF	**116**	108
Share option expense	**-**	5
	7,350	7,867

Included in above is total remuneration to directors of the Company amounting to $4,140,000 (2016: $5,013,000).

36. SEGMENT INFORMATION

Management has determined the operating segment based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Executive Chairman, the Managing Director, and the Executive Director of the Company.

The Exco considers the business primarily from a business segment perspective. Revenue from investment holding, provision of management services, construction and property investment are derived mainly from Singapore and the United Kingdom. Revenue from property development are derived mainly from Malaysia.

The segment information provided to the Exco for the reportable segments for the financial years ended 30 June 2017 and 30 June 2016 are as follows:

	Construction	Property development and investment	Investment holding and others	Total
	$'000	$'000	$'000	$'000
Financial year ended 30 June 2017				
Revenue from external customers	350,112	18,616	294	369,022
Inter-segment revenue	-	1,219	13,821	15,040
	350,112	19,835	14,115	384,062
Elimination				(15,040)
Revenue				369,022
Segment results	26,278	9,288	4,807	40,373
Elimination				(10,937)
				29,436
Finance expense				(5,651)
Profit before income tax				23,785
Income tax expense				(4,418)
Net profit				19,367
Segment results include:				
Interest income	288	153	85	526
Depreciation of property, plant and equipment	(3,746)	(1,239)	(282)	(5,267)
Interest expense	-	(2,693)	(2,958)	(5,651)
Share of losses of associated companies and joint venture	(10)	(94)	(2)	(106)
Income tax expense	(3,766)	(652)	-	(4,418)

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for the Financial Year Ended 30 June 2017

36. SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Total $'000
Financial year ended 30 June 2016				
Revenue from external customers	352,681	73,248	190	426,119
Inter-segment revenue	-	1,906	27,870	29,776
	352,681	75,154	28,060	455,895
Elimination				(29,776)
Revenue				426,119
Segment results	17,896	28,198	19,876	65,970
Elimination				(24,835)
				41,135
Finance expense				(5,034)
Profit before income tax				36,101
Income tax expense				(6,653)
Net profit				29,448
Segment results include:				
Interest income	121	469	101	691
Depreciation of property, plant and equipment	(4,238)	(1,218)	(305)	(5,761)
Interest expense	(3)	(3,625)	(1,388)	(5,016)
Share of (losses)/profits of associated companies and joint venture	(10)	14,556	-	14,546
Income tax expense	(2,760)	(3,873)	(20)	(6,653)

36. SEGMENT INFORMATION (CONTINUED)

	Construction $'000	Property development and investment $'000	Investment holding and others $'000	Elimination $'000	Total $'000
As at 30 June 2017					
Segment assets	185,145	343,385	48,577	(2,466)	574,641
Tax recoverable					1,174
Deferred income tax assets					1,153
Consolidated total assets					576,968
Segment assets include:					
Investment in associates and joint ventures	286	13,247	(2)	-	13,531
Capital expenditure on property, plant and equipment	693	203	21	-	917
Segment liabilities	(168,918)	(32,154)	(4,672)	281	(205,463)
Borrowings					(128,674)
Deferred income tax liabilities and current income tax liabilities					(5,446)
Consolidated total liabilities					(339,583)
As at 30 June 2016					
Segment assets	151,064	351,629	52,646	(2,507)	552,832
Tax recoverable					908
Deferred income tax assets					1,552
Consolidated total assets					555,292
Segment assets include:					
Investment in associates and joint ventures	296	16,719	-	-	17,015
Capital expenditure on property, plant and equipment	1,626	183	478	-	2,287
Segment liabilities	(129,066)	(43,869)	(3,672)	280	(176,327)
Borrowings					(160,893)
Deferred income tax liabilities and current income tax liabilities					(4,574)
Consolidated total liabilities					(341,794)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

36. SEGMENT INFORMATION (CONTINUED)

The Group is organised into three main business segments:

(a)	Construction	- construction of buildings and building extensions, additions and alterations, refurbishment and restoration of buildings.
(b)	Property development and investment	- develops property for sale and/or holds properties for its own investment purposes.
(c)	Investment holding and other	- holding of investments and provision of management services to the companies within the Group.

The amounts reported to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than tax recoverable and deferred tax assets.

The amounts are provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments other than current and deferred income tax liabilities and borrowings.

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

Geographical information

The Group's three business segments operate in three main geographical areas:

Singapore	- the country where the headquarters of the Group and the Company is located. The areas of operation are principally investment holding, provision of management services, construction, property development and investment.
Malaysia	- the area of operation is mainly property development.
United Kingdom	- the area of operation is mainly property investment and property development.

36. SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

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

	Total sales		Non-current assets*	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**351,766**	354,101	**55,541**	60,356
Malaysia	**12,284**	66,177	**141**	192
United Kingdom	**4,972**	5,841	**143,954**	191,770
	369,022	426,119	**199,636**	252,318
Investment in associated companies and joint venture			**13,531**	17,015
			213,167	269,333

* Non-current assets exclude financial instruments and deferred tax assets.

37. BUSINESS COMBINATIONS

Acquisition of Kelaty House in the previous financial year

In the previous financial year, the Group entered into a sale and purchase agreement with UKI (Wembley) Limited to acquire the property, Kelaty House, which is located at First Way, Wembley HA9 0JD, London.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	2016
	$'000
Purchase consideration - cash paid	38,499
Consideration transferred for the business	38,499

(b) Effect on cash flows of the Group

Cash paid (as above)	38,499
Cash outflow on acquisition	38,499

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

37. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Kelaty House in the previous financial year (continued)

(c) Identifiable assets acquired and liabilities assumed

	2016 At fair value $'000
Investment property	54,998
Total assets	54,998
Total identifiable net assets	54,998
Less: Non-controlling interest at 30%	(16,499)
Consideration transferred for the business	38,499

Non-controlling interest comprise the following:	2016 $'000
Shareholder's loan included in trade and other payables	16,499
Share capital included in equity	-*
	16,499

* The non-controlling interest has contributed a total amount of $5 in the form of share capital which is included in equity.

(d) Acquisition-related costs

Acquisition-related costs of $2,743,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Non-controlling interest

The non-controlling interest relates to interest held by Sin Heng Chan (1960) Pte Ltd, a company incorporated in Singapore. The funds provided by non-controlling interest comprise $5 in capital and $16,499,000 in the form of shareholder's loan.

(f) Revenue and profit contribution

The acquired business contributed revenue of $402,000 and net loss of $2,616,000 to the Group from the period from 28 August 2015 to 30 June 2016.

Had Kelaty House been consolidated from 1 July 2015, consolidated revenue and consolidated loss for the year ended 30 June 2016 would have been $478,000 and $2,547,000 respectively.

38. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 18 August 2017, a wholly owned subsidiary of the Group, Lum Chang Auriga Pte. Ltd., obtained approval from the Strata Title Board for the collective sale of all 13 strata units and common areas in the freehold residential property known as One Tree Hill Gardens, located at 12 One Tree Hill, Singapore (the "Property") for a consideration of $65,000,000 from the owners of the Property. The Group plans to re-develop the property into landed homes for sale, comprising a mix of semi-detached and detached houses.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2017 or later periods and which the Group has not early adopted:

- FRS 115 *Revenue from Contracts with Customers*
  (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

  The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  Step 1: Identify the contract(s) with a customer

  Step 2: Identify the performance obligations in the contract

  Step 3: Determine the transaction price

  Step 4: Allocate the transaction price to the performance obligations in the contract

  Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements.

  At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessment of the impact over the next twelve months.

- FRS 109 *Financial Instruments*
  (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss.

  The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- FRS 109 *Financial Instruments* (continued)

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

  There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The new standard is not expected to have any significant impact on the financial statements of the Group.

- FRS 116 *Leases*
  (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $165,000 (Note 33(b)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

40. COMPANIES IN THE GROUP

(a) The subsidiaries are as follows:

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group	
				2017 %	2016 %
	Held by the Company				
	Unquoted equity shares				
[1]	Lum Chang Asia Pacific Pte Ltd	Investment holding	Singapore	**100**	100
[1]	Lum Chang Corporation Pte Ltd	Investment holding	Singapore	**100**	100
[1]	Lum Chang Properties Ltd	Investment holding	Singapore	**100**	100
[1]	Lum Chang (Suzhou) Investments Pte Ltd	Investment holding	Singapore	**51**	51
[2]	Nexus Sdn Bhd	Dormant	Malaysia	**100**	100
[2]	Urban Assignment Sdn Bhd	Dormant	Malaysia	**100**	100
[1]	Binjai Holdings Pte Ltd	Investment holding	Singapore	**100**	100
[1]	Kemensah Holdings Pte Ltd	Investment holding	Singapore	**100**	100
[8]	Lum Chang Realty Pte Ltd	In member's voluntary liquidation	Singapore	**100**	100
[8]	Lum Chang Orion Pte Ltd	In member's voluntary liquidation	Singapore	**100**	100
[3]	Twin Palms Development Sdn Bhd	Property development	Malaysia	**100**	100
[1]	UK Property Investment Pte Ltd	Investment holding	Singapore	**70**	70
[1]	Wembley Properties Pte Ltd	Investment holding	Singapore	**70**	70
[1]	Tucana Investments Pte Ltd	Investment holding	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

40. COMPANIES IN THE GROUP (CONTINUED)

(a) The subsidiaries are as follows: (continued)

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group 2017 %	Effective equity interest held by Group 2016 %
	Held by subsidiaries				
	Unquoted equity shares				
1	Lum Chang Auriga Pte Ltd (formerly known as Boon Lay Executive Condominiums Pte Ltd)	Property development	Singapore	**100**	100
1	Lum Chang Property Investments Pte Ltd	Property investment	Singapore	**100**	100
1	Lum Chang Building Contractors Pte Ltd	Building construction	Singapore	**100**	100
4	Lum Chang Sdn Bhd	Dormant	Malaysia	**100**	100
2	Uptown Viewpoint Sdn Bhd	Dormant	Malaysia	**100**	100
3	Venus Capital Corporation Sdn Bhd	Property development	Malaysia	**100**	100
3	Fabulous Range Sdn Bhd	Property development	Malaysia	**100**	100
8	Sungei Long Holdings Pte Ltd	In member's voluntary liquidation	Singapore	**100**	100
6	Pembridge Palace Holdco Limited	Investment holding	Jersey, Channel Islands	**-**	100
6	Pembridge Palace Propco Limited	Property investment	Jersey, Channel Islands	**-**	100
6	130 WS Holdings Limited	Investment holding	Jersey, Channel Islands	**70**	70
6	130 WS Investments Limited	Investment holding	Jersey, Channel Islands	**70**	70
6	130 Wood Street Unit Trust	Property investment	Jersey, Channel Islands	**70**	70
6	Kelaty Holdings Limited	Investment holding	Jersey, Channel Islands	**70**	70
6	Kelaty Propco Limited	Property investment	Jersey, Channel Islands	**70**	70
6	Kelaty Leaseco Limited	Property investment	Jersey, Channel Islands	**70**	70
6	Lum Chang Development Services Limited	Property management and technical consultancy	England and Wales	**100**	-

40. COMPANIES IN THE GROUP (CONTINUED)

(b) The associated companies are as follows:

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group 2017 %	2016 %
	Held by the Company				
	Unquoted equity shares				
9	Faith Global Ventures Inc	Investment holding	British Virgin Islands	**22.73**	22.73
	Held by subsidiaries				
	Unquoted equity shares				
11	FCL Compassvale Pte Ltd	Property development	Singapore	**20**	20
11	FCL Admiralty Pte Ltd	Property development	Singapore	**30**	30
1	Pavo Holdings Pte Ltd	Investment holding	Singapore	**40**	-

(c) The joint ventures are as follows:

	Name	Principal activities	Place of incorporation and business	Effective equity interest held by Group 2017 %	2016 %
	Held by subsidiaries				
1	Dorado Holdings Pte Ltd	Investment holding	Singapore	**50**	-
12	Lum Chang Tien Wah Property Sdn Bhd	Property development	Malaysia	**50**	50
5,7	Nishimatsu – Lum Chang JV	Dormant	Singapore	**50**	50
	Subsidiaries held by joint venture Dorado Holdings Pte Ltd				
1	Columba Holdings Pte Ltd	Investment holding	Singapore	**50**	-
1	Corwin Holding Pte Ltd	Property investment	Singapore	**50**	-
10	Dorado Retail Holdco Pte Ltd	Investment holding	Singapore	**50**	-
10	Dorado Retail Pte Ltd	Dormant	Singapore	**50**	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2017

40. COMPANIES IN THE GROUP (CONTINUED)

1 Audited by PricewaterhouseCoopers LLP, Singapore.

2 Audited by LT Lim & Associates, Malaysia.

3 Audited by PricewaterhouseCoopers, Malaysia.

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

5 Unincorporated jointly – controlled partnerships.

6 Audited by PricewaterhouseCoopers LLP, United Kingdom.

7 Not required to be audited in 2017 as entity is dormant.

8 Not required to be audited in 2017 as entity is in member's voluntary liquidation.

9 Audit not required in the country of incorporation.

10 Incorporated during the financial year. Audit not required in the financial year.

11 Audited by KPMG LLP, Singapore.

12 Audited by KPMG, Malaysia.

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit and Risk Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lum Chang Holdings Limited on 14 September 2017.

STATISTICS OF SHAREHOLDINGS

As at 5 September 2017

Issued and Fully Paid-Up Capital	- $86,579,481
Class of Shares	- Ordinary Shares
	- 381,540,304 (with voting rights)
Voting Rights	- 1 vote per share

DISTRIBUTION OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	% [1]
1 - 99	245	2.19	11,045	0.00
100 - 1,000	1,531	13.68	811,384	0.21
1,001 - 10,000	6,453	57.64	30,727,595	8.05
10,001 - 1,000,000	2,944	26.30	118,914,991	31.17
1,000,001 and above	21	0.19	231,075,289	60.57
TOTAL	**11,194**	**100.00**	**381,540,304**	**100.00**

TWENTY LARGEST SHAREHOLDERS	NO. OF SHARES	% [1]
Hong Leong Finance Nominees Pte Ltd	64,000,000	16.77
United Overseas Bank Nominees Pte Ltd	32,884,683	8.62
Four Seas Nominees Pte Ltd	29,000,000	7.60
Raffles Nominees (Pte) Ltd	20,389,074	5.34
Lum Kwan Sung	14,704,080	3.85
DBS Nominees Pte Ltd	14,155,621	3.71
Lum Kok Seng	10,944,964	2.87
Citibank Nominees Singapore Pte Ltd	7,672,618	2.01
Lum Chang Investments Pte Ltd	6,839,742	1.79
OCBC Nominees Singapore Pte Ltd	6,464,821	1.69
Beverian Holdings Pte Ltd	5,772,100	1.51
Leung Kai Fook Medical Co. Pte Ltd	4,591,000	1.20
Loh Tee Pheng	2,552,000	0.67
OCBC Securities Private Ltd	1,797,086	0.47
Tan Thian Hwee	1,623,000	0.43
Chiam Hock Poh	1,571,400	0.41
Ow Yong Heng Leong	1,482,000	0.39
Chiang Kok Meng	1,469,000	0.39
Leh Bee Hoe	1,079,300	0.28
Yang Siew Ho	1,052,800	0.28
	230,045,289	**60.29**

SUBSTANTIAL SHAREHOLDERS (INCLUDING DEEMED INTERESTS)	NO. OF SHARES	%
Raymond Lum Kwan Sung	74,541,139 [2]	19.54
Lum Chang Investments Pte Ltd	6,839,742	1.79
David Lum Kok Seng	76,710,536 [3]	20.11
Beverian Holdings Pte Ltd	5,772,100	1.51

Based on information available to the Company as at 5 September 2017, approximately 60% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Notes: (1) Percentage computed is based on 381,540,304 shares in issue (excluding treasury shares which have no voting rights).
(2) Raymond Lum Kwan Sung is deemed interested in 6,839,742 shares beneficially owned by Lum Chang Investments Pte Ltd.
(3) David Lum Kok Seng is deemed interested in 5,772,100 shares beneficially owned by Beverian Holdings Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING AND BOOKS CLOSURE

Lum Chang Holdings Limited (incorporated in the Republic of Singapore) Company Registration No. 198203949N

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **35th Annual General Meeting** of the Company will be held at Orchard Parade Hotel, Antica I & II, Level 2, 1 Tanglin Road, Singapore 247905 on **27 October 2017, Friday** at **10.30 a.m.** to transact the following business:-

As Ordinary Business:

1. To receive and adopt the Audited Financial Statements for the year ended 30 June 2017 and the statement of the Directors and report of the Independent Auditor thereon.

2. To declare a Final tax exempt (one-tier) Dividend of 1.2 cents per share as recommended by the Directors for the year ended 30 June 2017.

3. To approve the amount of S$293,970 proposed as Directors' fees for the year ended 30 June 2017 (year ended 30 June 2016: S$247,190).

4. To re-elect the following Directors, retiring from office pursuant to Section 153(6) of the Companies Act (Cap. 50) (which was in force immediately before 3 January 2016) and who, being eligible, offer themselves for re-election:-

   (a) Mr Raymond Lum Kwan Sung

   (b) Dr Willie Lee Leng Ghee

   Note: (a) Mr Raymond Lum Kwan Sung, the Executive Chairman, when re-elected, will remain as a member of the Nominating Committee.

   (b) Dr Willie Lee Leng Ghee, a non-executive independent Director, when re-elected, will remain as the Chairman of the Nominating Committee and a member of the Audit and Risk Committee and the Remuneration Committee.

   (See Explanatory Note 1)

5. To re-elect the following Directors, retiring by rotation under Article 99 of the Company's Constitution and who, being eligible, offer themselves for re-election:-

   (a) Mr David Lum Kok Seng

   (b) Mr Tony Fong

   Note: (a) Mr David Lum Kok Seng, an executive Director, when re-elected, will remain as the Managing Director of the Company.

   (b) Mr Tony Fong, when re-elected, will remain as the executive Director of the Company.

   (See Explanatory Note 1)

6. To re-elect Mr Kelvin Lum Wen Sum as a non-independent non-executive Director of the Company, retiring under Article 81 of the Company's Constitution and who, being eligible, offers himself for re-election.

   (See Explanatory Note 1)

7. To re-appoint PricewaterhouseCoopers LLP as independent auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business:

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without modifications:-

8. 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 of the Company be and are hereby authorised to:-

(a) (i) allot and issue shares in the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of options, warrants, debentures or other instruments convertible into Shares,

at any time to such persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force:-

(i) issue additional Instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and

(ii) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in b(i) above,

PROVIDED ALWAYS THAT:-

(I) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution (as calculated in accordance with subparagraph (II) below), of which the aggregate number of Shares issued other than on a *pro rata* basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with subparagraph (II) below);

(II) subject to such manner of calculation as may be prescribed by SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (I) above, the total number of the issued Shares is based on the Company's total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(IV) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note 2)

9. Authority to Directors to issue shares pursuant to the Option Scheme

"That approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company (the "**Shares**") as may be required to be issued pursuant to the exercise of share options granted under the LCH Share Option Scheme 2007 (the "**Option Scheme**") in accordance with the provisions of the Option Scheme, PROVIDED ALWAYS THAT:-

(a) the aggregate number of Shares over which the committee may offer to grant options on any date, when added to the number of new Shares issued and/or issuable and/or existing Shares transferred and/or transferable in respect of the options granted under the Option Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time; and

(b) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note 3)

10. Approval for renewal of Share Purchase Mandate

(a) "That for the purposes of Sections 76C and 76E of the Companies Act (Cap. 50) of Singapore (the "**Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchases (each an "**On-Market Share Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Share Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days ("**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or before the date of the Company's announcement of an offer for the Off-Market Share Purchase, as the case may be, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

(d) the Directors of the Company and/or each of them be and are/is hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

(See Explanatory Note 4)

11. Any Other Business

To transact any other business which may properly be transacted at an Annual General Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN THAT subject to shareholders' approval being obtained for the proposed Final tax exempt (one-tier) Dividend of 1.2 cents per share for the financial year ended 30 June 2017 (the "**Dividend**"), the Share Transfer Books and the Register of Members of the Company will be closed on **10 November 2017** for the purpose of determining shareholders' entitlements to the Dividend.

Duly completed transfers received by the Company's Share Registrars, Tricor Barbinder Share Registration Services of **80 Robinson Road #02-00 Singapore 068898**, up to 5.00 p.m. on **9 November 2017** 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 **9 November 2017** will be entitled to the Dividend.

Payment of the Dividend, if approved by shareholders, will be paid on **23 November 2017**.

BY ORDER OF THE BOARD

TONY FONG
TAN ENG CHAN GERALD

Company Secretaries
Singapore
26 September 2017

Notes:

1) A member (otherwise than a relevant intermediary) entitled to attend, speak and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

   "**Relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act providing for the making of investments form the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds the shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3) A proxy need not be a member of the Company.

4) The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 14 Kung Chong Road, #08-01 Lum Chang Building, Singapore 159150 not less than 48 hours before the time appointed for holding the Annual General Meeting.

5) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes to the Resolutions:

1. Detailed information on these Directors can be found under "Board of Directors", "Present and Past Directorships" and "Corporate Governance" sections in the Company's 2017 Annual Report.

2. The ordinary resolution proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, to issue Shares up to an amount not exceeding (i) 50% of the total number of issued Shares (excluding treasury shares), of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of Shares which may be issued shall be based on the total number of issued Shares at the time that ordinary resolution 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. The ordinary resolution proposed in item 9 above, if passed, will enable the Directors of the Company, 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, whichever is the earlier, to issue Shares pursuant to the exercise of options under the Option Scheme provided that the aggregate number of Shares over which the committee may offer to grant options on any date, when added to the number of new Shares issued and/or issuable and/or existing Shares transferred and/or transferable in respect of the options granted under the Option Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time.

4. The ordinary resolution proposed in item 10 above, if passed, will enable the Directors of the Company, unless varied or revoked by the Company in general meeting, from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated, whichever is the earliest, to purchase Shares by way of On-Market Share Purchases and/or Off-Market Share Purchases of up to 10% of the total number of issued Shares (excluding treasury shares) at the time of the passing of the ordinary resolution and up to the Maximum Price. The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its purchase of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchase of Shares cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the amount (if any) borrowed by the Company to fund the purchase. The rationale for, the authority and the limits on, and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 30 June 2017 (for illustrative purposes only) are set out in greater detail in the Appendix to the Notice of Annual General Meeting dated 26 September 2017 in relation to the proposed renewal of the Share Purchase Mandate.

Proxy Form for Annual General Meeting

Lum Chang Holdings Limited (Incorporated in the Republic of Singapore)

Company Registration No. 198203949N (the "**Company**")

Important:

1. Relevant intermediaries as defined in Section 181 of the Companies Act (Chapter 50) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy the Company's shares, the Summary Financial Report/Annual Report is forwarded to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CFP investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 September 2017.

I/We ______________________________ NRIC/ Passport No./ Company Registration No. ______________________

of ____

being a member/members of LUM CHANG HOLDINGS LIMITED hereby appoint:

Name	Address	NRIC/ Passport No.	Number of Shares Represented	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Number of Shares Represented	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Orchard Parade Hotel, Antica I & II, Level 2, 1 Tanglin Road, Singapore 247905 on Friday, 27 October 2017 at 10.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided below whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

Ordinary Resolutions		For*	Against*
1.	To adopt the Directors' Statement and audited financial statements for the financial year ended 30 June 2017 and the Auditor's Report thereon		
2.	To declare the payment of proposed Final Dividend		
3.	To approve Directors' Fees		
4(a).	To re-elect Mr Raymond Lum Kwan Sung as a Director retiring from office pursuant to Section 153(6) of the Companies Act (Cap. 50) (which was in force immediately before 3 January 2016)		
4(b).	To re-elect Dr Willie Lee Leng Ghee as a Director retiring from office pursuant to Section 153(6) of the Companies Act (Cap. 50) (which was in force immediately before 3 January 2016)		
5(a).	To re-elect Mr David Lum Kok Seng as a Director retiring under Article 99 of the Company's Constitution		
5(b)	To re-elect Mr Tony Fong as a Director retiring under Article 99 of the Company's Constitution		
6.	To re-elect Mr Kelvin Lum Wen Sum as a Director retiring under Article 81 of the Company's Constitution		
7.	To re-appoint PricewaterhouseCoopers LLP as Independent Auditor and to authorise the Directors to fix their remuneration		
8.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act (Cap. 50)		
9.	To authorise Directors to issue shares pursuant to the Option Scheme		
10.	To approve the renewal of the Share Purchase Mandate		

* If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise please indicate number of votes.

Dated this __________ day of __________ 2017

Total No. of shares in	No. of shares
CDP Register	
Register of Members	

____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT (PLEASE READ NOTES BELOW BEFORE COMPLETING THIS PROXY FORM)

Notes:

1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2) A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead at the Annual General Meeting ("**AGM**") of the Company. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3) A member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one (1) proxy, the number of shares and the class of such shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4) The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 14 Kung Chong Road, #08-01 Lum Chang Building, Singapore 159150 not less than 48 hours before the time appointed for holding the AGM.

5) A proxy need not be a member of the Company.

6) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

7) Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8) A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

9) The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.

10) The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by the Depository to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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