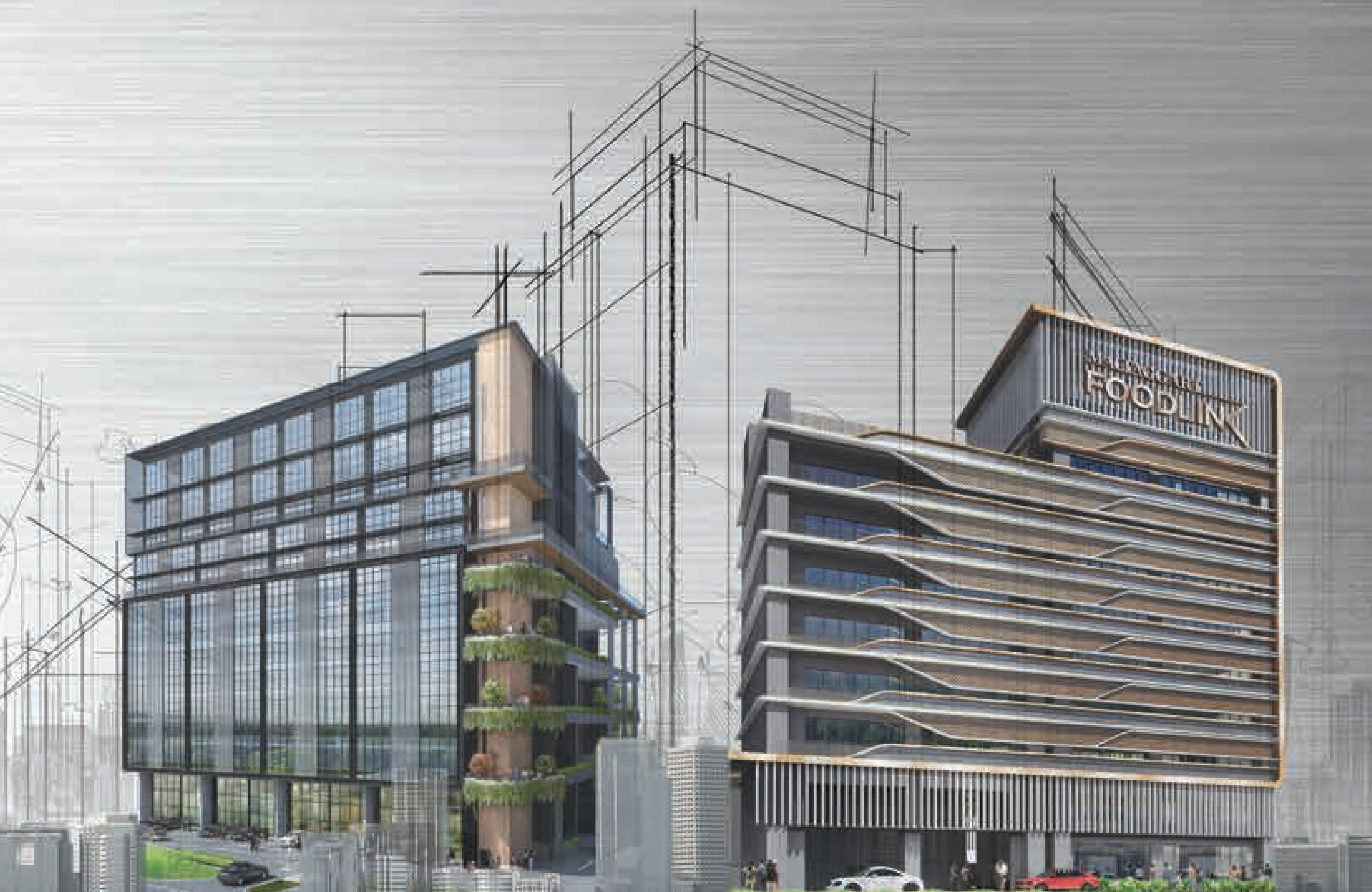
SLB Development Ltd.
新聯明發展有限公司

ANNUAL REPORT 2019

BREAKING **BOUNDARIES**



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This Annual Report has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**").

This Annual Report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Annual Report including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

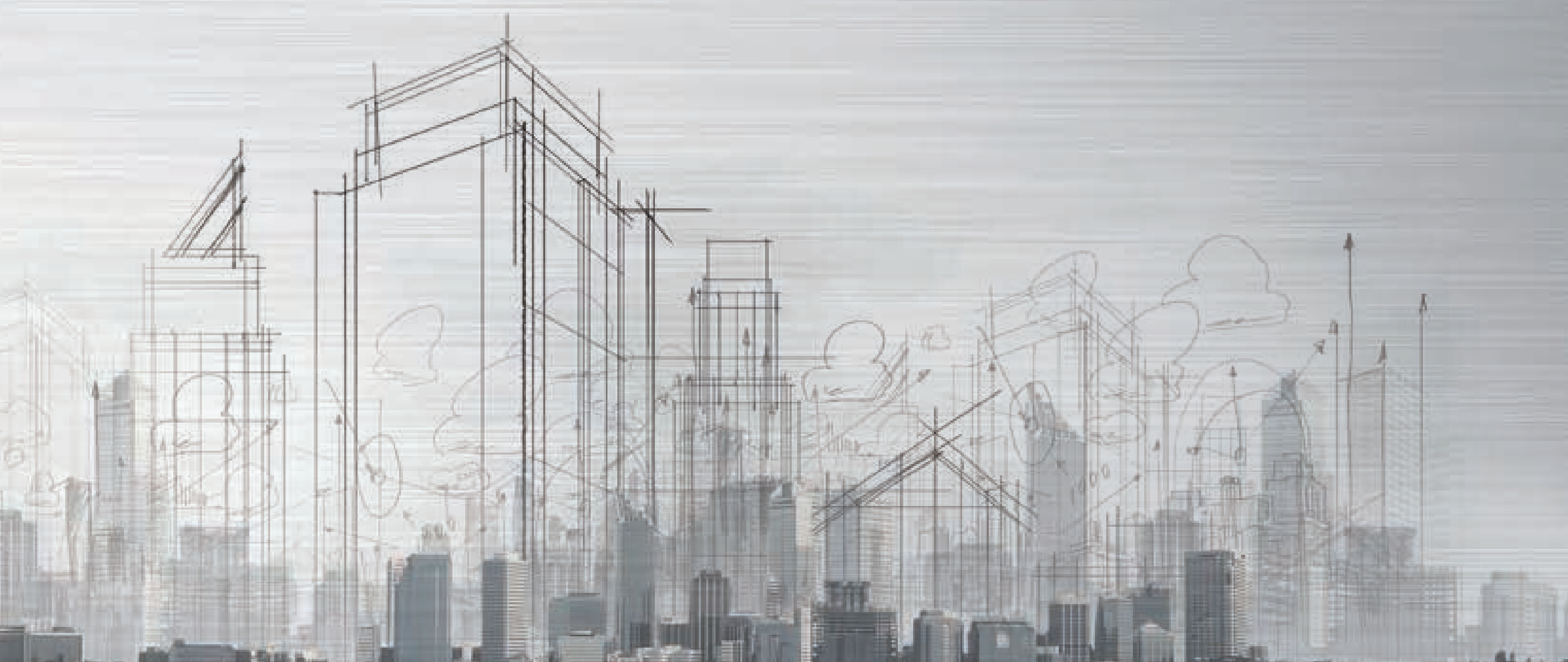
The contact person for the Sponsor is Ms Tay Sim Yee, at 1 Robinson Road #21-00, AIA Tower, Singapore 048542, telephone (65) 6232-3210.

CORPORATE PROFILE

Listed on the Catalist Board of the Singapore Exchange since April 2018, SLB Development Ltd. (“**SLB**”) is a diversified property developer with extensive experience and track record across the residential, mixed-use as well as industrial and commercial sectors and property development projects ranging from small to large scale. The diversified nature of its portfolio allows effective management of exposure to the fluctuations in demand and/or changes in regulations for each type of property development.

Led by an experienced management team, SLB has built a strong network of business relationships with other property developers and contractors, and has expanded its presence beyond Singapore to the PRC.

SLB is 74.85% held by Lian Beng Group Ltd (listed on the Main Board of the SGX-ST), one of Singapore’s major homegrown building construction groups.



KEY PROJECTS

ON-GOING PROJECTS

MACTAGGART FOODLINK

A 5-storey light industrial development for food production comprising 28 factory units each with a mezzanine level and common facilities including 2 lorry lots, 16 car parking lots, a service lift, a fire/service lift and a passenger/fire lift on lot 08190L MK24 at Mactaggart Road

Development Type: Industrial

Effective Interest held by the Group: 100%

Project Status: Under Construction

Sales Status as of 31 May 2019: 71.4%

INSPACE

A 8-storey ramp-up B1 multi-user industrial development comprising 84 factory units and ancillary facilities on lot 99488L MK23 at New Industrial Road

Development Type: Industrial

Effective Interest held by the Group: 51%

Project Status: Sales launched in March 2019

Sales Status as of 31 May 2019: 6%

RIVERFRONT RESIDENCES

Proposed residential development comprising 9 blocks of 17-storey apartments and 21 units of strata landed houses (total: 1472 units), 6 shops with 2 basements carparks, landscape deck and communal facilities on lot 09693T MK22 at Hougang Avenue 7

Development Type: Residential

Effective Interest held by the Group: 20%

Project Status: Under Construction

Sales Status as of 31 May 2019: 59.0%

AFFINITY @ SERANGOON

Proposed residential development comprising 7 blocks of 14-storey (1012 units) of apartments, 3 blocks of 3 storey (40 units) strata landed houses with basement (total: 1052 units), with 5 shops, basement carparks, swimming pools and communal facilities on lot 10733V MK18 at Serangoon North Avenue 1

Development Type: Residential

Effective Interest held by the Group: 20%

Project Status: Under Construction

Sales Status as of 31 May 2019: 36.9%

50 LORONG 21 GEYLANG

Proposed development comprises a 4-storey with mezzanine multi-user light industrial building comprising 11 factory units and common facilities including 1 lorry lot, 6 car parking lots (including 1 handicap lot), 1 service lift and 1 passenger/fire lift on lot 03706C MK24 at Lorong 21 Geylang

Development Type: Industrial

Effective Interest held by the Group: 100%

Project Status: Planning Stage

REZI 24

Proposed development comprises a block of 8-storey residential flats (total 110 units) with sky garden, swimming pool and multi-storey carpark at 31A to 39A (odd Nos.) and 41 to 51 (odd Nos.) Lorong Geylang 24

Development Type: Residential

Effective Interest held by the Group: 42%

Project Status: Sales launched in March 2019

Sales Status as of 31 May 2019: 8.2%

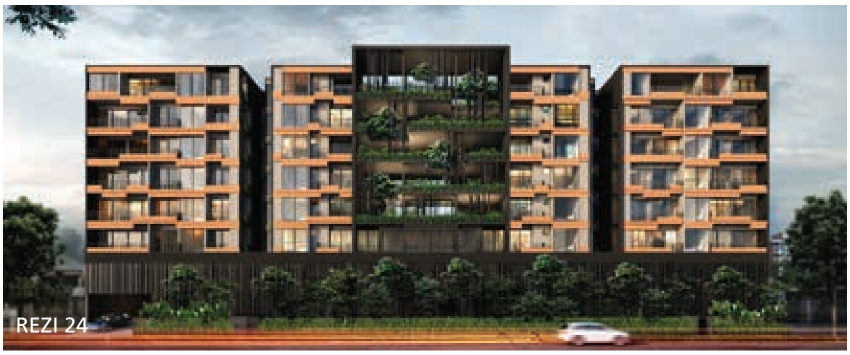
GAOBEIDIAN PROJECT

Proposed development of Plot 17, 20, 21 & 22 Shangdong New Town, An Tai Road, Gaobeidian, Hebei Province, PRC with land area of approximate 5,300,000 sqm which includes sports village, rock climbing stadium, a green food agriculture zone, and residential development

Development Type: Mixed-Use (Residential and Commercial)

Effective Interest held by the Group: 9 to 10%

Project Status: Planning Stage



REZI 24

KEY PROJECTS

COMPLETED PROJECTS

T-SPACE @ TAMPINES
(TOP in June 2018)

A 9-storey ramp up multi-user general industrial development comprising 110 factory units with mezzanine, 139 factory units, 1 temporary industrial canteen, 1 level of heavy vehicle car park at level 5 and other ancillary facilities on lot(s) 2964N MK29 at Tampines North Drive 1

Development Type: Industrial

Effective Interest held by the Group: 51%

Sales Status as of 31 May 2019: 99.6%

HEXACUBE

Development Type: Commercial (Retail and Office)

Effective Interest held by the Group: 40%

Sales Status as at 31 May 2019: 68.5%

MANDAI FOODLINK

Development Type: Industrial

Effective Interest held by the Group: 65%

Sales Status as at 31 May 2019: 100.0%

SPOTTISWOODE SUITES

Development Type: Residential

Effective Interest held by the Group: 50%

Sales Status as at 31 May 2019: 100.0%

KAP & KAP RESIDENCES

THE MIDTOWN & MIDTOWN RESIDENCES

Development Type: Mixed-Use (Residential and Commercial)

Effective Interest held by the Group: 50%

Sales Status as at 31 May 2019: 99.6%

NEWest

Development Type: Mixed-Use (Residential and Commercial)

Effective Interest held by the Group: 10%

Sales Status as at 31 May 2019: 100.0%

ECO-TECH @ SUNVIEW

Development Type: Industrial

Effective Interest held by the Group: 19%

Sales Status as at 31 May 2019: 100.0%

FLORA VISTA, FLORAVIEW AND FLORAVILLE

Development Type: Mixed-Use (Residential and Commercial)

Effective Interest held by the Group: 10%

Sales Status as at 31 May 2019: 84.5%

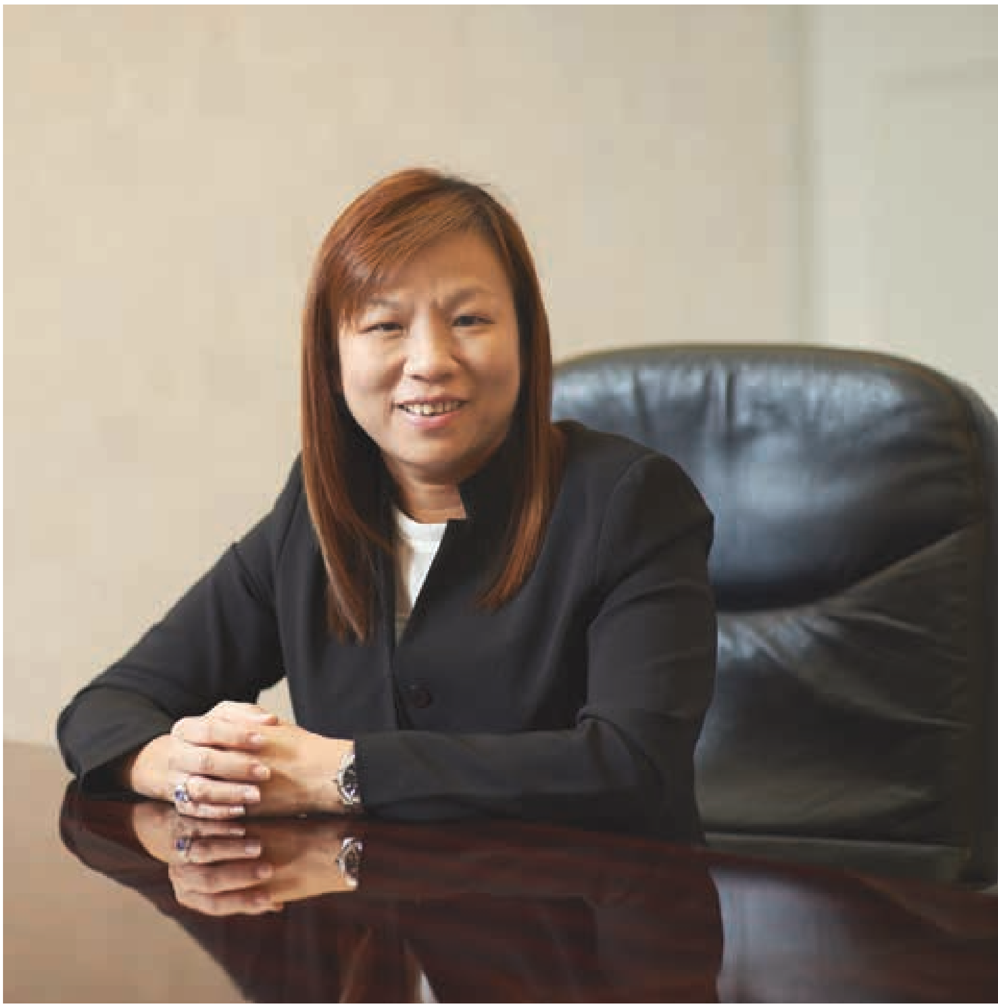
KAP & KAP RESIDENCES

Development Type: Mixed-Use (Residential and Commercial)

Effective Interest held by the Group: 15%

Sales Status as at 31 May 2019: 98.4%

CHAIRMAN'S MESSAGE



DEAR SHAREHOLDERS,

On behalf of the Board of Directors of SLB Development Ltd. ("**SLB**" and together with its subsidiaries, the "**Group**"), I am pleased to present our Annual Report for the financial year ended 31 May 2019 ("**FY2019**").

Being an open economy, the global macro-uncertainties have created an arduous macro environment for all businesses in Singapore with the 2019 GDP growth forecast being downgraded to "zero to 1.0 per cent"[1]. During the financial year, the property sector was also dampened by another round of cooling measures with a raise in Additional Buyer's Stamp Duty and a tightening of Loan-to-Value limits to align price increments with economic fundamentals.

Against this challenging backdrop, and taking into consideration the impact on our financial statements for the financial year ended 31 May 2018 ("**FY2018**") due to the adoption of the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") (the "**restatement**"), in particular SFRS(I) 15, we reported FY2019 revenue of S$47.6 million. This compares to S$154.4 million in restated revenue for FY2018, despite revenue contributions from both T-Space @ Tampines and Mactaggart Foodlink in FY2019. The decline was mainly due to the absence of significant revenue recognition from T-Space @ Tampines with its substantial completion in June 2018.

Under the new SFRS(I), the Group reported a net loss attributable to shareholders of S$5.0 million in FY2019 compared to a net profit attributable to shareholders of S$15.6 million in FY2018. Had SFRS(I) not been adopted, we would have posted a net profit attributable to shareholders of S$8.5[2] million in FY2019 compared to S$3.9[2] million a year ago.

We continue to practice prudent balance sheet management – our cash and cash equivalents remain at a healthy level of S$36.3 million and we are in a healthy net asset position of S$158.3 million as at 31 May 2019 as compared to the net asset reported under the previous financial reporting standards of S$139.9 million as at 31 May 2018.

STAYING NIMBLE AND DIVERSIFIED FOR SUSTAINED GROWTH

Our strategy of adopting a diversified portfolio of property development projects spanning across residential, mixed-use as well as industrial sectors

1 *MTI Expects GDP Growth to be "0.0 to 1.0 Per Cent" in 2019, MTI, 13 August 2019*
2 *Prepared based on SFRS before adoption of SFRS(I) 15 and applicable to only existing uncompleted projects/contracts as at 1 June 2018*

has proven to be a prudent one. Beyond a focus on multi-asset class, we also look for ways to differentiate our niche through unique developments, leveraging on our years of deep industry knowledge and experience, to stay resilient.

INSPACE, strategically located near the Tai Seng and Bartley Mass Rapid Transit stations, is creatively designed for modern businesses, with careful consideration to details, from its smart office application to recreational and social amenities. This is yet another showcase of SLB's strong expertise, adding on to our recognition by several prestigious property awards for our unique concepts on our development projects including T-Space @ Tampines and Spottiswoode Suites.

Our two residential property developments launched during FY2019 with our joint venture partners, namely Affinity @ Serangoon and Riverfront Residences have seen positive response from buyers. We will continue to monitor the market closely to execute our ongoing projects and replenish our land bank locally. At the same time, SLB remains on an active lookout for suitable opportunities for overseas expansion.

CONSTANTLY EVOLVING

In line with the Group's strategy to constantly re-balance our portfolio, SLB recently acquired a 9.99% equity stake in a unit trust that owns 50% of a large retail centre in Sydney, Crossroads Homemaker Centre. The retail centre has redevelopment and refurbishment potential that may result in income enhancement and sale at the end of the fund's investment terms.

We are also seeking shareholders' approval in an upcoming extraordinary general meeting to expand our business mandate into fund management, paving the way for new business opportunities to further diversify our business portfolio.

The fund management business is an exciting new direction for SLB. We will be working with experts in this field to manage the fund. This would diversify and create new income streams for SLB, such as management fees and performance fees. More details on the fund management business is set out in a separate circular dated 11 September 2019.

We will stay nimble and continue to build on our sound business model which takes a broad-based approach. We will continue to work in close tandem with other leading property developers to look for opportunities to prudently undertake larger property development projects, both locally and abroad.

Our commitment to constantly re-evaluate our business model to remain adaptable has been recognised by the Asia Pacific Entrepreneurship Award 2019 – Corporate Excellence Category. We will continue to pursue growth while maintaining an optimal diversification in our portfolio, and preserving the core values and ethos of the Group for value creation to our stakeholders.

WORD OF APPRECIATION

Our Group has been built on the hard work and commitment of our staff and management team across the SLB Group. As such, on behalf of the Board, I would like to express my heartfelt appreciation to our management team, as well as to our business partners, associates, customers for their continued support. To show our appreciation to our valued shareholders, we have proposed a final tax-exempt dividend of 0.1 Singapore cent per share to be approved at the upcoming annual general meeting.

A special word of thanks also to my fellow Board members for their wise counsel and guidance provided to the Group following the successful listing of SLB in April 2018. We are also pleased to have been conferred the "Best Investor Relations Award" for First Year Listed Companies by the Singapore Corporate Awards 2019.

With our strong heritage and clear vision on a well-diversified portfolio across various asset classes, and together with the steadfast support of our various stakeholders, we are well-placed to drive sustainable value for the Group.

MS ONG LAY KOON
Non-Executive Non-Independent Chairman

CEO'S STATEMENT

DEAR SHAREHOLDERS,

The financial year ended 31 May 2019 ("**FY2019**") was a challenging one for the real estate industry, exacerbated by macro-uncertainties. Nonetheless, we take comfort in our diversified portfolio and strong relationships with our valued partners that allows us effectively manage risks and optimise the returns on our resources.

In FY2019, we adopted Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). Consequently, we've restated our financial numbers for the financial year ended 31 May 2018 ("**FY2018**"), adopting the SFRS(I) 15 where revenue from the development and sale of industrial properties is recognised progressively over time, as compared to the previous completion of contract method.

As a result, FY2019's revenue of S$47.6 million was a 69.2% decrease from the S$154.4 million in restated revenue for FY2018. Despite revenue contributed from T-Space @ Tampines and Mactaggart Foodlink in FY2019, the year-on-year decline was mainly due to the absence of significant revenue recognition from T-Space @ Tampines which has been substantially completed in June 2018. Moving forward, we expect Mactaggart Foodlink to contribute positively with expected completion in FY2020.

Despite a 56.6% decrease in gross profits to S$13.2 million, which is in line with the lower revenue in FY2019, we achieved higher gross profit margin of 27.7% compared to 19.7% in FY2018 due to higher average selling prices achieved in FY2019.

During the year under review, the Group's other operating income increased by S$1.1 million to S$2.3 million in FY2019, mainly due to an increase in interest income from associates of S$1.6 million.

Share of results of joint ventures and associates decreased and reported a share of losses of S$7.3 million in FY2019 compared to a share of profits of S$2.5 million in FY2018 due to its share of interest incurred and expensed relating to the Affinity @ Serangoon and Riverfront Residences projects and the absence of significant share of profits from the Group's joint venture recognised in FY2018 resulting from the completion of Spottiswoode Suites in June 2017.

Overall, the Group reported a net loss attributable to shareholders of S$5.0 million in FY2019 compared to a net profit of S$15.6 million in FY2018.

Had SFRS(I) not been adopted, we would have reported S$244.2[1] million in revenue for FY2019 and comparatively no revenue in FY2018 due to the differences in method of revenue recognition on our ongoing projects. Net profit attributable to shareholders for FY2019 would have been S$8.5[1] million, higher than S$3.9[1] million originally recognised in FY2018.

1 Prepared based on SFRS before adoption of SFRS(I) 15 and applicable to only existing uncompleted projects/contracts as at 1 June 2018

SLB's balance sheet remains healthy with cash and cash equivalents at S$36.3 million and a low gearing of 0.43 time, providing headroom for growth.

In tandem with the lower bottomline, loss per share was 0.55 Singapore cents in FY2019, compared to the restated earnings per share of 2.23 Singapore cents in FY2018. Net asset value per share was 16.29 Singapore cents as at 31 May 2019 as compared to the restated net asset value per share of 16.90 Singapore cents a year ago.

To thank shareholders for their continuous support, the Board has proposed a final tax-exempt dividend of 0.1 Singapore cent per share to be approved by shareholders at the forthcoming annual general meeting.

FOCUSED EXECUTION

In FY2019, we've remained focused in our efforts to monitor market conditions carefully to time the market in pushing sales of our ongoing projects so as to optimise the average selling prices and returns of our remaining units. Our two residential projects – Riverfront Residences and Affinity @ Serangoon have seen steady sales as we progress further into the year. Similarly, we are optimistic on the progress of our Rezi 24 @ Geylang residential project that was launched in March 2019, which is poised to benefit from its city-fringe location and accessibility to the popular Geylang food areas.

While the residential sector continues to remain challenging, there is still healthy demand in the market, as seen in the 1.5% growth in private residential prices in 2Q 2019 compared to a 0.7% decline in the preceding quarter. Developers also moved 2,350 units out of the 2,502 units launched in 2Q 2019, compared to 1,838 units sold out of the 2,989 units launched in 1Q2019[1]. Backed by the collective experience of the various joint venture partners behind our two quality projects, we are seeing healthy progress in sales and remain cautiously optimistic moving forward.

The sector diversification of our project portfolio allows us to effectively manage risks. We are one of the most active developers in the resilient light industrial sector, focusing on assets that are well-located and highly differentiated. For instance, Mactaggart Foodlink is a freehold dedicated food industrial building that is centrally located, which sets it apart from similar properties that are usually located in suburban industrial areas. Mactaggart Foodlink, has seen commendable sales.

As seen in the successful T-Space @ Tampines project that received strong reception, we were able to tap on our experience in the residential sector to launch unique industrial concepts by injecting lifestyle elements for work-life balance. This has been popular with the light industrial sector that is getting increasingly sophisticated and discerning.

We've replicated this proven model for the freehold INSPACE development at 24 New Industrial Road that was launched in March 2019, which features communal and lifestyle facilities such as a 25-metre lap pool, grill and dine canopies (BBQ pits), and outdoor fitness corner, amongst many others.

Overseas, we are working closely with the authorities to launch the Gaobeidian township project in the PRC at an appropriate time. This large-scale project is poised to benefit from its ideal location, being located in a new special economic zone in the PRC, and ease of connectivity to Beijing by high-speed rail.

STAYING ADAPTABLE & RESILIENT

With a lean management team, we pride ourselves on our ability to remain nimble to navigate market cycles promptly. We are constantly evaluating the efficacy of our business model and reviewing business opportunities both in Singapore and overseas where we can enhance shareholder value.

In Singapore, we'll continue to assess the market and prudently explore development opportunities. While the joint-venture model has worked well for us in allowing us the opportunity to participate in larger-scale projects and sharing of risks, we will concurrently keep a look out for suitable opportunities for us to take a stronger lead in projects, or even take up wholly-owned development projects.

We will also continue to explore opportunities to enter new markets to undertake property development, and possibly diversify further into other promising real estate sectors within favourable business cycles, such as hospitality developments, to mitigate cyclical risks.

Apart from development opportunities, we'll also look into viable investments and new business areas to ensure the long-term sustainable growth of the Group. For instance, we've acquired a 9.99% stake in a unit trust named AM Crossroads Equity Unit Trust that owns 50% of a large retail centre, Crossroads Homemaker Centre, in Sydney. The fund intends to refurbish and/or redevelop the retail centre for income enhancement and sale at the end of the investment terms. While this is a small investment, it is a step in the right direction to further rebalance our portfolio – both geographically and across asset classes.

In line with our intention to further diversify our business, we are seeking shareholders' approval in an upcoming extraordinary general meeting to expand our business mandate, giving us more flexibility to pursue other synergistic businesses, such as the new proposed fund management business that will create new income streams for SLB.

We will continue to forge ahead to build upon our growth momentum for SLB's long-term growth in the many more years to come.

MR MATTHEW ONG
Executive Director and CEO

1 *Urban Redevelopment Authority, July 26, 2019 – Release of 2nd Quarter 2019 real estate statistics*

BOARD OF DIRECTORS

*Standing left to right:
Mr Matthew Ong, Mr Owi Kek Hean, Mr Foo Der Rong.
Seated: Ms Ong Lay Koon*

BOARD OF DIRECTORS

ONG LAY KOON

Non-Executive Non-Independent Chairman

Ms Ong Lay Koon is the Non-Executive Non-Independent Chairman of the Group and was appointed to the Board on 23 March 2018. She is currently the executive director of Lian Beng Group Ltd and heads the Accounting and Finance, Human Resource and Corporate Affairs departments of Lian Beng Group Ltd. She also plays a vital role in making the Lian Beng Group Ltd's investment decisions and was involved in property development segment of Lian Beng Group prior to the spin-off. Ms Ong has been appointed as an executive director of Lian Beng Group Ltd since 1999. Prior to that, she was the resource manager at Lian Beng Construction (1988) Pte Ltd from 1992 to 1999, where she was in charge of the finance, human resource and administration functions. Ms Ong holds a Diploma in Civil Engineering (with Merit) from Singapore Polytechnic obtained in 1992.

Ms Ong Lay Koon was last re-appointed to the Board on 25 September 2018.

MATTHEW ONG

Executive Director and Chief Executive Officer ("CEO")

Mr Matthew Ong is the Executive Director and CEO of the Group and was appointed to the Board on 17 October 2017. He has been a director of the property development division of Lian Beng Group Ltd since 2013. Mr Ong is responsible for seeking and developing new business opportunities, including sourcing and conducting feasibility studies of land sites and properties both locally and overseas. He is also responsible for planning, organising, directing and managing the affairs and activities of the Group, allocating organisation resources and responsibilities, and making decisions regarding the bidding of contracts and submission of tenders, sourcing of financing for projects and assessing potential joint venture partners. He undertakes supervisory responsibilities and manages the execution of all property development projects from inception, conceptualization and design, to sales and project completion. From 2006 to 2008, Mr Ong was working in the construction division of the Lian Beng Group Ltd as a Project Coordinator and was an Assistant Development Manager in the property development division of the Lian Beng Group Ltd from 2008 to 2012. Mr Ong holds a Bachelor of Science in Business and Management Studies from the University of Bradford, United Kingdom, obtained in 2007.

Mr Matthew Ong was last re-appointed to the Board on 25 September 2018.

OWI KEK HEAN

Lead Independent Director

Mr Owi Kek Hean is the Lead Independent Director of the Group and was appointed to the Board on 23 March 2018. He is the executive director of IMO & Partners Pte. Ltd. which provides business and management consultancy services, and currently sits on the board of Centurion Corporation Limited as an independent director. He was with KPMG Singapore for 33 years where he last held the positions of Head of Tax, Head of Enterprise Services and Deputy Managing Director until his retirement in October 2015. Mr Owi holds a Bachelor of Business Administration from the National University of Singapore obtained in 1981 and was admitted to the Singapore institute of Accredited Tax Professionals in 2010.

Mr Owi Kek Hean was last re-appointed to the Board on 25 September 2018.

FOO DER RONG

Independent Director

Mr Foo Der Rong is the Independent Director of the Group and was appointed to the Board on 23 March 2018. He is currently the executive director of Aedge Holdings Pte Ltd, the director of Tian International Pte. Ltd., and sits on the boards of Southern Lion Sdn Bhd, Matex International Limited, Noel Gifts International Ltd., and Pavillon Holdings Ltd. He has a wealth of rich experience and knowledge in business development, corporate restructuring, investment strategies and operations management, in a wide range of industries. He was formerly the managing director and CEO of Intraco Limited from 2013 to 2015 and the managing director and CEO of Hanwell Holdings Limited from 2002 to 2012. Mr Foo holds a Bachelor of Commerce from Nanyang University obtained in 1976.

Mr Foo Der Rong was last re-appointed to the Board on 25 September 2018.

EXECUTIVE OFFICERS

CHEONG CHEE KUAN

Chief Financial Officer

Ms Cheong Chee Kuan is the Chief Financial Officer of the Group and is responsible for the Group's financial and management accounting, treasury, taxation and other corporate compliance matters. She had several years of experience in the auditing and accounting profession before she joined the Group in October 2017. Prior to joining the Group, she was the Group Financial Controller of LH Group Limited from January 2015 to March 2017. She is a Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants (ISCA).

LAWRENCE LEE

General Manager

Mr Lawrence Lee is the General Manager of the Group and is responsible for managing operations and property development projects, including carrying out feasibility studies on potential development sites. In addition, he coordinates the appointment of the project teams and monitors the execution of the property development projects from inception to completion, including obtaining all relevant statutory approvals. He also assists the Executive Director and CEO in the day-to-day operations of the Group. He was a construction manager under the construction division and senior development manager under the property development division of the Lian Beng Group Ltd from 2008 to 2014. He was working as an architect with Ong & Ong Architects Pte Ltd (now known as Ong & Ong Pte Ltd) from 2005 to 2008, and with SEP Partnership from 1996 to 2005. He holds a Bachelor of Arts (Architectural Studies) obtained in 1993 and Bachelor of Architecture from the National University of Singapore obtained in 1996, and became a registered practitioner with the Board of Architects in 2001.

PHYLICIA ANG

Director of Sales and Marketing

Ms Phylicia Ang joined the Group as Director of Sales and Marketing on 2 May 2018. She is responsible for the sales and marketing of Group's property portfolio as well as assisting CEO on business development which will include land bids, acquisitions locally and overseas, and any other duties to the interest of the Group. Prior to joining the Group, she was an Executive Director of Savills Residential Pte Ltd from 2002 to 2018, and led the local residential sales and prestige homes sales and was involved in driving the overall business strategy and growth of business. She was an Assistant Manager of Guocoland (Singapore) Ltd from 1994 to 2002. She holds a Bachelor of Science (Hons) in Estate Management from the University of Reading obtained in 1998.

GROUP STRUCTURE

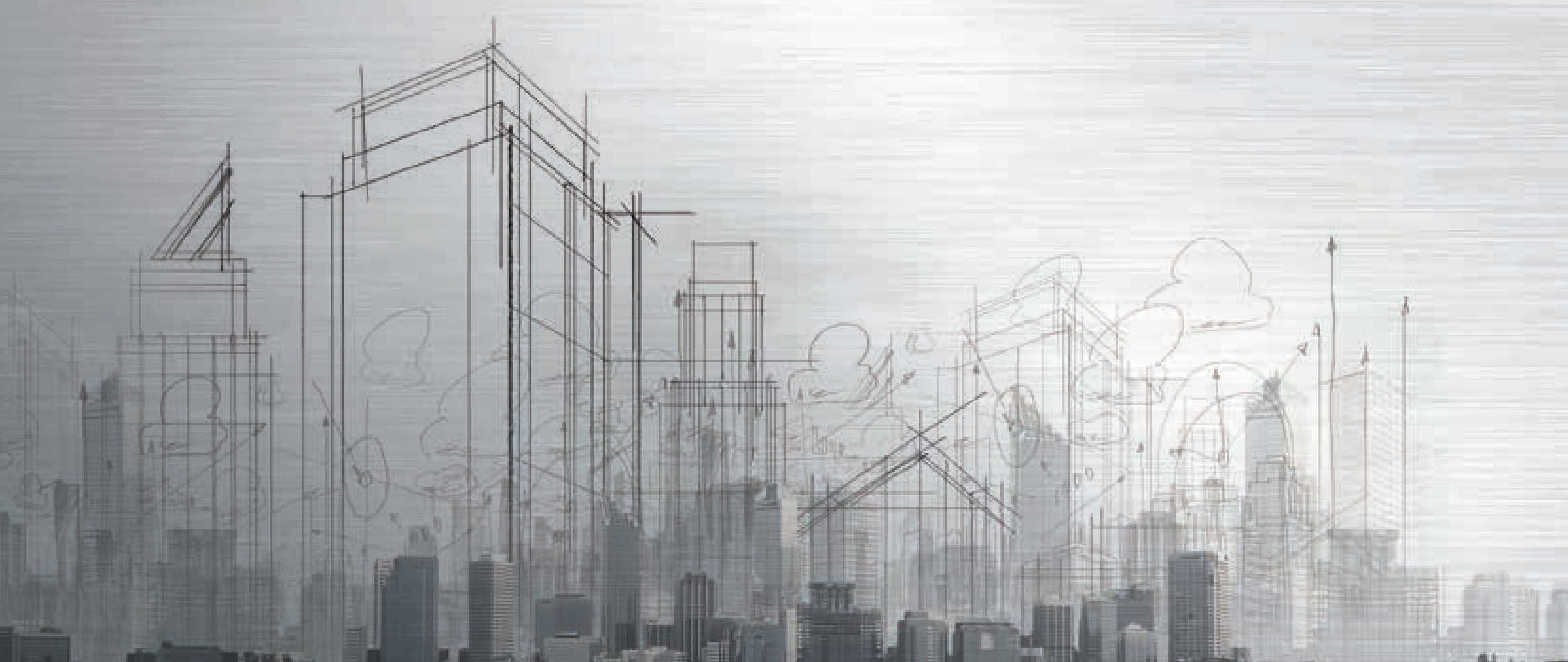
SLB Development Ltd.

- **PRC**
  - LBD (China) Pte Ltd (100%)
    - KAP Holdings (China) Pte Ltd (20%)
      - PRC Group Companies[1]
    - KAP Hotel Investments Pte Ltd (20%)
      - YueDong International Hotel Co., Ltd[2]
- **Singapore**
  - LBD (Midtown) Pte Ltd (100%)
    - Oxley – LBD Pte Ltd (50%)
  - LBD (GL) Pte Ltd (100%)
    - Development 24 Pte Ltd (42%)
  - Goldprime Investment Pte Ltd (100%)
    - Oxley Viva Pte Ltd (10%)
    - Oxley YCK Pte Ltd (10%)
  - Spottiswoode Development Pte Ltd (50%)
  - Starview Investment Pte Ltd (100%)
    - Action Property Pte Ltd (19%)
  - SLB (NIR) Pte Ltd (100%)
    - SLB-Oxley (NIR) Pte Ltd (51%)
  - Smooth Venture Pte Ltd (100%)
  - Wellprime Pte Ltd (100%)
  - Wealth Development Pte Ltd (40%)
  - Goldprime Land Pte Ltd (51%)
  - Rio Casa Venture Pte Ltd (20%)
  - LBD (Serangoon) Pte Ltd (100%)
    - Oxley Serangoon Pte Ltd (20%)
  - Luxe Development Pte Ltd (100%)
    - Oxley Sanctuary Pte Ltd (15%)
  - Wealth Property Pte Ltd (65%)
  - Well Capital Pte Ltd (100%)
  - Wealth Space Pte Ltd (100%)

(1) The PRC Group Companies comprise Sino-Singapore KAP Construction Co., Ltd, Gaobeidian City KAP Real Estate Development Co., Ltd., Hebei Xuxing Investment Co., Ltd. and Hebei Yuezhi Real Estate Development Co., Ltd. in which our Company has an effective equity interest of 10.0%, 10.0%, 9.0% and 10.0% respectively.

(2) The Company has an effective equity interest of less than 15%.

FINANCIAL CONTENTS



CORPORATE GOVERNANCE REPORT

The Group is committed to maintaining a high standard of corporate governance, in line with the Code of Corporate Governance 2012 (the "**Code**"), to ensure continued growth and success, and to justify investor confidence. This report describes the corporate governance practices and procedures adopted by the Group for the financial year ended 31 May 2019 ("**FY2019**"), with specific references made to the principles of the Code and any deviations are explained.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the "**2018 Code**") and the accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and will apply to annual reports covering financial years commencing from 1 January 2019. The Board will review and set out the appropriate corporate practices in place to comply with the 2018 Code, where appropriate, in the next annual report covering the financial year ending 31 May 2020.

BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS
Principle 1: Effective Board to lead and control the Company

The Board of Directors (the "**Board**") oversees the management of the business and affairs of the Company and its subsidiaries (collectively, the "**Group**"). The Board's role is to:

1. Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
3. Review the Management performance;
4. Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
5. Set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
6. Consider sustainability issues such as environmental and social factors, as part of its strategic formulation.

All Directors make decisions objectively and discharge their responsibilities in the interests of the Company. To facilitate effective management, certain functions have been delegated to various Board Committees, whose actions are reported to and monitored by the Board.

The Company has adopted internal guidelines setting forth matters that require board approval. The types of material transactions that require board approval under such guidelines are listed below:

a. Approval of financial statements' announcements;
b. Approval of interested parties' transactions;
c. Declaration of interim dividends and proposal of final dividends;
d. Convening of shareholders' meetings;
e. Approval of corporate strategy;
f. Authorisation of merger and acquisition transactions;
g. Approval of issue of new shares in the capital of the Company; and
h. Authorisation of major transactions.

CORPORATE GOVERNANCE REPORT

The Board meets regularly on a quarterly basis and as warranted. Ad-hoc meetings will be arranged to deliberate on urgent substantive matters. All the Directors attended 1 ad-hoc meeting scheduled in FY2019 regarding the Group's corporate strategy and business development. Board meetings by telephone conference is allowed under the Company's Constitution. To ensure effective corporate governance, three key committees, namely the Nominating Committee (the "**NC**"), the Remuneration Committee (the "**RC**") and the Audit Committee (the "**AC**") were established. Their respective roles are further discussed in this report.

The details of Board meetings, NC, RC and AC meetings held during FY2019, excluding the abovementioned ad-hoc meeting, as well as the attendance of each Board member at those meetings are disclosed below:

Name of Director	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Mr Ong Eng Keong	4	4	1	1*	1	1*	4	4*
Mr Owi Kek Hean	4	4	1	1	1	1	4	4
Ms Ong Lay Koon	4	4	1	1	1	1	4	4
Mr Foo Der Rong	4	4	1	1	1	1	4	4

* *Attended by invitation as Mr Ong Eng Keong is not a member of the Board Committees*

As a general rule, Board papers are sent to Directors before the Board meeting so that members can read up before the Board meeting to have a comprehensive understanding of the matters to be discussed and/or approved.

The duties and obligations of the Director are set out in writing upon his/her appointment. Apart from keeping the Board informed of all relevant new laws and regulations, the Company has an orientation programme for new Directors to ensure that the incoming Director is familiar with the Company's business and governance practices. He/she will be briefed on the structure, business activities and growth strategies of the Group and an overview of the more significant business risks, issues and challenges it faces. Corporate materials and documents such as the latest Annual Report, and upon request by the Director, minutes of recent Board and Board Committee meetings and the Constitution of the Company, will also be given to him/her to facilitate his/her understanding of the structure and operations of the Group. The Directors are also encouraged to keep themselves abreast of the latest developments in the market which are relevant to the Group and courses and seminars of relevance to the responsibilities of the Directors will be arranged and funded by the Company.

In accordance with Catalist Rule 406(3)(a), with effect from 1 January 2019, the NC will ensure that any new director appointed to the Board, who has no prior experience as a director of an issuer listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), must undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST. No new directors were appointed to the Board for FY2019.

The Board as a whole is updated quarterly during the Board and AC meetings on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board committee members.

CORPORATE GOVERNANCE REPORT

During FY2019, the external auditor briefed the AC members on developments in accounting and governance standards. The Executive Director also updated the Board on business and strategic developments relating to the industry that the Group operates in. Regulatory releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority that affect the Company and/or the Directors in discharging their duties are circulated to the Board on a timely basis.

BOARD COMPOSITION AND BALANCE
Principle 2: Strong and Independent Element on the Board

As at the date of this report, the Board comprises one Executive Director, one Non-Executive Non-Independent Director and two Independent Directors, namely:

Executive Director

1. Mr Ong Eng Keong

Non-Executive Non-Independent Director

1. Ms Ong Lay Koon

Independent Directors

1. Mr Owi Kek Hean
2. Mr Foo Der Rong

Information regarding each Board member are set out on pages 8 and 9 of this Annual Report.

Following recent revisions to the Catalist Rules, Catalist Rule 406(3)(d)(i) and 406(3)(d)(ii) which takes effect from 1 January 2019, stipulates that a director will not be independent if he is employed by the issuer or any of its related corporations for the current year or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations for the current year or any of the past three financial years, and whose remuneration is determined by the RC of the issuer. In this regard, the Independent Directors have confirmed that they and their immediate family members do not have any employment relationships with the Group.

The NC also adopts the definition in the Code as to what constitutes an Independent Director in its review to ensure that there is strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in view of the Company's best interests.

The NC is of the view that Mr Owi Kek Hean and Mr Foo Der Rong are independent. They are well-qualified and experienced and have the ability to make impartial and well-balanced decisions and to act in the best interests of the Company and its shareholders.

As half (1/2) of the Board is independent, the current requirement of the Code that at least half of the Board comprises Independent Directors where the Chairman is not an Independent Director is satisfied. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs. None of the Independent Directors has served on the Board beyond nine (9) years from the date of his appointment.

CORPORATE GOVERNANCE REPORT

The Board through the NC, has examined its structure, size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process and the Independent Directors have direct access to Management so they can seek clarifications before the Board meetings.

The independence of each Director is reviewed annually by the NC, which ensures that Independent Directors make up at least half of the Board.

The Board and the Board Committees comprise of Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience. Hence, the NC is of the view that the current Board and Board Committees comprise of persons who as a group provide capabilities required for the Board and Board Committees, which in their collective wisdom, enables them to be effective and provide balanced views. Each Director has been appointed based on his/her calibre and experience. The Board comprises 1 female and 3 male directors with diverse backgrounds such as property development, construction and civil engineering, tax and business management.

The Non-Executive Directors constructively challenge and help to develop proposals on strategy and also review the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. Where necessary or appropriate, the Non-Executive Directors will meet without the presence of the Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3: Clear Division of Responsibilities at the Top of the Company

Ms Ong Lay Koon is currently the Non-Executive Non-Independent Chairman of the Board while Mr Ong Eng Keong, the CEO, is the son of Mr Ong Pang Aik and nephew of Ms Ong Lay Huan, the Company's indirect controlling shareholders, and the nephew of Ms Ong Lay Koon, our Non-Executive Non-Independent Chairman. The role of the Chairman is separate from that of the CEO and there is a clear division of responsibilities between the Chairman and CEO. This is to ensure an appropriate balance of power, increased accountability and greater capacity for the Board in terms of independent decision making.

The Board is of the view that there is adequate accountability and transparency as Independent Directors make up 50% of the Board. The Board is able to exercise its power objectively and independently from Management.

The Chairman plays a key role in promoting high standards of corporate governance, scheduling meetings that enable the Board to perform its duties, establishing the agenda for the Board meetings in consultation with the CEO and ensuring that the Board reviews and approves the Group's key strategies and policies. The Chairman also participates in communicating with key stakeholders, including shareholders and senior management employees.

The CEO's responsibilities encompass managing the day-to-day business activities of the Group, developing and executing the Group's strategies, reporting back to the Board on the performance of the Group, and providing guidance to the Group's employees. The CEO also encourages constructive relations between Management and the Board.

Mr Owi Kek Hean is the Lead Independent Director of the Company as the Chairman, Ms Ong Lay Koon, is not an Independent Director. The Lead Independent Director avails himself to address shareholders' concerns and acts as a counterbalance in the decision making process. Where necessary, the Lead Independent Director will chair meetings without involvement of the Executive Director and provide feedback to the Chairman of the Board to aid and facilitate well-balanced viewpoints on the Board.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP
Principle 4: Formal and Transparent Process for Appointment and Re-Appointment of Directors to the Board

The NC, which has written terms of reference, was established to make recommendations to the Board on all board and executive officer appointments. It currently comprises three Directors, namely:

1. Mr Foo Der Rong, Chairman
2. Mr Owi Kek Hean
3. Ms Ong Lay Koon

All members of the NC are either Independent or Non-Executive Directors, with a majority being Independent Directors. Save for Ms Ong Lay Koon, who is the nominee director of the Company's controlling shareholder, Lian Beng Group Ltd, none of the members of the NC are directly associated with any substantial shareholder. The Lead Independent Director, Mr Owi Kek Hean is a member of the NC. The NC's responsibilities include the following:

a. developing and maintaining a formal and transparent process in making recommendations to the Board on the selection, nomination and appointment of Directors (including the appointment of alternate Directors, if any) and Executive Officers, and recommending to the Board re-nominations of existing Directors for re-election in accordance with the Constitution, taking into account the Director's competencies, commitment, contribution and performance;

b. reviewing Board succession plans for our Directors, in particular, for the Executive Director and CEO;

c. determining the composition of the Board, taking into account the future requirements of the Company, as well as the need for directors who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group, and other considerations such as those set out in Guideline 2.6 of the Code of Corporate Governance 2012;

d. developing a process for evaluation of the effectiveness of the Board, its committees and the Directors;

e. deciding how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the approval of our Board, which address how the Board can achieve long-term shareholders' value;

f. determining on an annual basis, and as and when circumstances require, whether or not a Director is independent having regard to the Code of Corporate Governance 2012 and any other salient factors;

g. in respect of a Director who has multiple board representations on various companies, if any, to review and decide, on an annual basis (or more frequently as the NC deems fit), whether such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;

h. deciding whether or not a Director is able to and has been adequately carrying out his duties as a director;

i. reviewing training and professional development programs for the Board; and

j. reviewing and approving any new employment of persons related to the Directors and/or substantial shareholders and the proposed terms of their employment.

CORPORATE GOVERNANCE REPORT

All Directors submit themselves for re-nomination and re-election at least once every three years in accordance with Catalist Rule 720(4). Newly appointed Directors will submit themselves for re-election at the next Annual General Meeting ("**AGM**") of the Company following their appointment.

In the nomination and selection process, the NC identifies the candidates and reviews the nominations for the appointments based on the following criteria:

(i) at least one third of Directors shall be Independent Directors or when the Chairman is a Non-Independent Director, at least half the Board are Independent Directors; and

(ii) the candidate shall be a fit and proper person to hold such office, and the most qualified candidate nominated for the office, taking into account the candidate's track record, experience, capabilities and other relevant factors.

Each member of the NC shall abstain from voting on any recommendation and/or participating in respect of matters in which he or she has an interest.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. Candidates may be suggested by Directors or management or sourced from external sources. The NC will interview the shortlisted candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his/her responsibilities, effective decision making track record, relevant experience and financial expertise. The NC then nominates the most suitable candidate to the Board for approval.

The NC meets at least once a year. Directors appointed by the Board are subject to election by shareholders at the following AGM following their appointment and thereafter, Directors are subject to re-election according to the provisions in the Company's Constitution. Regulation 117 of the Company's Constitution states that one-third of the Directors shall retire from office by rotation.

Mr Foo Der Rong will, upon re-election as a Director of the Company, remain as an Independent Director of the Company and the Chairman of the RC and the NC and member of the AC. Ms Ong Lay Koon will, upon re-election as a Director of the Company, remain as the Non-Executive Non-Independent Chairman of the Company and a member of the AC, RC and NC of the Company.

In making the recommendations, the NC had considered the Directors' overall contributions and performance.

Each member of the NC have abstained from making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-election as a Director of the Company.

Notwithstanding that some of the Directors have multiple listed company board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his/her duties as a Director of the Company. The Board is of the view that the assessment of whether each Director is able to devote sufficient time to discharge his/her duties should not be restricted to the number of board representations. Holistically, the contributions by the Directors during the meetings and attendance at such meeting should also be taken into consideration. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. As a matter of practice, each Director notifies the Board prior to accepting new listed company board representations to keep fellow Directors apprised.

CORPORATE GOVERNANCE REPORT

The NC will continue to review from time to time the listed company board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

Mr Ong Eng Keong is the nephew of Ms Ong Lay Koon, the Chairman of the Company and Ms Ong Lay Huan, an indirect controlling shareholder, and is the son of the Company's indirect controlling shareholder, Mr Ong Pang Aik. Ms Ong Lay Koon, Ms Ong Lay Huan and Mr Ong Pang Aik are siblings.

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Retiring Directors at the date of this report, as set out in Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

	Ms Ong Lay Koon	**Mr Foo Der Rong**
Date of appointment	23 March 2018	23 March 2018
Date of last re-appointment (if applicable)	25 September 2018	25 September 2018
Age	48	66
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Ms Ong Lay Koon for re-appointment as Non-Executive Non-Independent Director of the Company. The Board has reviewed and concluded that Ms Ong Lay Koon possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Foo Der Rong for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Foo Der Rong possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Non-Independent Director	Independent Director
Professional qualifications	Diploma in Civil Engineering from Singapore Polytechnic	Bachelor of Commerce from Nanyang University obtained in 1976.
Working experience and occupation(s) during the past 10 years	Executive director of Lian Beng Group Ltd since 1999	Executive director of Aedge Holdings Pte. Ltd. from June 2019 to present. Executive director of Tian International Pte. Ltd from 2016 to May 2019. Managing director and CEO of Intraco Limited from 2013 to 2015 Managing director and CEO of Hanwell Holdings Limited from 2002 to 2012

CORPORATE GOVERNANCE REPORT

	Ms Ong Lay Koon	Mr Foo Der Rong
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Ms Ong Lay Koon is the sister of the Company's indirect controlling shareholders, Mr Ong Pang Aik and Ms Ong Lay Huan and the aunt of Mr Ong Eng Keong, Executive Director and CEO of the Company.	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships	Past (for the last 5 years) Action Property Pte. Ltd. Brighton Property Pte. Ltd. EPIC Land (10-1) Pte. Ltd. EPIC Land (10-2) Pte. Ltd. EPIC Land (11-1) Pte. Ltd. EPIC Land (12-1) Pte. Ltd. EPIC Land (12-2) Pte. Ltd. EPIC Land (13-1) Pte. Ltd. EPIC Land (13-2) Pte. Ltd. EPIC Land (14-1) Pte. Ltd. EPIC Land (14-2) Pte. Ltd. EPIC Land (15-1) Pte. Ltd. EPIC Land (15-2) Pte. Ltd. EPIC Land (17-1) Pte. Ltd. EPIC Land (17-2) Pte. Ltd. EPIC Land (18-1) Pte. Ltd. EPIC Land (18-2) Pte. Ltd. Epic Land (19-2) Pte. Ltd. EPIC Land (21) Pte. Ltd. EPIC Land (22) Pte. Ltd. EPIC Land (23) Pte. Ltd. EPIC Land (24) Pte. Ltd. EPIC Land (28) Pte. Ltd. EPIC Land (29) Pte. Ltd. Goldprime (M) Pte. Ltd. Lian Beng-KSH Pte. Ltd. Mountbatten Development Pte. Ltd.	Past (for the last 5 years) Directorships: Intraco Limited K.A. Building Construction Pte Ltd K.A. Firelite Pte. Ltd. K.A. Fabric Shutters Pte. Ltd. K.A. Fireproofing Pte. Ltd. K.A. Group Holdings Pte. Ltd. Tat Hong Intraco Pte. Ltd. Other Principal Commitments: Personal Advisor to Mr Poh Soon Keng, CEO of Aedge Group Present Directorships: Aedge Holdings Pte. Ltd. Matex International Limited Noel Gifts International Ltd. Pavillon Holdings Ltd. Southern Lion Sdn Bhd Tian International Pte. Ltd Other Principal Commitments: Nil

CORPORATE GOVERNANCE REPORT

	Ms Ong Lay Koon	**Mr Foo Der Rong**
	Oxley Sanctuary Pte. Ltd. Oxley YCK Pte. Ltd. Oxley Viva Pte. Ltd. Present Directorships: Ang Mo Kio (LB) Pte. Ltd. Bukit Merah (LB) Pte. Ltd. Centurion-Lian Beng (Papan) Pte. Ltd. CH Development Pte. Ltd. Clementi (LB) Pte. Ltd. Development 24 Pte. Ltd. Epic Land (01) Pte. Ltd. Epic Land (11-2) Pte. Ltd. Epic Land (16-1) Pte. Ltd. Epic Land (19-1) Pte. Ltd. Epic Land (20) Pte. Ltd. Epic Land (25) Pte. Ltd. Epic Land (26) Pte. Ltd. Epic Land (27) Pte. Ltd. Epic Land Pte. Ltd. Evergrande (AMK) Pte. Ltd. Evergrande (Bukit Batok) Pte. Ltd. Evergrande Realty & Development Pte. Ltd. Gold Holdings Pte. Ltd. Goldprime Development Pte. Ltd. Goldprime Dormitory Pte. Ltd. Goldprime Investment Pte. Ltd. Goldprime Land Pte. Ltd. Goldprime Property Pte. Ltd. Goldprime Realty Pte. Ltd. Great Development Pte. Ltd. Hilllock Development Pte Ltd KAP Hotel Investments Pte. Ltd. Kovan Land Pte. Ltd. LS Construction Pte Ltd LB Asset Management Pte. Ltd. LB Fund Management Pte. Ltd. LB Gold Land Pte. Ltd. LB Land Pte. Ltd.	

CORPORATE GOVERNANCE REPORT

	Ms Ong Lay Koon	Mr Foo Der Rong
	LB Property (S) Pte. Ltd. LB Property Pte. Ltd. LB Venture Capital Pte. Ltd. LBD (China) Pte. Ltd. LBD (GL) Pte. Ltd. LBD (Midtown) Pte. Ltd. LBD (Serangoon) Pte. Ltd. Lian Beng-Apricot (Sembawang) Pte. Ltd. Lian Beng (8) Pte. Ltd. Lian Beng (BL) Pte. Ltd. Lian Beng (Franklin) Pte. Ltd. Lian Beng (Joo Chiat) Pte. Ltd. Lian Beng (M) Pte. Ltd. Lian Beng Bliss Pte. Ltd. Lian Beng Capital Pte. Ltd. Lian Beng Group Ltd Lian Beng Investment Pte Ltd Lian Beng Realty Pte Ltd Lian Beng Ventures Pte. Ltd. Luxe Development Pte. Ltd. Millennium International Builders Pte. Ltd. Ong Sek Chong & Sons Pte Ltd Oriental Investment Pte. Ltd. Oxley Bliss Pte. Ltd. Oxley-LBD Pte. Ltd. Phileap Pte. Ltd. Prospere Hotels Pte. Ltd. Rio Casa Venture Pte. Ltd. Rocca Investments Pte Ltd SLB (NIR) Pte. Ltd. SLB-Oxley (NIR) Pte. Ltd. Smooth Venture Pte Ltd Spottiswoode Development Pte. Ltd. Starview Investment Pte. Ltd. Toa Payoh (LB) Pte. Ltd. W167 Capital Pte. Ltd. Wealth Asset (LK) Management Pte. Ltd. Wealth Assets Pte. Ltd. Wealth Development Pte. Ltd.	

	Ms Ong Lay Koon	**Mr Foo Der Rong**
	Wealth Gold Pte. Ltd. Wealth Land Pte. Ltd. Wealth Property Pte. Ltd. Wealth Space Pte. Ltd. Well Capital Pte. Ltd. Wellprime Pte. Ltd. Wickham Invesco Pte. Ltd. Lian Beng Franklin Investment Pty Ltd Lian Beng Ventures (Melbourne) Pty Ltd Wickham 186 Pty Ltd Lian Beng (HK) Limited Other Principal Commitments: Nil	

The Retiring Directors confirm that save as disclosed in pages 184 and 185 of the Company's Offer Document dated 11 April 2018, there are no circumstances or matters requiring to be disclosed in relation to the disclosures (a) to (k) provided in Appendix 7F of the Catalist Rules.

BOARD PERFORMANCE
Principle 5: Formal Assessment of the Effectiveness of the Board and Contribution by Each Director

The NC decides on how the Board's and its Board Committees' performance and individual Directors' contributions are to be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution from each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his/her performance or re-nomination as a Director.

In evaluating the Board's and the Board Committees' performance, the NC considers a set of quantitative and qualitative performance criteria in the form of an assessment checklist that has been approved by the Board. The performance criteria for the Board and Board Committee's evaluation are in respect of:

a. Board size and composition;

b. Board processes;

c. Board information and accountability; and

d. Board Committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

CORPORATE GOVERNANCE REPORT

The individual Director's performance criterion is in relation to the Director's:

a. Industry knowledge and/or functional expertise;

b. Contribution and workload requirements;

c. Sense of independence; and

d. Attendance at board and committee meetings.

The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

During FY2019, all Directors completed a board evaluation questionnaire designed to seek their view on various aspects of the Board's and individual Director's performance as described above. The completed forms were circulated to the members of NC for their review, comments and discussion.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance and/or re-nomination as a Director. The NC has assessed the current Board's performance to-date and individual Director's contributions, and is satisfied that the Board as a whole and Board Committees had met their performance objectives for FY2019.

ACCESS TO INFORMATION

Principle 6: Board Members to Have Access to Complete, Adequate and Timely Information

In order to ensure that the Board members are able to fulfil their responsibilities, the Management provides all Directors with complete, adequate and timely information prior to Board and Board Committee meetings, and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. All Directors have separate and independent access to the Company's senior management, who together with the Company Secretaries, are responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

Information provided by the Management to the Directors include background information or explanatory information relating to matters to be brought forward before the Board and copies of disclosure documents.

All Directors have separate and independent access to the Company Secretary. The Company Secretary administers, attends and prepares minutes of all Board and Committee meetings. The Company Secretary assists the Chairman in ensuring that board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's Constitution and relevant rules and regulations, including requirements of the Companies Act are complied with. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flow within the Board and its committees, facilitating the Directors' orientation programme, and assisting with professional developments as required. The Company Secretary and/or his representatives attend all quarterly Board meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board engages independent professional advice, as and when necessary, to enable it to discharge its responsibilities effectively. Subject to the approval of the Chairman, Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

Changes to regulations and accounting standards are closely monitored by the Management. The Directors are briefed either during Board and Board Committee meetings or by the Company Secretary of these changes especially where these changes, *inter alia*, have an important bearing on the Directors' disclosure obligations.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
Principle 7: Formal and Transparent Procedure for Developing Policy on Executive Remuneration and for Fixing Remuneration Packages of Directors

The RC currently comprises three Directors, all of whom are Independent or Non-Executive Directors, with a majority being Independent Directors. All three members of the RC are non-executive:

1. Mr Foo Der Rong, Chairman
2. Mr Owi Kek Hean
3. Ms Ong Lay Koon

Members of the RC carry out their duties in accordance with the terms of reference, which include the following:

a. reviewing and recommending to the Board on the framework of remuneration policies for Directors, the CEO (if the CEO is not a director) and key management personnel;
b. reviewing and approving specific remuneration packages for each Director and the Chairman, including Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
c. reviewing the remuneration of key management personnel and employees related to executive directors, the CEO (if the CEO is not a director) and substantial or controlling shareholders of the Group;
d. administering any share option scheme or performance share plan which may be adopted by the Company from time to time; and
e. reviewing the Company's obligations arising from termination clauses and termination processes in relation to the Executive Directors' and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

The RC's recommendations are submitted for endorsement by the entire Board. No Director is involved in deciding his/her own remuneration. Each member of the RC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

The RC has full authority to obtain any external professional advice on matters relating to remuneration, as and when the need arises, at the expense of the Company. The Company did not engage any remuneration consultant in respect of the remuneration matters of the Group during FY2019.

LEVEL AND MIX OF REMUNERATION
Principle 8: Remuneration of Directors Should Be Adequate but Not Excessive

The Company adopts a remuneration policy, which comprises fixed and variable components. The fixed and variable components comprise a base salary, variable bonus and/or profit sharing. In setting remuneration packages, the Company takes into account the Group's relative performance and the performance of individual Directors. The pay and employment conditions within the same industry and in comparable companies are also given due consideration.

CORPORATE GOVERNANCE REPORT

The review of the remuneration of the executive officers takes into consideration the performance and the contributions of the officer to the Company and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

The fees of the Independent Directors are determined by the Board according to the level of contribution, and taking into account factors such as the effort and time spent, and their respective responsibilities. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company. They do not have any service agreements with the Company.

The Company has entered into a service agreement with Mr Ong Eng Keong ("**Service Agreement**"), the Executive Director and CEO, which does not contain any onerous removal clauses and is valid for an initial period of three years following the Company's admission to Catalist. Upon expiry of the initial period of 3 years, the employment of Mr Ong Eng Keong shall be automatically renewed for a period of 3 years (and thereafter automatically renewed every 3 years). The notice period in the service agreement is 6 months and the Board uses contractual provisions or other measures to reclaim the incentives or any related payments from the parties involved should there be any misstatements of financial results, or of misconduct resulting in financial loss to the Group. There are currently no long-term incentive schemes for the Executive Director and key management personnel.

DISCLOSURE ON REMUNERATION

Principle 9: Disclosure on Remuneration Policy, Level and Mix of Remuneration and Procedure for Setting Remuneration

The Board is of the opinion that due to confidentiality and sensitivity issues attached to remuneration matters, it would not be in the best interests of the Company to disclose the remuneration of each individual Director to the nearest thousand as recommended by the Code. The RC has also reviewed the practice of the industry and considered the pros and cons of such disclosure.

A breakdown, showing the level and mix of each individual Director's remuneration for FY2019 is as follows:

Name of Director	Salary and CPF (%)	Bonus (%)	Other Benefits and Allowances (%)	Directors' Fees (%)	Total (%)
Between S$500,000 to S$750,000					
Ong Eng Keong[1] (Executive Director and CEO)	56	40[2]	4	–	100
Below S$250,000					
Ong Lay Koon[1] (Non-Executive Non-Independent Chairman)	–	–	–	100	100
Owi Kek Hean (Lead Independent Director)	–	–	–	100	100
Foo Der Rong (Independent Director)	–	–	–	100	100

(1) Ong Eng Keong is the nephew of Ong Lay Koon.
(2) Included performance bonus for FY2019 calculated based on the Group's audited consolidated profits before tax for the financial year (prior to restatement adjustments upon adoption of SFRS(1) 15).

CORPORATE GOVERNANCE REPORT

The Board is of the opinion that the disclosure of the exact amount of remuneration of the top 5 key management personnel (who are not directors or the CEO) may affect the retention or recruitment of competent personnel in the highly competitive business environment the Company operates in, given the low barriers to entry in the property development industry, as well as the competitive pressures in the talent market. As a company with a small and tightly-knit team, such disclosure would be disadvantageous to the Company in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing amongst the employees of the Company.

Pursuant to the Service Agreement, Mr Ong Eng Keong is entitled to a monthly salary and an annual fixed bonus of one month's salary. He is also entitled to an annual performance bonus, which is calculated based on the Group's audited consolidated profit before tax for the financial year (excluding the fair value gain or loss to the Group's properties and securities, any profit or loss attributable to non-controlling interests or minority interest, and any non-recurring exceptional items). Please refer to the Offer Document dated 11 April 2018 issued in connection with the listing of the Company for more details.

A breakdown, showing the level and mix of the remuneration of the top 5 key management personnel for FY2019 is as follows:

Name of Key Management Personnel	Salary and CPF (%)	Bonus (%)	Other Benefits and Allowances (%)	Total (%)
Between S$250,000 to S$500,000				
Lee Hun Lin Lawrence	65	32	3	100
Ang Ying Hui Phylicia	87	10	3	100
Below S$250,000				
Cheong Chee Kuan	79	21	–	100
Chong Su Hui, Joanna[(1)]	100	–	–	100
Tiny[(2)]	89	11	–	100

(1) Appointment as key management personnel ceased on 28 September 2018.
(2) Appointment as key management personnel ceased on 14 May 2019.

For FY2019, the total remuneration paid to the top 5 key executives (who are not Directors or the CEO) of the Company was S$868,000.

There are no termination, retirement or post-employment benefits that are granted to the Directors, CEO and the key management personnel of the Group.

Save for Mr Ong Eng Keong (Executive Director and CEO) who is the nephew of Ms Ong Lay Koon (Chairman of the Board), there were no employees of the Company or its subsidiaries who were immediate family members of any Director or the CEO and whose remuneration exceeded S$50,000 during FY2019.

The Company does not have any employee share schemes in effect for FY2019.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: Presentation of a Balanced and Understandable Assessment of Company's Performance, Position and Prospects

The Management provides Board members with management accounts that present a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. At present, the Management prepares the Management accounts on a monthly basis and provides the monthly management accounts to the Board whenever the Board requests for it. Board papers are given prior to the Board meeting to facilitate effective discussion and decision making.

The announcements for the quarterly, half-year and full-year financial results are released via the SGXNET. All material information relating to the Company is disseminated via SGXNET.

The Board will furnish, among others and whenever necessary, interim and other price sensitive public reports, and reports to the regulators with the aim of providing a balanced and understandable assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Maintenance of Sound System of Risk Management and Internal Controls

The Board believes that the system of risk management and internal controls maintained by the Management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislations, regulations and best practices and the identification and management of business and strategic risks.

The Board has received assurance from the CEO and the Chief Financial Officer that (a) the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Company's operations and finances, and (b) the Company's risk management and internal control systems were adequate and effective ("**Assurance**").

The Board has put in place a risk governance and internal control framework manual to define the strategic objectives and determine the risk appetite, tolerance and risk mitigation measures to address potential impediments to achieving these business strategies. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the Management and various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational, compliance and information technology controls risks, and risk management systems of the Company were adequate and effective as at 31 May 2019. The Board's opinion is based collectively on the risk governance and internal control framework and assessment of internal control adequacy and effectiveness.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Group has implemented a risk management programme which allows the Board to be apprised of the key strategic, operational, financial and compliance risks.

The Board will continue to update the risk governance framework and re-assess the business risks on an ongoing basis. This ensures that the pertinent risks are properly addressed and the internal controls remain relevant and effective to address the Group's risk exposures.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE
Principle 12: Establishment of Audit Committee with Written Terms of Reference

The AC currently comprises three Directors, all of whom are Independent or Non-Executive Directors, with a majority being Independent Directors:

1. Mr Owi Kek Hean, Chairman
2. Mr Foo Der Rong
3. Ms Ong Lay Koon

The Board is of the view that the AC has sufficient financial management and accounting expertise and experience to discharge the AC's functions. Mr Owi Kek Hean and Mr Foo Der Rong are trained in tax and business administration.

The AC has explicit authority to investigate all matters within its terms of reference, full access to and cooperation by Management, full discretion to invite any Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC has reviewed the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge its functions properly. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

The AC has met with the external auditors and internal auditors, without the presence of the Company's Management at least once in FY2019.

The key functions of the AC as provided in its written terms of reference include, amongst others:

a. consider the appointment or re-appointment of the external auditors, the level of their remuneration and matters relating to the resignation or dismissal of the external auditors, and review with the external auditors the audit plans, their evaluation of the system of internal accounting controls, their audit reports, their independence and objectivity, their management letter and our Management's response before submission of the results of such review to the Board for approval;

b. review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and consider the adequacy of the Management's response;

c. consider the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to the resignation or dismissal of the internal auditors, and review with the internal auditors the internal audit plans and their evaluation of the adequacy of the system of internal accounting controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report (where necessary);

d. review the system of internal accounting controls and procedures established by Management to address financial, operational, information technology and compliance risks, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

CORPORATE GOVERNANCE REPORT

e. review and report to the Board, at least annually, the effectiveness and adequacy of the risk management systems and internal control procedures addressing financial, operational, IT and compliance risks and discuss issues and concerns, if any, arising from the internal audits, prior to the incorporation of the Board's comments in the annual report;

f. review the assistance and co-operation given by the Company's officers to the internal and external auditors;

g. review the periodic consolidated financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange, statutory and/or regulatory requirements;

h. review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

i. review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

j. review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

k. review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;

l. review arrangements by which the Group's staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

m. on a half-yearly basis, review the register of feasibility studies carried out by the Group on potential buildings considered by the Group for acquisition to determine whether the buildings purchased by the Group fall within the scope of its business;

n. monitor whether the terms of the undertakings provided by the Company's controlling shareholder, Lian Beng Group Ltd, to the Company have been complied with; and

o. generally to undertake such other functions and duties as may be required by the Board, by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services (in relation to services as tax agent) during FY2019 are as follows:

Audit fees	:	S$135,000
Non-audit fees	:	S$35,000
Total	:	S$170,000

The AC reviews the independence of the external auditors annually. The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services do not affect the independence of the external auditors and has recommended to the Board for the re-appointment of Messrs Ernst & Young LLP as the auditors of the Company at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

The external auditors will present to the AC the audit plan and also relevant updates relating to any change in accounting standards which have a direct impact on financial statements before commencing audit.

The Company is in compliance with Rules 712 and 716 of the Catalist Rules in relation to its external auditors. The Board and the AC have satisfied themselves that the appointment of different auditors for certain of its joint ventures and associates would not compromise the standard and effectiveness of the audit of the Group.

In addition, the AC is given the task to commission investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings thereof.

Whistle-blowing Policy

The AC has put in place a whistle-blowing policy, whereby employees of the Group and external parties, may in confidence, raise concerns about possible improper financial reporting or other matters to Mr Owi Kek Hean, the AC Chairman at whistleblowing@slbdevelopment.com.sg. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. The Company did not receive any whistle-blowing report during FY2019.

Key Audit Matters

The AC discussed with Management and the external auditors on significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the members of the Company under Key Audit Matters ("**KAM**"), namely the accounting for investment in joint ventures and associates. Based on its review as well as discussion with Management and the external auditors, the AC is satisfied that those matters, including the KAM, have been properly dealt with.

INTERNAL AUDIT
Principle 13: Establishment of an Independent Internal Audit Function

The AC is aware of the need to establish a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The AC conducts a review, at least annually, of the adequacy and effectiveness of the internal audit function. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

In order to provide adequate assurance over the internal controls, the Group has appointed an independent internal audit function that is performed by RSM Risk Advisory Pte Ltd. RSM Risk Advisory Pte Ltd is a corporate member of the Institute of Internal Auditors ("**IIA**") and the internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by IIA. The internal auditors report their findings based on the scope of review performed for FY2019 directly to the AC and administratively to the CEO.

The AC had reviewed with the internal auditors their risk-based internal audit plan and their evaluation of the system of internal controls, their audit findings and the Management's responses to address the findings; the effectiveness of material internal controls, including financial, operational and compliance controls and overall risk management of the Company and the Group for FY2019. The AC is satisfied that the internal auditor is adequately qualified, resourced and has the appropriate standing within the Group to discharge its duties effectively.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES
Principle 14: Shareholder Rights

The Company recognises and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Singapore Companies Act and the Company's Constitution. Information to all shareholders is disclosed to in a timely and transparent manner and in compliance with SGX disclosure requirements.

Shareholders are given ample opportunity to attend, participate and vote at the Company's general meetings.

COMMUNICATION WITH SHAREHOLDERS
Principle 15: Regular, Effective and Fair Communication with Shareholders

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. Where inadvertent disclosure has been made to a select group, the Company will make the same disclosure publicly to all others as soon as practicable. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via the quarterly announcements of results; and other ad hoc announcements as required by the SGX-ST. The Company's Annual Report is uploaded to SGXNET and is available on request. The Company's latest Annual Report is also accessible via the Company's website.

While the AGM of the Company is a principal forum for dialogue and interaction with all shareholders, the Company will consider use of other forums such as analyst briefings as and when applicable.

The Company does not have a fixed dividend policy. For FY2019, the Board has declared dividends of 0.1 cents per share.

CONDUCT OF SHAREHOLDER MEETINGS
Principle 16: Encouragement of Greater Shareholder Participation at AGMs

The Board welcomes the view of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders.

Separate resolutions are proposed for substantially separate issues at shareholders' meetings. The Chairman of the Board and the Chairmen of the AC, RC and NC as well as the external auditors are usually available at the general meetings to answer those questions relating to the work of these committees. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company's Constitution allows for shareholders of the Company to appoint up to two proxies to attend and vote in place of the shareholder at a general meeting. In line with the amendments to the Companies Act, Chapter 50 of Singapore, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two proxies to attend and vote on their behalf at general meetings. The Company does not intend to implement absentia-voting methods such as email, fax or mail until security, integrity and other pertinent issues are satisfactorily resolved.

The Group puts all resolutions at general meeting to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings. The detailed results will be announced via SGXNET after the conclusion of the general meeting.

The Company prepares minutes of general meetings which incorporate substantial comments and queries from shareholders and responses from the Board and Management. These minutes are made available upon request by shareholders.

ADDITIONAL INFORMATION

Dealings in Securities

The Company has adopted policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company, its Directors and officers are not allowed to deal in the Company's shares during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year and one month before the Company's full year financial statements, as the case may be, and ending on the date of the announcement of the relevant financial results.

Interested Person Transactions

The Group will be seeking a renewal of the general mandate from shareholders for recurrent interested person transactions, details of which are found in the Circular to the Annual Report.

The Company has also adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such interested person transaction.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company and its minority shareholders.

The aggregate value of interested person transactions during FY2019 was as follows:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
Name of Interested Person	**Total value of the transaction**	**Based on issuer's effective interest pursuant to Catalist Rule 909(1)**	**Total value of the transaction**	**Based on issuer's effective interest pursuant to Catalist Rule 909(1)**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Construction services by related companies				
Lian Beng Construction (1988) Pte Ltd[1]	–	–	2,901	1,480
L.S. Construction Pte Ltd[1]	–	–	18,911	3,782
Interest expenses to holding company				
Lian Beng Group Ltd	1,055	1,055	–	–

(1) Lian Beng Construction (1988) Pte Ltd and L.S. Construction Pte Ltd are wholly-owned subsidiaries of the Company's controlling shareholder, Lian Beng Group Ltd.

CORPORATE GOVERNANCE REPORT

Material Contracts and Loans

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the Directors' Statement and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of FY2019 or if not then subsisting, which were entered into since the end of the previous financial year.

Sponsorship

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsorship fees were paid to the Sponsor during FY2019.

Utilisation of IPO proceeds

The Company raised proceeds from its initial public offering of approximately S$54.7 million ("**IPO Proceeds**"). On 6 August 2019, the Board updated shareholders as to the proposed change in use of the balance IPO Proceeds. As at the date of this report, the balance of the IPO Proceeds is as follows:

Purpose of the IPO Proceeds	Amount allocated as disclosed in the Offer Document (S$'000)	Amount re-allocated (S$'000)	Revised allocation of IPO Proceeds (S$'000)	Balance of IPO Proceeds as at the date of this report (S$'000)
Acquisition of new land sites and buildings for development, redevelopment and overseas expansion of its business	18,000	(4,875)	13,125	–
Funding of existing property development projects in the pipeline and other general working capital	18,377	4,875	23,252	5,063
Repayment of bridging loan	15,000	–	15,000	–
Payment of listing expenses	3,363	–	3,363	–
Total	**54,740**	**–**	**54,740**	**5,063**

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of SLB Development Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2019.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; 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:

Ong Lay Koon	(Non-Executive Non-Independent Chairman)
Ong Eng Keong	(Executive Director and CEO)
Owi Kek Hean	(Lead Independent Director)
Foo Der Rong	(Independent Director)

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the holding company (Lian Beng Group Ltd)				
Ong Lay Koon	8,539,200	8,539,200	–	–
Ong Eng Keong	–	–	750,000[1]	750,000[1]

(1) Mr Ong Eng Keong is deemed interested in these shares of Lian Beng Group Ltd held through a nominee account.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (cont'd)

There was no change in the above-mentioned interests in the Company between the end of the financial year and 21 June 2019.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Options

During the financial year, there were:

(a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(b) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors

- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor

- Reviewed the nature and extent of non-audit services provided by the external auditor

- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit

DIRECTORS' STATEMENT

Audit Committee (cont'd)

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC reviews the independence of the external auditors annually. The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services does not affect the independence of the external auditors and has recommended to the Board for the re-appointment of Messrs Ernst & Young LLP as the auditor of the Company at the forthcoming Annual General Meeting.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Ong Lay Koon
Director

Ong Eng Keong
Director

Singapore

21 August 2019

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2019

Independent Auditor's Report to the Members of SLB Development Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SLB Development Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 May 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and the consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 31 May 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2019

Key Audit Matters (cont'd)

Accounting for investment in joint ventures and associates

For the year ended 31 May 2019, the Group's share of losses of joint ventures and associates amounted to $7,303,000, representing 202% of the Group's net loss for the year. As at 31 May 2019, the Group's investment in joint ventures and associates amounted to $3,176,000 and a deficit of $9,373,000 respectively. The joint ventures and associates of the Group are mainly involved in the business of property development. The accounting for investment in joint ventures and associates is significant to our audit due to the significant share of their results and net assets or liabilities. Certain joint ventures and associates have different financial year-ends and accounting policies. Management judgement is required to ensure the completeness and accuracy of the management accounts used for consolidation at each period and that appropriate adjustments are made for alignment with the Group's accounting policies.

For material joint ventures and associates, we inquired and discussed with management to understand the current property development projects and the future business plans of the joint ventures and associates. We performed audit procedures on the relevant financial information of the material joint ventures and associates for the purpose of the consolidated financial statements. Our audit procedures included, amongst others, evaluating the reasonableness of the key assumptions used by management in determining the net realisable value of development properties held by the joint ventures and associates by comparing them to available market data, and recent sales transactions or valuations obtained for the properties. We reviewed management's process in ensuring that the relevant adjustments to align the financial reporting period and the accounting policies of the joint ventures and associates to those of the Group are properly recorded in the consolidated financial statements. In addition, we reviewed the equity accounting adjustments prepared by management in respect of these joint ventures and associates and assessed if the effects of the transactions between the Group and the joint ventures and associates for the financial year are appropriately reflected. Additionally, we assessed the adequacy of management's disclosures in the financial statements.

Information regarding the Group's investment in joint ventures and associates are disclosed in Note 7 to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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, 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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2019

Responsibilities of Management and Directors for the Financial Statements

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

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

The directors' responsibilities include 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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or 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 these financial statements.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2019

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

- 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 within 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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Nelson Chen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
21 August 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2019

	Note	Group 31.5.2019 $'000	Group 31.5.2018 $'000	Group 1.6.2017 $'000	Company 31.5.2019 $'000	Company 31.5.2018 $'000
Non-current assets						
Plant and equipment	4	**529**	293	4	**523**	284
Investment property	5	**–**	–	31,050	**–**	–
Investment in subsidiaries	6	**–**	–	–	**12,139**	23,822
Investment in joint ventures and associates	7	**3,176**	16,966	37,872	**3,258**	4,076
Other investment	8	**4,088**	–	–	**–**	–
		7,793	17,259	68,926	**15,920**	28,182
Current assets						
Development properties	9	**105,464**	75,765	66,116	**–**	–
Contract assets	22(a)	**43,105**	85,055	35,855	**–**	–
Capitalised contract costs	22(b)	**1,462**	218	1,384	**–**	–
Trade receivables	10	**4,315**	13,341	2,003	**–**	–
Other receivables and deposits	11	**178**	6,226	59	**–**	–
Prepayments		**193**	16	–	**3**	16
Amounts due from a related company	12	**–**	–	10	**–**	–
Amounts due from joint ventures and associates	13	**121,915**	119,653	51,885	**51,909**	50,574
Amounts due from subsidiaries	13	**–**	–	–	**96,781**	87,962
Amounts due from holding company	17	**–**	–	35,717	**–**	–
Amounts due from non-controlling interests	14	**262**	–	–	**–**	–
Cash and cash equivalents	15	**36,294**	51,102	26,284	**20,979**	21,685
		313,188	351,376	219,313	**169,672**	160,237
Current liabilities						
Trade and other payables	16	**2,289**	5,198	3,499	**–**	–
Accruals		**2,954**	5,273	2,480	**809**	432
Amounts due to related companies	12	**4,092**	10,715	17,986	**8**	285
Amounts due to joint ventures and associates	13	**2,524**	12,850	18,805	**2,150**	–
Amounts due to subsidiaries	13	**–**	–	–	**487**	9,800
Amounts due to holding company	17	**276**	112	60,124	**276**	112
Amounts due to non-controlling interests	14	**13,770**	12,762	9,776	**–**	–
Loans and borrowings	18	**9,487**	82,138	10,000	**47**	–
Provision for taxation		**1,995**	2	2,182	**–**	–
		37,387	129,050	124,852	**3,777**	10,629
Net current assets		**275,801**	222,326	94,461	**165,895**	149,608
Non-current liabilities						
Investment in associates	7	**9,373**	–	–	**–**	–
Amounts due to holding company	17	**33,783**	33,783	–	**33,783**	33,783
Loans and borrowings	18	**78,358**	35,490	96,724	**171**	–
Deferred tax liabilities	19	**3,746**	4,312	621	**–**	–
		125,260	73,585	97,345	**33,954**	33,783
Net assets		**158,334**	166,000	66,042	**147,861**	144,007
Equity attributable to owners of the Company						
Share capital	20	**146,216**	146,216	33,649	**146,216**	146,216
Merger reserve	21	**(30,288)**	(30,288)	(31,288)	**–**	–
Foreign currency translation reserve	21	**(427)**	118	(67)	**–**	–
Retained earnings/(accumulated losses)		**33,236**	38,269	61,013	**1,645**	(2,209)
		148,737	154,315	63,307	**147,861**	144,007
Non-controlling interests		**9,597**	11,685	2,735	**–**	–
Total equity		**158,334**	166,000	66,042	**147,861**	144,007

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 May 2019

	Note	Group 2019 $'000	Group 2018 $'000
Revenue	22	**47,645**	154,444
Cost of sales		**(34,427)**	(124,014)
Gross profit		**13,218**	30,430
Other operating income	23	**2,261**	1,122
Sales and marketing expenses		**(3,457)**	(6,185)
Administrative expenses		**(3,340)**	(2,871)
Other operating expenses	23	**(747)**	(372)
Finance costs	25	**(2,798)**	(3,386)
Share of results of joint ventures and associates		**(7,303)**	2,451
		(2,166)	21,189
Fair value gain on investment property		**–**	7,041
(Loss)/profit before taxation	23	**(2,166)**	28,230
Taxation	26	**(1,455)**	(3,659)
(Loss)/profit for the year, net of taxation		**(3,621)**	24,571
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation (loss)/gain		**(545)**	185
Other comprehensive income for the year, net of taxation		**(545)**	185
Total comprehensive income for the year		**(4,166)**	24,756
(Loss)/profit attributable to:			
Owners of the Company		**(5,033)**	15,621
Non-controlling interests		**1,412**	8,950
		(3,621)	24,571
Total comprehensive income attributable to:			
Owners of the Company		**(5,578)**	15,806
Non-controlling interests		**1,412**	8,950
		(4,166)	24,756
Earnings per share (Cents)			
Basic and diluted	27	**(0.55)**	2.23

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2019

Group	← Attributable to owners of the Company →						
	Share capital (Note 20) $'000	Merger reserve (Note 21) $'000	Foreign currency translation reserve (Note 21) $'000	Retained earnings $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
2019							
Balance at 1 June 2018 (FRS framework)	146,216	(30,288)	118	25,227	(4,943)	(1,357)	139,916
Effects of adopting SFRS(I) (Note 2.2)	–	–	–	13,042	13,042	13,042	26,084
Balance at 1 June 2018 (SFRS(I) framework)	146,216	(30,288)	118	38,269	8,099	11,685	166,000
(Loss)/profit for the year, net of taxation	–	–	–	(5,033)	(5,033)	1,412	(3,621)
Other comprehensive income							
Foreign currency translation loss	–	–	(545)	–	(545)	–	(545)
Other comprehensive income for the year, net of taxation	–	–	(545)	–	(545)	–	(545)
Total comprehensive income for the year	–	–	(545)	(5,033)	(5,578)	1,412	(4,166)
Contribution by and distribution to owners							
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	(3,500)	(3,500)
Total transactions with owners in their capacity as owners	–	–	–	–	–	(3,500)	(3,500)
Balance at 31 May 2019	**146,216**	**(30,288)**	**(427)**	**33,236**	**2,521**	**9,597**	**158,334**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2019

Group	Attributable to owners of the Company						
	Share capital (Note 20) $'000	Merger reserve (Note 21) $'000	Foreign currency translation reserve (Note 21) $'000	Retained earnings $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
2018							
Balance at 1 June 2017 (FRS framework)	33,649	(31,288)	(67)	59,720	28,365	(28)	61,986
Effects of adopting SFRS(I) (Note 2.2)	–	–	–	1,293	1,293	2,763	4,056
Balance at 1 June 2017 (SFRS(I) framework)	33,649	(31,288)	(67)	61,013	29,658	2,735	66,042
Profit for the year, net of taxation	–	–	–	15,621	15,621	8,950	24,571
Other comprehensive income							
Foreign currency translation gain	–	–	185	–	185	–	185
Other comprehensive income for the year, net of taxation	–	–	185	–	185	–	185
Total comprehensive income for the year	–	–	185	15,621	15,806	8,950	24,756
Contribution by and distribution to owners							
Capital contribution	–	1,000	–	–	1,000	–	1,000
Dividends on ordinary shares paid (Note 30)	–	–	–	(38,365)	(38,365)	–	(38,365)
Issuance of new shares pursuant to the Restructuring Exercise	60,000	–	–	–	–	–	60,000
Issuance of new shares pursuant to the IPO	54,740	–	–	–	–	–	54,740
Listing expenses	(2,173)	–	–	–	–	–	(2,173)
Total transactions with owners in their capacity as owners	112,567	1,000	–	(38,365)	(37,365)	–	75,202
Balance at 31 May 2018	146,216	(30,288)	118	38,269	8,099	11,685	166,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2019

Company	Share capital (Note 20) $'000	(Accumulated losses)/ retained earnings $'000	Total equity $'000
2019			
Balance at 1 June 2018	146,216	(2,209)	144,007
Profit for the year, net of taxation	–	3,854	3,854
Other comprehensive income for the year, net of taxation	–	–	–
Total comprehensive income for the year	–	3,854	3,854
Balance at 31 May 2019	**146,216**	**1,645**	**147,861**
2018			
Balance at date of incorporation, 17 October 2017	–[1]	–	–[1]
Loss for the period, net of taxation	–	(2,209)	(2,209)
Other comprehensive income for the period, net of taxation	–	–	–
Total comprehensive income for the period	–	(2,209)	(2,209)
Contribution by and distribution to owners			
Issuance of new shares pursuant to the Restructuring Exercise	93,649	–	93,649
Issuance of new shares pursuant to the IPO	54,740	–	54,740
Listing expenses	(2,173)	–	(2,173)
Total transactions with owners in their capacity as owners	146,216	–	146,216
Balance at 31 May 2018	146,216	(2,209)	144,007

(1) Denotes less than $1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 May 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
(Loss)/profit before taxation		**(2,166)**	28,230
Adjustments for:			
Amortisation of capitalised contract costs		**2,251**	6,065
Depreciation of plant and equipment	4	**125**	22
Fair value gain on investment property	5	**–**	(7,041)
Fair value gain on derivative financial liability		**(91)**	(358)
Gain on disposal of plant and equipment		**(38)**	–
Foreign exchange loss/(gain)		**223**	(130)
Interest income		**(1,976)**	(164)
Interest expense		**2,798**	3,386
Share of results of joint ventures and associates		**7,303**	(2,451)
Operating cash flows before changes in working capital		**8,429**	27,559
Changes in working capital:			
Development properties		**(22,873)**	28,743
Trade receivables		**9,026**	(11,338)
Contract assets		**41,950**	(49,200)
Other receivables and deposits		**(47)**	(6,167)
Prepayments		**(177)**	(16)
Capitalised contract costs		**(3,495)**	(4,899)
Trade payables, other payables and accruals		**(5,281)**	4,875
Balances with related companies		**(6,623)**	(2,523)
		12,480	(40,525)
Cash flows from/(used in) operations		**20,909**	(12,966)
Interest paid and capitalised in development properties		**(731)**	(292)
Income tax paid		**(28)**	(2,148)
Net cash flows from/(used in) operating activities		**20,150**	(15,406)
Cash flows from investing activities			
Interest received		**273**	58
Dividend income from associates		**8,815**	1,273
Dividend income from joint ventures		**6,500**	18,160
Purchase of plant and equipment		**(243)**	(41)
Sale proceed from disposal of plant and equipment		**168**	–
Loans to associates		**(527)**	(78,380)
Repayment by joint ventures		**–**	10,894
Investment in associates		**–**	(2,440)
Additions to investment property		**–**	(9)
Additions to other investment		**(4,088)**	–
Net cash flows from/(used in) investing activities		**10,898**	(50,485)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 May 2019

	Note	2019 $'000	2018 $'000
Cash flows from financing activities			
Interest paid		**(2,705)**	(3,345)
Proceeds from bank loans		**57,187**	50,904
Repayment of bank loans		**(87,188)**	(40,000)
Repayment of finance lease obligations		**(36)**	–
Dividends paid on ordinary shares to the then shareholders of subsidiaries		**–**	(38,365)
Dividends paid to non-controlling interests of subsidiaries		**(3,500)**	–
Repayment of loans due to non-controlling interests of a subsidiary		**(9,776)**	–
Loans from non-controlling interests of subsidiaries		**10,784**	2,986
Loans to non-controlling interests of a subsidiary		**(262)**	–
Repayment of loans due to related companies		**–**	(5,008)
(Repayment of loans due to)/loans from associates		**(7,976)**	7,255
Repayment of loans due to joint ventures		**(2,350)**	(13,210)
Net proceeds from the IPO		**–**	52,567
Loans from holding company		**–**	76,925
Net cash flows (used in)/from financing activities		**(45,822)**	90,709
Net (decrease)/increase in cash and cash equivalents		**(14,774)**	24,818
Cash and cash equivalents at beginning of the year		**51,102**	26,284
Effect of exchange rate changes on cash and cash equivalents		**(34)**	–
Cash and cash equivalents at end of the year	15	**36,294**	51,102

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

1. CORPORATE INFORMATION

SLB Development Ltd. (the "Company") was incorporated on 17 October 2017 under the Singapore Companies Act as a private company limited by shares under the name of LBD Holding Pte. Ltd. and is domiciled in Singapore. On 13 March 2018, the Company changed its name to Lian Beng Development Holding Pte. Ltd. and subsequently to SLB Development Pte. Ltd. on 15 March 2018. The Company was converted into a public company limited by shares and its name was changed to SLB Development Ltd. on 23 March 2018. The Company was listed on the Catalist Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 April 2018.

The immediate and ultimate holding company is Lian Beng Group Ltd, which is incorporated and domiciled in Singapore. Lian Beng Group Ltd is listed on the Main Board of the SGX-ST.

The registered office and principal place of business of the Company is located at 29 Harrison Road, #07-00, Lian Beng Building, Singapore 369648.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 6 and 7 to the financial statements.

1.1 THE RESTRUCTURING EXERCISE

Transfer of businesses and entities under common control

During the financial year ended 31 May 2018, the Group undertook the following transactions as part of a corporate reorganisation implemented in preparation for its listing on the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Restructuring Exercise").

Acquisition of subsidiaries, joint ventures and associates

Pursuant to a restructuring agreement dated 23 March 2018 (the "Restructuring Agreement"), the Company acquired all of the issued and paid-up ordinary shares (the "Relevant Sale Shares") of certain subsidiaries, joint ventures and associates from its holding company (the "Acquisition"). In accordance with the Restructuring Agreement, the consideration for the transfer of the Relevant Sale Shares was satisfied by the issuance of consideration shares in the Company to the holding company. The consideration for the Acquisition was determined based on net assets value of the subsidiaries, joint ventures and associates acquired as at 30 November 2017, or where in the situation that the net assets value of the company is negative, a nominal sum.

The above Restructuring Exercise is considered to be a business combination involving entities or businesses under common control and is accounted for by applying the pooling of interests method. Accordingly, the assets and liabilities of these entities transferred have been included in the consolidated financial statements at their carrying amounts. Although the Restructuring Exercise occurred on 23 March 2018, the consolidated financial statements present the financial position and financial performance as if the businesses had always been consolidated since the beginning of the earliest period presented.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

1. CORPORATE INFORMATION (cont'd)

1.1 THE RESTRUCTURING EXERCISE (cont'd)

Transfer of businesses and entities under common control (cont'd)

Share split

As approved by the shareholders on 23 March 2018, every one share in the capital of the Company was sub-divided into 7.21 shares (the "Share Split"). The number of shares of the Company after the Share Split was 675,000,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 31 May 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). The financial statements for the year ended 31 May 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$"), and all values in the tables are rounded to the nearest thousand ("$'000"), except when otherwise indicated.

2.2 FIRST-TIME ADOPTION OF SFRS(I)

The financial statements for the year ended 31 May 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 May 2019, together with the comparative period data for the year ended 31 May 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening statement of financial positions were prepared as at 1 June 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 June 2018 are disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 FIRST-TIME ADOPTION OF SFRS(I) (cont'd)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 June 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- The comparative information does not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 June 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 June 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

<u>SFRS(I) 9 *Financial Instruments*</u>

On 1 June 2018, the Group adopted SFRS(I) 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 June 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The comparative information was prepared in accordance with the requirements of FRS 39.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 FIRST-TIME ADOPTION OF SFRS(I) (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 9 *Financial Instruments* *(cont'd)*

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 June 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 June 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income. The Group elects to measure its unquoted equity securities at FVOCI.

The initial application of SFRS(I) 9 did not have any reclassification effect to the Group and Company's financial statements.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The adoption of SFRS(I) 9 did not have any impact on the Group and Company's loss allowances on its financial assets measured at amortised cost and financial guarantees as at 1 June 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 FIRST-TIME ADOPTION OF SFRS(I) (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 June 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For the comparative year ended 31 May 2018, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

The Group is in the business of property development and also has interests in joint ventures and associates which are in the business of property development. The key impact of adopting SFRS(I) 15 is detailed as follows:

(a) Timing of revenue and cost recognition

The Group previously recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, performance obligations for the sale of the Group's development properties are satisfied over time as the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date.

The Group has determined that for sale of commercial development properties where revenue was recognised upon completion previously, its performance does not create an asset with alternative use to the Group and it has concluded that it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognised over time under SFRS(I) 15.

The Group previously recognised cost of sales on the sold units of its residential development projects by applying the percentage of completion method on the relevant projects' total development costs. For commercial development projects, cost of sales was recognised upon the transfer of significant risks and rewards of ownership to the purchasers. On adoption of SFRS(I) 15, the Group recognises development costs in profit or loss when incurred to the extent of units sold in a development project.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 FIRST-TIME ADOPTION OF SFRS(I) (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers* *(cont'd)*

(a) Timing of revenue and cost recognition (cont'd)

As a result, the Group recognised decreases in development properties and trade and other payables of $52,421,000 and $33,248,000 respectively, increase in contract assets of $27,092,000, and corresponding increases in retained earnings and non-controlling interests of $4,039,000 and $3,880,000 respectively on 1 June 2017. Trade receivables of $8,763,000 as at 1 June 2017 was reclassified to contract assets accordingly.

The Group's balance sheet as at 31 May 2018 was restated, resulting in the recognition of contract assets of $78,043,000, decreases in development properties and trade and other payables of $162,822,000 and $123,127,000 respectively, and corresponding increases in retained earnings and non-controlling interests of $19,558,000 and $18,790,000 respectively. Trade receivables of $7,012,000 as at 31 May 2018 was reclassified to contract assets accordingly. The statement of profit or loss for the year ended 31 May 2018 was also restated, resulting in increases in revenue and cost of sales of $154,444,000 and $124,014,000 respectively.

(b) Capitalised contract costs

The Group pays commission to property agents on the sale of development properties and previously recognised such commissions as expense when incurred. Under SFRS(I) 15, the Group will capitalise such commission as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised consistently with the pattern of revenue recognised for the related contract to profit or loss.

As a result, the Group recognised an increase in capitalised contract costs of $1,384,000, an increase in accruals of $302,000 and corresponding increases in retained earnings and non-controlling interests of $552,000 and $530,000 on 1 June 2017 respectively. The Group's balance sheet as at 31 May 2018 was restated, resulting in an increase in capitalised contract costs of $218,000, an increase in accruals of $1,518,000 and a corresponding decrease in retained earnings of $663,000 and non-controlling interests of $637,000. The statement of profit or loss for the year ended 31 May 2018 was also restated, resulting in an increase in sales and marketing expenses of $2,382,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 FIRST-TIME ADOPTION OF SFRS(I) (cont'd)

New accounting standards effective on 1 June 2018 (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers* *(cont'd)*

(c) Borrowing costs

Before 1 June 2018, the Group recognised borrowing costs incurred on development properties on a percentage of completion method multiplied by the individual project's percentage of sales. Under SFRS(I) 15, borrowing costs incurred in relation to the acquisition of land and construction of a development project where revenue is recognised over time is capitalised up to the point that the project is ready for its intended sale. Borrowing costs incurred after that date is expensed as incurred.

As a result, the Group recognised a decrease in development properties of $2,208,000, a decrease in investments in joint ventures and associates of $1,583,000, and corresponding decreases in retained earnings and non-controlling interests of $2,709,000 and $1,082,000 on 1 June 2017 respectively. The Group's balance sheet as at 31 May 2018 was restated, resulting in a decrease in development properties of $4,981,000, a decrease in investment in joint ventures and associates of $532,000, and corresponding decreases in retained earnings and non-controlling interests of $3,073,000 and $2,440,000 respectively. The profit or loss for the year ended 31 May 2018 was also restated, resulting in increases in finance cost and share of results of joint ventures and associates of $2,774,000 and $1,051,000 respectively.

(d) Tax adjustments

The corresponding tax impact to the Group arising from the adoption of SFRS(I) 15 resulted in decrease in deferred tax assets of $533,000 and increase in deferred tax liabilities of $621,000, with a corresponding decrease in retained earnings and non-controlling interests of $589,000 and $565,000 on 1 June 2017 respectively. It also resulted in a decrease in deferred tax assets of $1,139,000 and increase in deferred tax liabilities of $4,312,000 with a corresponding decrease in retained earnings of $2,780,000 and non-controlling interests $2,671,000 respectively as at 31 May 2018. The profit or loss for the year ended 31 May 2018 was also restated, resulting in increases in the increase in taxation of $4,297,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 FIRST-TIME ADOPTION OF SFRS(I) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 June 2017 to the statement of financial position of the Group.

		Group	
	1.6.2017 (FRS) $'000	SFRS(I) 15 adjustments $'000	1.6.2017 (SFRS(I)) $'000
Non-current assets			
Plant and equipment	4	–	4
Investment property	31,050	–	31,050
Investment in joint ventures and associates	39,455	(1,583)	37,872
Deferred tax assets	533	(533)	–
	71,042	(2,116)	68,926
Current assets			
Development properties	120,745	(54,629)	66,116
Contract assets	–	35,855	35,855
Capitalised contract costs	–	1,384	1,384
Trade receivables	10,766	(8,763)	2,003
Other receivables and deposits	59	–	59
Amounts due from a related company	10	–	10
Amounts due from joint ventures and associates	51,885	–	51,885
Amounts due from holding company	35,717	–	35,717
Cash and cash equivalents	26,284	–	26,284
	245,466	(26,153)	219,313
Current liabilities			
Trade and other payables	36,747	(33,248)	3,499
Accruals	2,178	302	2,480
Amounts due to related companies	17,986	–	17,986
Amounts due to joint ventures and associates	18,805	–	18,805
Amounts due to holding company	60,124	–	60,124
Amounts due to non-controlling interests	9,776	–	9,776
Loans and borrowings	10,000	–	10,000
Provision for taxation	2,182	–	2,182
	157,798	(32,946)	124,852
Net current assets	87,668	6,793	94,461

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 FIRST-TIME ADOPTION OF SFRS(I) (cont'd)

	1.6.2017 (FRS) $'000	Group SFRS(I) 15 adjustments $'000	1.6.2017 (SFRS(I)) $'000
Non-current liabilities			
Loans and borrowings	96,724	–	96,724
Deferred tax liabilities	–	621	621
	96,724	621	97,345
Net assets	61,986	4,056	66,042
Equity attributable to owners of the Company			
Share capital	33,649	–	33,649
Merger reserve	(31,288)	–	(31,288)
Foreign currency translation reserve	(67)	–	(67)
Retained earnings	59,720	1,293	61,013
	62,014	1,293	63,307
Non-controlling interests	(28)	2,763	2,735
Total equity	61,986	4,056	66,042

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 FIRST-TIME ADOPTION OF SFRS(I) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 May 2018 to the statement of financial position of the Group.

	Group		
	31.5.2018 (FRS) $'000	SFRS(I) 15 adjustments $'000	31.5.2018 (SFRS(I)) $'000
Non-current assets			
Plant and equipment	293	–	293
Investment in joint ventures and associates	17,498	(532)	16,966
Deferred tax assets	1,139	(1,139)	–
	18,930	(1,671)	17,259
Current assets			
Development properties	243,568	(167,803)	75,765
Contract assets	–	85,055	85,055
Capitalised contract costs	–	218	218
Trade receivables	20,353	(7,012)	13,341
Other receivables and deposits	6,226	–	6,226
Prepayments	16	–	16
Amounts due from joint ventures and associates	119,653	–	119,653
Cash and cash equivalents	51,102	–	51,102
	440,918	(89,542)	351,376
Current liabilities			
Trade and other payables	128,325	(123,127)	5,198
Accruals	3,755	1,518	5,273
Amounts due to related companies	10,715	–	10,715
Amounts due to joint ventures and associates	12,850	–	12,850
Amounts due to holding company	112	–	112
Amounts due to non-controlling interests	12,762	–	12,762
Loans and borrowings	82,138	–	82,138
Provision for taxation	2	–	2
	250,659	(121,609)	129,050
Net current assets	190,259	32,067	222,326

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 FIRST-TIME ADOPTION OF SFRS(I) (cont'd)

	31.5.2018 (FRS) $'000	Group SFRS(I) 15 adjustments $'000	31.5.2018 (SFRS(I)) $'000
Non-current liabilities			
Amounts due to holding company	33,783	–	33,783
Loans and borrowings	35,490	–	35,490
Deferred tax liabilities	–	4,312	4,312
	69,273	4,312	73,585
Net assets	139,916	26,084	166,000
Equity attributable to owners of the Company			
Share capital	146,216	–	146,216
Merger reserve	(30,288)	–	(30,288)
Foreign currency translation reserve	118	–	118
Retained earnings	25,227	13,042	38,269
	141,273	13,042	154,315
Non-controlling interests	(1,357)	13,042	11,685
Total equity	139,916	26,084	166,000

The adoption of SFRS(I), including the application of new standards, does not have any impact to the statement of financial position of the Company as at 31 May 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 FIRST-TIME ADOPTION OF SFRS(I) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the consolidated statement of comprehensive income of the Group for the year ended 31 May 2018.

	2018 (FRS) $'000	SFRS(I) 15 adjustments $'000	2018 (SFRS(I)) $'000
Revenue	–	154,444	154,444
Cost of sales	–	(124,014)	(124,014)
Gross profit	–	30,430	30,430
Other operating income	1,122	–	1,122
Sales and marketing expenses	(3,803)	(2,382)	(6,185)
Administrative expenses	(2,871)	–	(2,871)
Other operating expenses	(372)	–	(372)
Finance costs	(612)	(2,774)	(3,386)
Share of results of joint ventures and associates	1,400	1,051	2,451
	(5,136)	26,325	21,189
Fair value gain on investment property	7,041	–	7,041
Profit before taxation	1,905	26,325	28,230
Taxation	638	(4,297)	(3,659)
Profit for the year, net of taxation	2,543	22,028	24,571
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain	185	–	185
Other comprehensive income for the year, net of taxation	185	–	185
Total comprehensive income for the year, net of taxation	2,728	22,028	24,756
Profit/(loss) attributable to:			
Owners of the Company	3,872	11,749	15,621
Non-controlling interests	(1,329)	10,279	8,950
	2,543	22,028	24,571
Total comprehensive income attributable to:			
Owners of the Company	4,057	11,749	15,806
Non-controlling interests	(1,329)	10,279	8,950
	2,728	22,028	24,756
Earnings per share (Cents)			
Basic and diluted	0.55	1.68	2.23

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 June 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 June 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 June 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

SFRS(I) 16 *Leases* *(cont'd)*

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 June 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16.

On the adoption of SFRS(I) 16, the Group expects to record an adjustment to increase right-of-use assets and corresponding adjustment to lease liabilities as at 1 June 2019. In addition, the Group expects to record an adjustment to increase its depreciation and interest expense with related adjustment to lease expenses.

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS (cont'd)

(b) *Business combinations and goodwill (cont'd)*

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability, will be recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

(c) *Business combinations involving businesses or entities under common control*

Business combinations involving businesses or entities under common control are accounted for by applying the pooling of interest method which involves the following:

– Assets, liabilities, reserves, revenue and expenses of combined business or entities are reflected at their existing amounts;

– The retained earnings recognised in the consolidated financial statements are the retained earnings of the combining entities or businesses immediately before the combination; and

– No additional goodwill is recognised as a result of the combination.

The statement of comprehensive income reflects the results of the combining entities or businesses for the full year, irrespective of when the combination took place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 FOREIGN CURRENCY

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 PLANT AND EQUIPMENT

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Office equipment, furniture and fittings	–	3 years
Motor vehicles	–	5 years

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognised.

2.8 INVESTMENT PROPERTIES

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or development properties, the deemed cost for subsequent accounting is the fair value at the date of change in use.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 SUBSIDIARIES

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment loss.

2.11 JOINT ARRANGEMENTS

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.12.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 JOINT VENTURES AND ASSOCIATES

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

For financial statements of the associates or joint ventures which are prepared as of the same reporting date of the Company, the most recent available audited financial statements of the associates or joint ventures are used by the Group in applying the equity method. Where the date of the audited financial statements used is not co-terminus with that of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the financial year. Where necessary, adjustments are made to bring the accounting policy in line with those of the Group.

In the Company's separate financial statements, investment in associates and joint ventures are accounted for at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 DEVELOPMENT PROPERTIES

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are capitalised and amortised consistently with the pattern of revenue recognised for the related contract to profit or loss. Show flats expenses are expensed when incurred.

The costs of development properties recognised in the profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.14 FINANCIAL INSTRUMENTS

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 FINANCIAL INSTRUMENTS (cont'd)

(a) ***Financial assets (cont'd)***

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 FINANCIAL INSTRUMENTS (cont'd)

(b) *Financial liabilities (cont'd)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process. Derivative instruments are subsequently re-measured to their fair value at the end of each reporting period. Changes in fair value of derivative instruments are recognised in profit or loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.15 IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.17 PROVISIONS

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation of penalties arising from failure to fulfil it.

2.18 BORROWING COSTS

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 EMPLOYEE BENEFITS

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2.20 LEASES

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(d). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 FINANCIAL GUARANTEE

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.22 REVENUE

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of development properties*

The Group develops and sells residential, commercial and industrial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 REVENUE (cont'd)

(a) *Sale of development properties (cont'd)*

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

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

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

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

(d) *Rental income*

Rental income arising from operating leases on the investment property are accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.23 TAXES

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 TAXES (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 TAXES (cont'd)

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

2.24 SHARE CAPITAL AND SHARE ISSUE EXPENSES

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 CONTINGENCIES

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

In the process of applying the Group's accounting polices, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Sales of development properties

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgement made in determining the enforceability of right to payment under the legal environment of the jurisdictions where the contracts are subject to.

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(a) Provision for expected credit losses of trade receivables and contract assets (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 34(a)(ii).

The carrying amount of trade receivables and contract assets as at 31 May 2019 are $4,315,000 and $43,105,000 (31 May 2018: $13,341,000 and $85,055,000, 1 June 2017: $2,003,000 and $35,855,000) respectively.

(b) Revenue recognition on development properties under construction

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

(c) Estimation of net realisable value of development properties

Development properties are stated at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount of development properties at the end of the reporting period is disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

4. PLANT AND EQUIPMENT

	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Total $'000
Group			
Cost			
At 1 June 2017	14	–	14
Additions	41	270	311
At 31 May 2018 and 1 June 2018	55	270	325
Additions	76	415	491
Disposals	–	(150)	(150)
At 31 May 2019	**131**	**535**	**666**
Accumulated depreciation			
At 1 June 2017	10	–	10
Depreciation charge for the year	8	14	22
At 31 May 2018 and 1 June 2018	18	14	32
Depreciation charge for the year	33	92	125
Disposals	–	(20)	(20)
At 31 May 2019	**51**	**86**	**137**
Net carrying amount			
At 1 June 2017	4	–	4
At 31 May 2018	37	256	293
At 31 May 2019	**80**	**449**	**529**
Company			
Cost			
At 17 October 2017 (date of incorporation)	–	–	–
Additions	31	270	301
At 31 May 2018 and 1 June 2018	31	270	301
Additions	76	415	491
Disposals	–	(150)	(150)
At 31 May 2019	**107**	**535**	**642**
Accumulated depreciation			
At 17 October 2017 (date of incorporation)	–	–	–
Depreciation charge for the year	3	14	17
At 31 May 2018 and 1 June 2018	3	14	17
Depreciation charge for the year	30	92	122
Disposals	–	(20)	(20)
At 31 May 2019	**33**	**86**	**119**
Net carrying amount			
At 31 May 2018	28	256	284
At 31 May 2019	**74**	**449**	**523**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

4. PLANT AND EQUIPMENT (cont'd)

Asset held under finance lease

During the financial year ended 31 May 2019, the Group acquired a motor vehicle with an aggregate cost of $415,000 (31 May 2018: $Nil, 1 June 2017: $Nil) by means of a finance lease. The cash outflow on acquisition of motor vehicle amount to $167,000 (31 May 2018: $Nil, 1 June 2017: $Nil).

The carrying amount of motor vehicle held under finance leases at the end of the reporting period was $360,000 (31 May 2018: $Nil, 1 June 2017: $Nil).

The motor vehicle is pledged as security for the related finance lease liability.

5. INVESTMENT PROPERTY

Statement of financial position:

	Group	
	31.5.2019 $'000	31.5.2018 $'000
Beginning of financial year	–	31,050
– Additions to investment property	–	9
– Fair value gain recognised in profit or loss	–	7,041
– Transfer to development properties	–	(38,100)
End of financial year	–	–

Statement of comprehensive income:

	Group	
	2019 $'000	2018 $'000
Other operating income		
Rental income from investment property:		
– Minimum lease payments	–	312
Direct operating expenses (including repairs and maintenance) arising from rental generating property	–	234

The Group had no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

5. INVESTMENT PROPERTY (cont'd)

Valuation of investment property

The investment property was stated at fair value, which had been determined based on valuation performed as at 31 May 2017. The valuation was performed by an independent valuer with recognised and relevant professional qualifications and with recent experience in the location and category of the property being valued.

Details of the valuation technique and inputs used as at 31 May 2017 are disclosed in Note 32.

Property pledged as security

As at 31 May 2017, the investment property was mortgaged to the bank for credit facilities granted to a subsidiary (Note 18).

Details of the Group's investment property as at 1 June 2017 were as follows:

Description and location	Tenure	Gross Floor Area (square metre)	Interest held by the Group (%)
20 Mactaggart Road, Khong Guan Industrial Building, Singapore	Freehold	5,297	100

Transfer to development properties

During the financial year ended 31 May 2018, the Group transferred the investment property to development property as the Group has obtained approval from the Urban Redevelopment Authority to redevelop the property. The investment property was transferred at its fair value of $38,100,000 at the date of transfer, determined by an independent valuer.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	31.5.2019 $'000	31.5.2018 $'000
Unquoted equity investments, at cost	**23,822**	23,822
Impairment losses*	**(11,683)**	–
	12,139	23,822

* The impairment losses were made following the declaration of dividends by subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

6. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Composition of the Group

Details of the subsidiaries are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 31.5.2019 %	31.5.2018 %	1.6.2017 %
Held by the Company					
Smooth Venture Pte Ltd[1]	Property development	Singapore	**100**	100	100
Goldprime Investment Pte. Ltd.[1]	Investment holding	Singapore	**100**	100	100
LBD (Midtown) Pte. Ltd.[1] (formerly known as Lian Beng Land Pte. Ltd.)	Investment holding	Singapore	**100**	100	100
Luxe Development Pte. Ltd.[1]	Investment holding	Singapore	**100**	100	100
Starview Investment Pte. Ltd.[1]	Investment holding	Singapore	**100**	100	100
Wealth Property Pte. Ltd.[1]	Property development	Singapore	**65**	65	65
LBD (China) Pte. Ltd.[1] (formerly known as Lian Beng (China) Pte. Ltd.)	Investment holding	Singapore	**100**	100	100
Goldprime Land Pte. Ltd.[1]	Property development	Singapore	**51**	51	51
Wellprime Pte. Ltd.[1]	Property development	Singapore	**100**	100	–
SLB (NIR) Pte. Ltd.[1]	Investment holding	Singapore	**100**	100	–
LBD (GL) Pte. Ltd.[1]	Investment holding	Singapore	**100**	100	–
LBD (Serangoon) Pte. Ltd.[1]	Investment holding	Singapore	**100**	100	–
Well Capital Pte. Ltd.[1][3]	Investment holding	Singapore	**100**	–	–
Wealth Space Pte. Ltd.[2][3]	Property development	Singapore	**100**	–	–
Held by a subsidiary					
SLB-Oxley (NIR) Pte. Ltd.[1][4] (formerly known as Oxley Kyanite Pte Ltd)	Property development	Singapore	**51**	51	–

(1) Audited by Ernst & Young LLP, Singapore

(2) Not required to be audited as it was dormant

(3) Incorporated during the financial year

(4) During the financial year ended 31 May 2018, the Company, through its wholly owned subsidiary SLB (NIR) Pte. Ltd., subscribed for 51 ordinary shares in the capital of SLB-Oxley (NIR) Pte. Ltd., for cash consideration of $1 per share.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

6. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) *Interest in subsidiaries with material non-controlling interests ("NCI")*

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Proportion of profit/(loss) allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 May 2019:					
Goldprime Land Pte. Ltd.	Singapore	**49%**	**2,098**	**9,918**	**2,940**
Wealth Property Pte. Ltd.	Singapore	**35%**	**(1)**	**364**	**560**
SLB-Oxley (NIR) Pte. Ltd.	Singapore	**49%**	**(685)**	**(685)**	**–**
31 May 2018:					
Goldprime Land Pte. Ltd.	Singapore	49%	9,003	10,760	–
Wealth Property Pte. Ltd.	Singapore	35%	(53)	925	–
SLB-Oxley (NIR) Pte. Ltd.	Singapore	49%	# –	# –	–
1 June 2017:					
Goldprime Land Pte. Ltd.	Singapore	49%	1,554	1,757	–
Wealth Property Pte. Ltd.	Singapore	35%	4,475	978	–

# Denotes less than $1,000

Significant restrictions

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material NCI.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

6. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material NCI are as follows:

Summarised statement of financial position

	Goldprime Land Pte. Ltd.			Wealth Property Pte. Ltd.			SLB-Oxley (NIR) Pte. Ltd.[1]	
	31.5.2019	31.5.2018	1.6.2017	31.5.2019	31.5.2018	1.6.2017	31.5.2019	31.5.2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current								
Assets	**30,611**	140,803	105,914	**2,316**	7,564	22,205	**84,608**	6,094
Liabilities	**(7,218)**	(114,532)	(31,335)	**(1,276)**	(4,919)	(19,409)	**(28,819)**	(6,095)
Net current assets/ (liabilities)	**23,393**	26,271	74,579	**1,040**	2,645	2,796	**55,789**	(1)
Non-current								
Assets	**–**	–	–	**–**	–	1	**–**	–
Liabilities	**(3,151)**	(4,311)	(70,995)	**–**	–	–	**(57,188)**	–
Net non-current (liabilities)/assets	**(3,151)**	(4,311)	(70,995)	**–**	–	1	**(57,188)**	–
Net assets/ (liabilities)	**20,242**	21,960	3,584	**1,040**	2,645	2,797	**(1,399)**	(1)

[1] Incorporated during the financial year ended 31 May 2018, hence there is no comparative as at 1 June 2017.

Summarised statement of comprehensive income

	Goldprime Land Pte. Ltd.		Wealth Property Pte. Ltd.		SLB- Oxley (NIR) Pte. Ltd.	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	**35,105**	154,444	**–**	–	**–**	–
Other operating income	**131**	571	**56**	2	**32**	–
Profit/(loss) before taxation	**5,110**	22,066	**19**	(183)	**(1,398)**	(1)
Taxation	**(828)**	(3,690)	**(24)**	31	**–**	–
Profit/(loss) for the year, net of taxation, representing total comprehensive income for the year	**4,282**	18,376	**(5)**	(152)	**(1,398)**	(1)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

6. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) *Summarised financial information about subsidiaries with material NCI (cont'd)*

Other summarised information

	Goldprime Land Pte. Ltd.		Wealth Property Pte. Ltd.		SLB-Oxley (NIR) Pte. Ltd.	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Net cash flows from/(used in) operating activities	**89,299**	2,538	**3,724**	(2,243)	**(82,894)**	# –

\# Denotes less than $1,000

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES

(a) ***Investment in joint ventures***

The Group's investment in joint ventures are summarised below:

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Oxley-LBD Pte. Ltd.	**749**	5,334	23,025	**–**	–
Spottiswoode Development Pte. Ltd.	**2,427**	4,376	8,097	**2,422**	3,240
	3,176	9,710	31,122	**2,422**	3,240

Details of the investment in joint ventures are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		
			31.5.2019 %	31.5.2018 %	1.6.2017 %
Held by the Company					
Spottiswoode Development Pte. Ltd.[(1)]	Property development	Singapore	**50**	50	50
Held by a subsidiary					
Oxley-LBD Pte. Ltd.[(1)] (formerly known as Oxley-Lian Beng Pte. Ltd.)	Property development	Singapore	**50**	50	50

(1) Audited by RSM Chio Lim LLP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (cont'd)

(a) *Investment in joint ventures (cont'd)*

The Group jointly controls the above joint ventures with partners under the contractual agreements and requires unanimous consent for all major decisions over the relevant activities.

There were dividends of $6,500,000 received from the joint ventures during the financial year ended 31 May 2019 (2018: $18,160,000).

There is no significant restriction in the ability of the Group's joint ventures to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

The summarised financial information in respect of material investment in joint ventures, based on their SFRS(I) financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised statement of financial position

	Oxley-LBD Pte. Ltd.			Spottiswoode Development Pte. Ltd.		
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000
Cash and cash equivalents	**181**	284	4,462	**5,021**	630	35,370
Other current assets	**1,320**	10,402	44,152	**–**	12,572	127,116
Total current assets	**1,501**	10,686	48,614	**5,021**	13,202	162,486
Non-current assets	**–**	–	–	**–**	–	–
Total assets	**1,501**	10,686	48,614	**5,021**	13,202	162,486
Trade and other payables	**2**	8	2,490	**167**	480	941
Current financial liabilities (excluding trade and other payables and provisions)	**–**	–	–	**–**	1,138	141,765
Other current liabilities	**–**	9	73	**–**	2,832	–
Other non-current liabilities	**–**	–	–	**–**	–	3,585
Total liabilities	**2**	17	2,563	**167**	4,450	146,291
Net assets	**1,499**	10,669	46,051	**4,854**	8,752	16,195
Proportion of the Group's ownership	**50%**	50%	50%	**50%**	50%	50%
Group's share of net assets, representing carrying amount of the investment	**749**	5,334	23,025	**2,427**	4,376	8,097

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (cont'd)

(a) *Investment in joint ventures (cont'd)*

Summarised statement of comprehensive income

	Oxley-LBD Pte. Ltd.		Spottiswoode Development Pte. Ltd.	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue	**–**	–	**–**	51,360
Other income	**–**	98	**137**	722
Interest income	**–**	–	**–**	29
Other operating expenses	**(170)**	(120)	**(118)**	(44,199)
Finance costs	**–**	–	**–**	(289)
(Loss)/profit before taxation	**(170)**	(22)	**19**	7,623
Taxation	**–**	59	**82**	(1,066)
(Loss)/profit for the year, net of taxation	**(170)**	37	**101**	6,557
Other comprehensive income for the year, net of taxation	**–**	–	**–**	–
Total comprehensive income for the year	**(170)**	37	**101**	6,557
Proportion of the Group's ownership	**50%**	50%	**50%**	50%
Group's share of results	**(85)**	19	**51**	3,278

(b) *Investment in associates*

The Group's investment in associates are summarised below:

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Oxley Sanctuary Pte. Ltd.	**660**	5,976	5,922	**–**	–
Rio Casa Venture Pte. Ltd.	**(1,733)**	754	# –	**800**	800
Oxley Serangoon Pte. Ltd.	**(3,037)**	728	–	**–**	–
Development 24 Pte. Ltd.	**284**	814	–	**–**	–
Other associates	**(5,547)**	(1,016)	828	**36**	36
	(9,373)	7,256	6,750	**836**	836

# Denotes less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (cont'd)

(b) *Investment in associates (cont'd)*

Details of the investment in associates are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 31.5.2019 %	31.5.2018 %	1.6.2017 %
Held by the Company					
Wealth Development Pte. Ltd.[1]	Property development	Singapore	**40**	40	40
Rio Casa Venture Pte. Ltd. (previously known as Oxley-Lian Beng Venture Pte. Ltd.)[2]	Property development	Singapore	**20**	20	20
Held by subsidiaries					
Oxley Viva Pte. Ltd.[2]	Property development	Singapore	**10***	10*	10*
Oxley YCK Pte. Ltd.[2]	Property development	Singapore	**10***	10*	10*
Oxley Sanctuary Pte. Ltd.[2]	Property development	Singapore	**15***	15*	15*
Oxley Serangoon Pte. Ltd.[2]	Property development	Singapore	**20**	20	–
Action Property Pte. Ltd.[2]	Property development	Singapore	**19***	19*	19*
KAP Holdings (China) Pte. Ltd.[3]	Investment holding	Singapore	**20**	20	20
Development 24 Pte Ltd[1]	Property development	Singapore	**42**	42	–
KAP Hotel Investments Pte Ltd[1][4]	Investment holding	Singapore	**20**	–	–

[1] Audited by Ernst & Young LLP, Singapore

[2] Audited by RSM Chio Lim LLP, Singapore

[3] Audited by RSM Chio Lim LLP, Singapore (31 May 2018 and 1 June 2017: Deloitte & Touche LLP, Singapore)

[4] Incorporated during the financial year

* Notwithstanding that the Group holds less than 20% of the voting power in these companies, the Group exercises significant influence by virtue of its representation on the respective boards of these companies.

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (cont'd)

(b) ***Investment in associates (cont'd)***

The Group has the power to participate in the financial and operating policy decisions of the associates but does not have control or joint control of these policies.

There were dividends of $8,815,000 received from associates during the financial year ended 31 May 2019 (2018: $1,273,000).

There is no significant restriction in the ability of the Group's associates to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

Aggregate information about the Group's investments in associates (adjusted for the percentage of ownership held by the Group) that are not individually material are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Loss for the year, net of taxation	**(586)**	(755)
Other comprehensive income for the year, net of taxation	**–**	–
Total comprehensive income for the year	**(586)**	(755)

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (cont'd)

(b) ***Investment in associates (cont'd)***

The summarised financial information in respect of material investment in associates, based on their SFRS(I) financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follow:

Summarised statement of financial position

	Oxley Sanctuary Pte. Ltd.			Rio Casa Venture Pte. Ltd.			Oxley Serangoon Pte. Ltd.(1)		Development 24 Pte. Ltd.(1)	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000	31.5.2019 $'000	31.5.2018 $'000
Current assets	**5,819**	44,076	81,307	**872,105**	925,332	45,995	**822,223**	841,217	**68,039**	63,180
Non-current assets	**–**	–	–	**2,497**	–	–	**3,831**	–	**271**	12
Total assets	**5,819**	44,076	81,307	**874,602**	925,332	45,995	**826,054**	841,217	**68,310**	63,192
Current liabilities	**1,382**	4,197	41,786	**266,613**	236,639	45,996	**222,340**	200,843	**2,739**	360
Non-current liabilities	**–**	–	–	**616,650**	684,923	–	**618,897**	636,732	**64,895**	60,894
Total liabilities	**1,382**	4,197	41,786	**883,263**	921,562	45,996	**841,237**	837,575	**67,634**	61,254
Net assets/(liabilities)	**4,437**	39,879	39,521	**(8,661)**	3,770	(1)	**(15,183)**	3,642	**676**	1,938
Proportion of the Group's ownership	**15%**	15%	15%	**20%**	20%	20%	**20%**	20%	**42%**	42%
Group's share of net assets	**666**	5,982	5,928	**(1,733)**	754	# –	**(3,037)**	728	**284**	814
Other adjustments	**(6)**	(6)	(6)	**–**	–	–	**–**	–	**–**	–
Carrying amount of the investment	**660**	5,976	5,922	**(1,733)**	754	# –	**(3,037)**	728	**284**	814

\# Denotes less than $1,000

(1) Incorporated during the financial year ended 31 May 2018, hence there is no comparative as at 1 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (cont'd)

(b) *Investment in associates (cont'd)*

Summarised statement of comprehensive income

	Oxley Sanctuary Pte. Ltd.		Rio Casa Venture Pte. Ltd.		Oxley Serangoon Pte. Ltd		Development 24 Pte. Ltd.	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue	**6,913**	(2,379)#	**85,352**	–	**45,981**	–	**–**	–
Other income	**201**	739#	**652**	141	**540**	80	**–**	–
Profit/(loss) for the year, net of taxation	**663**	353	**(12,431)**	(228)	**(18,825)**	(358)	**(1,262)**	(62)
Other comprehensive income for the year, net of taxation	**–**	–	**–**	–	**–**	–	**–**	–
Total comprehensive income for the year	**663**	353	**(12,431)**	(228)	**(18,825)**	(358)	**(1,262)**	(62)
Proportion of the Group's ownership	**15%**	15%	**20%**	20%	**20%**	20%	**42%**	42%
Group's share of results	**99**	53	**(2,487)**	(46)	**(3,765)**	(72)	**(530)**	(26)

Amounts related to sales return of completed development properties and its corresponding forfeiture income. These units were subsequently sold during the financial year ended 31 May 2019.

8. OTHER INVESTMENT

	Group 31.5.2019 $'000
Financial assets carried at fair value through other comprehensive income	
Equity securities (unquoted):	
AM Crossroads Equity Unit Trust	**4,088**

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

9. DEVELOPMENT PROPERTIES

	Group		
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000
Properties under development, units for which revenue is recognised over time	**99,261**	75,765	66,116
Completed development properties	**6,203**	–	–
Total development properties	**105,464**	75,765	66,116

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

9. DEVELOPMENT PROPERTIES (cont'd)

Assets pledged as security

Development properties with carrying amount of $105,464,000 (31 May 2018: $75,765,000, 1 June 2017: $66,116,000) are pledged to banks for loans granted to subsidiaries (Note 18).

Capitalisation of borrowing costs

The interest on bank borrowings capitalised in the current financial year amounted to $731,000 (31 May 2018: $292,000, 1 June 2017: $Nil). The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 2.64% to 3.14% (31 May 2018: 2.25% to 2.64%, 1 June 2017: Nil%) per annum. Interest ceases to be capitalised when the project is ready for its intended sale.

Details of the Group's development properties are as follows:

Description and Location	Tenure	Site area/ floor area (square metre)	Stage of development/ expected completion date	Interest held by the Group 31.5.2019 (%)	31.5.2018 (%)	1.6.2017 (%)
Proposed 9 storey ramp up strata industrial building on Lot 2964N at Mukim 29 Tampines North Drive 1, Singapore	Leasehold	27,395 (site area)	Obtained TOP in June 2018	**51**	51	51
Proposed erection of a 5-storey multi-user light industrial development on lot 03706C MK24 at 50 Lorong 21 Geylang, Singapore	Freehold	2,093 (site area)	Planning stage	**100**	100	–
Proposed erection of a 5-storey multi-user light industrial building for food production on lot 08190L MK24 at 20 Mactaggart Road, Singapore	Freehold	5,279 (floor area)	Under construction and expected to obtain TOP in September 2020	**100**	100[(1)]	–
Proposed erection of a 8-storey multi-user industrial building on lot 99488L MK23 at New Industrial Road, Singapore	Freehold	5,792 (site area)	Planning stage and expected to obtain TOP in March 2022	**51**	51	–

(1) The investment property at 20 Mactaggart Road was transferred to development property during the financial year ended 31 May 2018 upon the Group obtaining the approval from Urban Redevelopment Authority for redevelopment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

10. TRADE RECEIVABLES

	Group		
	31.5.2019	**31.5.2018**	**1.6.2017**
	$'000	**$'000**	**$'000**
Third parties	**285**	13,341	2,003
Goods and services tax receivable	**4,030**	–	–
	4,315	13,341	2,003

Trade receivables are non-interest bearing and are normally on 14 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

All trade receivables are denominated in Singapore Dollars.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $5,385,000 as at 31 May 2018 and $1,570,000 as at 1 June 2017 that were past due but not impaired. These receivables were unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group	
	31.5.2018	**1.6.2017**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Less than 30 days	4,436	1,496
30 to 60 days	336	–
61 to 90 days	517	–
91 to 120 days	–	74
More than 120 days	96	–
	5,385	1,570

Trade receivables that are impaired

There were no trade receivables that were impaired as at 31 May 2018 and 1 June 2017.

Expected credit loss

The Group has determined that the expected credit loss on trade receivables and contract assets are not significant as at 31 May 2019 and 1 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

11. OTHER RECEIVABLES AND DEPOSITS

	Group		
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000
Deposit paid for acquisition of a development property	**–**	6,095	–
Other deposits	**112**	109	50
Other receivables	**66**	22	9
	178	6,226	59

12. AMOUNTS DUE FROM/TO RELATED COMPANIES

(a) *Amounts due from a related company*

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Non-trade	**–**	–	10	**–**	–

Amounts due from a related company were unsecured, interest-free, repayable on demand, expected to be settled in cash and were denominated in Singapore Dollars. These amounts were fully settled during the financial year ended 31 May 2018.

(b) *Amounts due to related companies*

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Trade	**4,092**	10,715	12,968	**8**	285
Non-trade	**–**	–	5,018	**–**	–
	4,092	10,715	17,986	**8**	285

The trade amounts due to related companies are unsecured, interest-free, normally settled on 30 days' term, expected to be settled in cash and are denominated in Singapore Dollars.

The non-trade amounts due to related companies were unsecured, interest-free, repayable on demand, expected to be settled in cash and were denominated in Singapore Dollars. These amounts were fully settled during the financial year ended 31 May 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

13. AMOUNTS DUE FROM/TO SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

(a) *Amounts due from subsidiaries*

	Company	
	31.5.2019 $'000	31.5.2018 $'000
Trade	**129**	166
Non-trade	**96,652**	87,796
	96,781	87,962

The trade amounts due from subsidiaries are unsecured, interest-free, normally settled on 30 days' term, expected to be settled in cash and are denominated in Singapore Dollars.

The non-trade amounts due from subsidiaries are unsecured, interest-free, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars, except for an amount of $62,375,000 (31 May 2018: $Nil, 1 June 2017: $Nil) which bears interest of 3.00% to 5.28% (31 May 2018: Nil%, 1 June 2017: Nil%) per annum.

(b) *Amounts due to subsidiaries*

	Company	
	31.5.2019 $'000	31.5.2018 $'000
Non-trade	**487**	9,800

The amounts due to subsidiaries are unsecured, interest-free, repayable on demand, expected to be settled in cash, and are denominated in Singapore Dollars.

(c) *Amounts due from joint ventures*

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Non-trade	**–**	–	10,894	**–**	–

The amounts due from joint ventures were unsecured, interest-free, repayable on demand, expected to be settled in cash and were denominated in Singapore Dollars. These amounts were related to shareholder loans extended to joint ventures for properties under development and were fully settled during the financial year ended 31 May 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

13. AMOUNTS DUE FROM/TO SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (cont'd)

(d) *Amounts due to joint ventures*

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Non-trade	**2,150**	4,500	17,710	**2,150**	–

The amounts due to joint ventures relate to advances made to the Group. They are unsecured, interest-free, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars.

(e) *Amounts due from associates*

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Non-trade	**121,915**	119,653	40,991	**51,909**	50,574

The amounts due from associates relate to shareholder loans and corresponding interest receivable. They are unsecured, interest-free, repayable on demand and are expected to be settled in cash, except for an amount of $93,324,000 (31 May 2018: $4,576,000, 1 June 2017: $6,650,000) which bears interest of 3.00% to 5.28% (31 May 2018: 5.28%, 1 June 2017: 3.00% to 5.35%) per annum.

The amounts due from associates denominated in foreign currency as at 31 May are as follows:

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Chinese Renminbi	**3,990**	4,179	4,048	**–**	–

(f) *Amounts due to associates*

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Non-trade	**374**	8,350	1,095	**–**	–

The amounts due to associates relate to advances made to the Group. They are unsecured, interest-free, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars.

14. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

(a) *Amounts due from non-controlling interests*

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Non-trade	**262**	–	–	**–**	–

The non-trade amounts due from non-controlling interests of a subsidiary is unsecured, interest-free, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars.

(b) *Amounts due to non-controlling interests*

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Non-trade	**13,770**	12,762	9,776	**–**	–

The non-trade amounts due to non-controlling interests of subsidiaries are unsecured, repayable on demand, expected to be settled in cash, except for an amount of $13,668,000 (31 May 2018: $Nil, 1 June 2017: $Nil) which bears interest of 4.50% (31 May 2018: Nil%, 1 June 2017: Nil%). They relate to shareholder loans extended to subsidiaries for properties under development.

15. CASH AND CASH EQUIVALENTS

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Cash at bank and on hand	**36,294**	51,102	25,384	**20,979**	21,685
Fixed deposits	**–**	–	900	**–**	–
Cash and cash equivalents	**36,294**	51,102	26,284	**20,979**	21,685

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The cash and cash equivalents denominated in foreign currency are as follows:

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Australian Dollars	**50**	–	–	**45**	–

Included in cash and cash equivalents are amounts of $9,757,000 (31 May 2018: $24,877,000, 1 June 2017: $16,727,000) maintained in project accounts, withdrawals from which are restricted to payments for expenditure incurred on projects.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

15. CASH AND CASH EQUIVALENTS (cont'd)

For the financial year ended 31 May 2018, fixed deposits earned interest of 0.60% to 1.20% (1 June 2017: 0.95% to 1.5%) per annum and had maturities ranging between 1 to 3 months (1 June 2017: 1 to 3 months) depending on the immediate cash requirements of the Group. Fixed deposits were readily convertible into known amount of cash and were subject to insignificant risk of change in values. There were no fixed deposit balances as at 31 May 2019 and 2018.

16. TRADE AND OTHER PAYABLES

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Trade payables	**417**	183	204	**–**	–
Goods and services tax payable	**–**	1,961	2,050	**–**	–
Deferred income	**604**	383	337	**–**	–
Rental deposits received	**47**	58	76	**–**	–
Derivative financial liability	**–**	91	449	**–**	–
Other payables	**1,221**	2,522	383	**–**	–
	2,289	5,198	3,499	**–**	–

Trade payables and other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

17. AMOUNTS DUE FROM/TO HOLDING COMPANY

(a) *Amounts due from holding company*

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Non-trade	**–**	–	35,717	**–**	–

The amounts due from holding company were unsecured, interest-free, repayable on demand, expected to be settled in cash, denominated in Singapore Dollars and were fully settled during the financial year ended 31 May 2018.

17. AMOUNTS DUE FROM/TO HOLDING COMPANY (cont'd)

(b) *Amounts due to holding company*

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Current					
Non-trade	**276**	112	60,124	**276**	112
Non-current					
Non-trade	**33,783**	33,783	–	**33,783**	33,783

The current amounts due to holding company are unsecured, interest-free, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars.

The non-current amounts due to holding company are unsecured, expected to be settled in cash and are denominated in Singapore Dollars. The amounts bear interest at 1.5% above Singapore Interbank Offer Rate per annum (31 May 2018: 1.5% above Singapore Interbank Offer Rate) and are repayable on 20 April 2021 (31 May 2018: 20 April 2021). During the financial year, the effective interest rates for the non-current amounts due to holding company was 3.09% (31 May 2018: 2.88%) per annum.

18. LOANS AND BORROWINGS

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Current					
Finance lease obligations	**47**	–	–	**47**	–
Current portion of long-term bank loans, secured	**9,440**	82,138	10,000	**–**	–
	9,487	82,138	10,000	**47**	–
Non-current					
Finance lease obligations	**171**	–	–	**171**	–
Long-term bank loans, secured	**78,187**	35,490	96,724	**–**	–
	78,358	35,490	96,724	**171**	–
Total loans and borrowings	**87,845**	117,628	106,724	**218**	–

Finance lease obligations

The Group and Company has a finance lease for a motor vehicle acquired during the financial year ended 31 May 2019.

The finance lease is secured by the Group and Company's motor vehicle (Note 4). The discount rate implicit in the lease is 1.88% (31 May 2018: Nil%, 1 June 2017: Nil%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

18. LOANS AND BORROWINGS (cont'd)

Finance lease obligations (cont'd)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group and Company 31.5.2019	
	Minimum lease payments $'000	Present value of payments $'000
Not later than one year	**54**	**47**
Later than one year but not later than five years	**182**	**171**
Total minimum lease payments	**236**	**218**
Less: Amounts representing finance charges	**(18)**	**–**
Present value of minimum lease payments	**218**	**218**

Bank loans

(a) The Group's bank loans are denominated in Singapore Dollars. During the financial year, the effective interest rates for bank loans ranged from 2.35% to 3.30% (31 May 2018: 2.18% to 3.22%, 1 June 2017: 1.85% to 2.86%) per annum.

(b) The Group's bank loans of $30,440,000 (31 May 2018: $117,628,000, 1 June 2017: $106,724,000) are generally secured by corporate guarantee provided by the holding company in the ratio of the shareholdings held in the respective subsidiaries and the assignment of rights, titles and benefits with respect to the properties (Notes 5 and 9).

(c) The Group's bank loan of $57,187,000 (31 May 2018: $Nil, 1 June 2017: $Nil) are generally secured by corporate guarantee provided by the Company in the ratio of the shareholdings held in the subsidiary and the assignment of rights, titles, and benefits with respect to the property (Note 9).

A reconciliation of liabilities arising from financing activities is as follows:

			←	Non-cash item	→	
	31.5.2018 $'000	Cash flows $'000	Acquisition $'000	Accretion of interest $'000	Other $'000	31.5.2019 $'000
Long term bank loans						
– Non-current	35,490	52,137	–	–	(9,440)	**78,187**
– Current	82,138	(82,138)	–	–	9,440	**9,440**
Amounts due to joint ventures and associates						
– Current	12,850	(10,326)	–	–	–	**2,524**
Amounts due to non-controlling interests						
– Current	12,762	1,008	–	–	–	**13,770**
Finance lease obligations						
– Non-current	–	(5)	202	5	(31)	**171**
– Current	–	(31)	46	1	31	**47**
	143,240	(39,355)	248	6	–	**104,139**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

18. LOANS AND BORROWINGS (cont'd)

	1.6.2017 $'000	Cash flows $'000	Non-cash item: Capitalisation of loan $'000	Non-cash item: Accretion of interest $'000	Non-cash item: Other $'000	31.5.2018 $'000
Long term bank loans						
– Non-current	96,724	20,904	–	–	(82,138)	35,490
– Current	10,000	(10,000)	–	–	82,138	82,138
Amounts due to related companies						
– Current, non-trade, net	5,008	(5,008)	–	–	–	–
Amounts due to joint ventures and associates						
– Current	18,805	(5,955)	–	–	–	12,850
Amounts due to holding company, net						
– Non-current	–	–	–	–	33,783	33,783
– Current	24,407	76,925	(60,000)	112	(41,332)	112
Amounts due to non-controlling interests						
– Current	9,776	2,986	–	–	–	12,762
	164,720	79,852	(60,000)	112	(7,549)	177,135

The 'Other' column generally relates to reclassifications of non-current portion of loans and borrowings due to passage of time, non-cash settlement of amounts due to holding company through assignment of dividend income from a joint venture and the purchase

19. DEFERRED TAX LIABILITIES

	Group: Consolidated statement of financial position 31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	Consolidated statement of comprehensive income 2019 $'000	2018 $'000
Deferred tax liabilities					
Development properties	**3,746**	4,312	621	**(566)**	3,691
Deferred income tax expense (Note 26)				**(566)**	3,691

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

20. SHARE CAPITAL

	Group and Company	
	No. of shares	$'000
Issued and fully paid ordinary shares		
At date of incorporation, 17 October 2017	10	–[1]
Issuance of shares pursuant to the Acquisition[2]	33,648,446	33,649
Issuance of shares pursuant to the capitalisation of loan from holding company[2]	60,000,000	60,000
Issued and paid-up share capital immediately after the Restructuring Exercise before Share Split	93,648,456	93,649
Issued and paid-up share capital immediately after the Restructuring Exercise and the Share Split (Note 1.1)	675,000,000	93,649
Issuance of new shares pursuant to the IPO[3]	238,000,000	54,740
Listing expenses[4]	–	(2,173)
At 31 May 2018 and 31 May 2019	913,000,000	146,216

[1] Denotes less than $1,000.

[2] Pursuant to the Restructuring Exercise as detailed in Note 1.1,

(i) 33,648,446 shares amounting to $33,648,446 were issued as consideration for the Acquisition;

(ii) 60,000,000 shares amounting to $60,000,000 were issued for the purpose of capitalisation of $60,000,000 due to holding company.

[3] The Company issued 238,000,000 shares at $0.23 per share as part of its listing on the Catalist Board of the SGX-ST on 20 April 2018.

[4] Listing expenses incurred pursuant to the Company's listing on the Catalist Board of the SGX-ST amounted to $3,406,000, of which $2,173,000 has been capitalised against share capital, while the remaining amount of $1,233,000 has been included in "Administrative expenses" in the consolidated statement of comprehensive income.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

21. OTHER RESERVES

(a) *Merger reserve*

The merger reserve represents the difference between the consideration paid and the aggregate of share capital of the entities acquired under common control accounted for by applying the pooling of interest method, as described in Note 1.1 of the financial statements.

	Group	
	31.5.2019	31.5.2018
	$'000	$'000
At beginning of the year	**(30,288)**	(31,288)
Capital contribution	**–**	1,000
At end of the year	**(30,288)**	(30,288)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

21. OTHER RESERVES (cont'd)

(b) *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	31.5.2019	31.5.2018
	$'000	$'000
At beginning of the year	**118**	(67)
Foreign currency translation	**(545)**	185
At end of the year	**(427)**	118

22. REVENUE

	Group	
	2019	2018
	$'000	$'000
Revenue from contracts with customers:		
Sale of development properties	**47,645**	154,444

Revenue from contracts with customers relates to the sale of development properties in Singapore and is recognised over time.

(a) ***Contract assets and contract liabilities***

Information about contract assets and contract liabilities from contracts with customers is disclosed as follows:

		Group	
	31.5.2019	31.5.2018	1.6.2017
	$'000	$'000	$'000
Contract assets			
Unbilled revenue	**18,533**	81,942	17,626
Capitalised fulfilment costs	**27,019**	4,615	18,229
Contract liabilities	**(2,447)**	(1,502)	–
	43,105	85,055	35,855

Unbilled revenue primarily relate to the Group's right to consideration for performance obligations satisfied but not yet billed at reporting date for the sale of development properties. Unbilled revenue are transferred to receivables when the rights become unconditional.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

22. REVENUE (cont'd)

(a) *Contract assets and contract liabilities (cont'd)*

Capitalised fulfilment costs relate to land and land related costs of sold units. These capitalised costs are amortised to profit or loss.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development properties. Contract liabilities are recognised as revenue as the Group performs under the contract.

The change in contract assets is due to the differences between progress billings and revenue recognised, transfers of land and land related costs within development properties to capitalised fulfilment costs upon sale of development properties and the amortisation of capitalised fulfilment costs to profit or loss relating to the sale of development properties.

Significant changes in contract assets (unbilled revenue) are explained as follows:

	Group	
	31.5.2019 $'000	31.5.2018 $'000
Changes in measurement of progress	**46,183**	154,444
Contract assets reclassified to trade receivables	**(109,592)**	(90,128)

Significant changes in contract liabilities are explained as follows:

	Group	
	31.5.2019 $'000	31.5.2018 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**1,462**	–
Advances from customers for sale of development properties	**(2,407)**	(1,502)

(b) *Capitalised contract and fulfilment costs*

	Group	
	31.5.2019 $'000	31.5.2018 $'000
Capitalised incremental costs of obtaining contract – commission costs paid to property agents		
At beginning of the year	**218**	1,384
Additions	**3,495**	4,899
Amortisation	**(2,251)**	(6,065)
At end of the year	**1,462**	218
Capitalised fulfilment costs		
At beginning of the year	**4,615**	18,229
Additions	**37,630**	31,978
Amortisation	**(15,226)**	(45,592)
At end of year	**27,019**	4,615

22. REVENUE (cont'd)

(c) ***Transaction price allocated to remaining performance obligation***

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 May 2019 is $61,293,000 which the Group expects to recognise over the next 1 to 3 years as construction of the development properties progresses.

Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration of one year or less, or
- The Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

23. PROFIT BEFORE TAXATION

Profit before taxation includes the following:

	Group	
	2019	**2018**
	$'000	**$'000**
(a) ***Other operating income:***		
Interest income		
– fixed deposits	**221**	57
– bank balances	**52**	1
– associates	**1,703**	106
Gain on disposal of plant and equipment	**38**	–
Rental income	**22**	312
Sale deposits forfeited	**–**	155
Fair value gain on derivative financial liability	**91**	358
Foreign exchange gain	**–**	130
Other income	**134**	3
	2,261	1,122
(b) ***Other operating expenses:***		
Depreciation of plant and equipment	**(125)**	(22)
Foreign exchange loss	**(223)**	–
Others	**(399)**	(350)
	(747)	(372)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

23. PROFIT BEFORE TAXATION (cont'd)

	Group	
	2019 $'000	2018 $'000
(c) ***Other income/(expenses):***		
Directors' fee to directors of the Company	**(260)**	(65)
Fair value gain on investment property	**–**	7,041
Listing expenses	**–**	(1,233)
Audit fees*		
– Auditor of the Company	**(124)**	(115)
Non-audit fees*		
– Auditor of the Company	**(35)**	(30)

* In addition to the fees disclosed, the Group paid $200,000 during the year ended 31 May 2018 to the Auditor of the Company relating to the Initial Public Offering exercise of the Company, of which $72,000 was included under listing expenses and $128,000 was capitalised against share capital.

24. STAFF COSTS

	Group	
	2019 $'000	2018 $'000
Staff costs, including Directors' emoluments, are as follows:		
– Salaries, bonuses and other related costs	**1,716**	1,040
– Contributions to CPF and other defined contribution schemes	**118**	47
	1,834	1,087

25. FINANCE COSTS

	Group	
	2019 $'000	2018 $'000
Interest expense on:		
– finance lease obligations	**6**	–
– bank loans	**2,366**	3,566
– amounts due to non-controlling interests	**102**	–
– amounts due to holding company	**1,055**	112
	3,529	3,678
Less:		
– Interest capitalised in development properties (Note 9)	**(731)**	(292)
	2,798	3,386

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

26. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 May 2019 and 2018 are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Current taxation		
– Current income taxation	**1,990**	2
– Under/(over) provision in respect of previous years	**31**	(34)
Deferred taxation		
– Origination and reversal of temporary differences (Note 19)	**(566)**	3,691
Income tax expense recognised in profit or loss	**1,455**	3,659

Relationship between income tax expense and accounting (loss)/profit

The reconciliation between the income tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 May 2019 and 2018 are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
(Loss)/profit before taxation	**(2,166)**	28,230
Tax at corporate tax rate at 17% (2018: 17%)	**(368)**	4,799
Income not subject to taxation	**(19)**	(1,272)
Non-deductible expenses	**457**	555
Effect of partial tax exemption and tax relief	**(91)**	(34)
Deferred tax assets not recognised	**237**	61
Under/(over) provision in respect of previous years	**31**	(34)
Benefits from previously unrecognised tax losses	**(34)**	–
Share of results of associates and joint ventures	**1,242**	(416)
Income tax expense recognised in profit or loss	**1,455**	3,659

Deferred tax assets not recognised

The Group has deferred tax assets that have not been recognised due to uncertainty of their recoverability. The use of these balances is subject to the agreement of the relevant tax authorities and compliance with certain provisions of the tax legislation, as follows:

	Group	
	31.5.2019	**31.5.2018**
	$'000	**$'000**
Unutilised tax losses	**1,553**	359

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

27. EARNINGS PER SHARE – BASIC AND DILUTED

Earnings per share is calculated based on the Group's net (loss)/profit attributable to equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019	**2018**
	$'000	**$'000**
Group's net (loss)/profit attributable to equity holders of the Company for the financial year	**(5,033)**	15,621

	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of ordinary shares outstanding during the financial year	913,000	701,734

As there were no share options and warrants granted during the year and no share options and warrants outstanding as at the end of the financial year, the basic and fully diluted earnings per share are the same.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(i) Development management service amounting to $Nil (2018: $13,000) were provided by a related company to a subsidiary of the Group;

(ii) Development management service amounting to $Nil (2018: $150,000) were provided by a related company to a joint venture of the Group;

(iii) Construction services amounting to $2,901,000 (2018: $67,976,000) were provided by related companies to the subsidiaries of the Group;

(iv) Construction services amounting to $18,911,000 (2018: $1,999,000) were provided by related companies to an associate of the Group;

(v) Construction services amounting to $Nil (2018: $6,842,000) were provided by related companies to joint ventures of the Group;

(vi) Purchase of motor vehicles amounting to $Nil (2018: $270,000) from a related company by the Company.

Related companies are subsidiaries of Lian Beng Group Ltd which are not part of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

Corporate guarantees provided

The holding company provided corporate guarantees and securities for loans granted to the Group of $312,026,000 (2018: $378,414,000).

Compensation of key management personnel

	Group	
	2019	2018
	$'000	$'000
Short-term employee benefits	**1,509**	888
Contributions to defined contribution plans	**84**	42
Total compensation of key management personnel	**1,593**	930
Comprise amounts paid to:		
Directors of the Company	**725**	558
Other key management personnel	**868**	372
	1,593	930

29. COMMITMENTS

Operating lease commitment – as lessee

The Group has entered into commercial leases for office space with its holding company and office equipment from third parties. The non-cancellable leases for office space have remaining tenure of 19 months (31 May 2018: 31 months) with a renewal option. The Group is also restricted from subleasing the leased property to third parties. The non-cancellable leases of office equipment has remaining terms of 4 years (31 May 2018: 5 years).

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 May 2019 amounted to $99,000 (2018: $40,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	31.5.2019	31.5.2018
	$'000	$'000
Not later than one year	**93**	92
Later than one year but not later than five years	**63**	154
Later than five years	**–**	2
	156	248

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

29. COMMITMENTS (cont'd)

Operating lease commitment – as lessor

For the financial year ended 31 May 2018, the Group entered into commercial leases on its property at 20 Mactaggart Road (Notes 5 and 9). As at 31 May 2018, these non-cancellable leases had remaining lease terms of between 1 month to 2 months.

The Group does not have any operating lease commitments as a lessor as at 31 May 2019.

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	31.5.2019	**31.5.2018**
	$'000	**$'000**
Not later than one year	**–**	22
Later than one year but not later than five years	**–**	–
	–	22

Capital commitments

Share of commitment to joint ventures and associates

The Group has committed to provide working capital in the ratio of the shareholdings held by the Group in the respective joint ventures and associates required to develop and complete the development properties.

30. DIVIDENDS

	Group and Company	
	2019	**2018**
	$'000	**$'000**
Declared and paid during the year		
Dividends on ordinary shares paid:		
– Exempt (one-tier) dividend for 2019: Nil Cents (2018: 5.68 Cents) per share	**–**	38,365
Proposed but not recognised as a liability as at 31 May		
– Interim exempt (one-tier) dividend for 2019: 0.1 Cents (2018: Nil Cents) per share	**913**	–

31. FINANCIAL SUPPORT TO SUBSIDIARIES

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to operate as going concerns at least through twelve months from the date of the Directors' statements of the subsidiaries.

32. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
31.5.2019				
Financial asset measured at fair value:				
Other investment (Note 8)	–	–	**4,088**	**4,088**

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32. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
31.5.2018				
Financial liability measured at fair value:				
Derivative financial liability (Note 16)	–	91	–	91
1.6.2017				
Non-financial asset measured at fair value:				
Investment property (Note 5)	–	–	31,050	31,050
Financial liability measured at fair value:				
Derivative financial liability (Note 16)	–	449	–	449

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Derivative financial liability: Interest rate swap contracts are valued by discounting the estimated future cash flows based on a forward rate curve at an appropriate discount rate.

32. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

(d) ***Level 3 fair value measurements***

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Valuation techniques	Unobservable inputs	Range
31 May 2019:			
Other investment	Net asset valuation	Note 1	Not applicable
1 June 2017:			
Investment property	Direct comparison method	Yield adjustments*	-8% to +10%

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

Note 1 – Other investment

The fair values of unquoted equity securities are determined based on the fair values of the underlying assets and liabilities of the investee.

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

The disclosure of the movement in investment property in Note 5 to the consolidated financial statements constitute a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(iii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

32. FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

(e) ***Fair value of financial instruments that are not carried at fair value and whose carrying amounts approximate fair value***

Trade receivables (Note 10), other receivables and deposits (Note 11), amounts due from a related company (Note 12), subsidiaries, joint ventures and associates (Note 13) and holding company (Note 17), cash and cash equivalents (Note 15), trade and other payables (Note 16), accruals and amounts due to related companies (Note 12), subsidiaries, joint ventures and associates (Note 13), holding company (current) (Note 17) and non-controlling interests (Note 14)

The carrying amounts of the above financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature.

Amounts due to holding company (Note 17) and loans and borrowings (Note 18)

The carrying amounts of loans and borrowings are reasonable approximation of their fair values as they are floating rate instruments that re-priced to market interest rates on or near the end of the reporting period.

33. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company	
	31.5.2019	**31.5.2018**	**1.6.2017**	**31.5.2019**	**31.5.2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets carried at amortised cost					
Trade receivables	**285**	13,341	2,003	**–**	–
Other receivables and deposits	**178**	6,226	59	**–**	–
Amounts due from a related company	**–**	–	10	**–**	–
Amounts due from joint ventures and associates	**121,915**	119,653	51,885	**51,909**	50,574
Amounts due from subsidiaries	**–**	–	–	**96,781**	87,962
Amounts due from holding company	**–**	–	35,717	**–**	–
Amounts due from non-controlling interests	**262**	–	–	**–**	–
Cash and cash equivalents	**36,294**	51,102	26,284	**20,979**	21,685
	158,934	190,322	115,958	**169,669**	160,221
Financial assets carried at fair value through other comprehensive income					
Other investment	**4,088**	–	–	**–**	–

33. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (cont'd)

	Group			Company	
	31.5.2019 $'000	31.5.2018 $'000	1.6.2017 $'000	31.5.2019 $'000	31.5.2018 $'000
Financial liabilities carried at amortised cost					
Trade and other payables	**1,685**	2,763	663	**–**	–
Accruals	**2,954**	5,273	2,480	**809**	432
Amounts due to related companies	**4,092**	10,715	17,986	**8**	285
Amounts due to joint ventures and associates	**2,524**	12,850	18,805	**2,150**	–
Amounts due to subsidiaries	**–**	–	–	**487**	9,800
Amounts due to holding company	**34,059**	33,895	60,124	**34,059**	33,895
Loans and borrowings	**87,845**	117,628	106,724	**218**	–
Amounts due to non-controlling interests	**13,770**	12,762	9,776	**–**	–
	146,929	195,886	216,558	**37,731**	44,412
Financial liabilities carried at fair value through profit or loss					
Derivative financial liability	**–**	91	449	**–**	–

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables, other receivables and deposits, amounts due from a related company, subsidiaries, joint ventures, associates, holding company and non-controlling interests. For other financial assets (including cash and cash equivalents), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) *Credit risk (cont'd)*

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation by the management. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 14 to 30 days when they fall due, which are derived based on the Group's historical information.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

In addition, the Group manages its credit risk from amounts due from joint ventures and associates by assessing the profitability of development properties of its joint ventures and associates on an ongoing basis.

(i) <u>Financial guaranteees, debt securities and loans at amortised cost</u>

There is no allowance for expected credit loss on the Group's and Company's financial guarantees, debt securities and loans at amortised cost as at 1 June 2018 and 31 May 2019 as the expected credit loss is not material.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) ***Credit risk (cont'd)***

(ii) Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The provision rate also incorporate forward looking information such as forecast of economic conditions.

Trade receivables and contract assets relate mainly to the Group's customers who purchase its property units. The Group's exposure to credit risk is deemed minimal as it would receive up to 90% of the sale proceeds prior to handing over the property units to customers. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers.

Summarised below are quantitative information about trade receivables and contract assets.

		Trade receivables				
31 May 2019	**Contract assets $'000**	**Current $'000**	**1 to 30 days past due $'000**	**More than 60 days past due $'000**	**More than 90 days past due $'000**	**Total $'000**
Gross carrying amount	**18,533**	**283**	**–**	**–**	**2**	**18,818**

There is no allowance for expected credit loss on the Group's trade receivables and contract assets as the expected credit loss is not material.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– The carrying amount of each class of financial assets recognised in the statements of financial position as disclosed in Note 33.

– A nominal amount of $29,166,000 (31 May 2018: $Nil, 1 June 2017: $Nil) relating to corporate guarantee provided by the Company to the bank on a subsidiary's bank loan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) ***Credit risk (cont'd)***

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10.

Credit risk concentration profile

All of the Group's trade receivables were due from customers located in Singapore in the property development industry. The Group has no significant concentration of credit risk with any single customer.

(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 Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the end of the reporting period, approximately 10.8% (2018: 69.8%) of the Group's loans and borrowings (Note 18) will mature in less than one year based on the carrying amount reflected in the financial statements. The Company has no (2018: $Nil) bank loans at the end of the reporting period.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	31.5.2019				31.5.2018				1.6.2017			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Financial assets:												
Trade receivables	**285**	**–**	**–**	**285**	13,341	–	–	13,341	2,003	–	–	2,003
Other receivables and deposits	**178**	**–**	**–**	**178**	6,226	–	–	6,226	59	–	–	59
Amounts due from a related company	**–**	**–**	**–**	**–**	–	–	–	–	10	–	–	10
Amounts due from joint ventures and associates	**121,915**	**–**	**–**	**121,915**	119,653	–	–	119,653	51,885	–	–	51,885
Amounts due from holding company	**–**	**–**	**–**	**–**	–	–	–	–	35,717	–	–	35,717
Amounts due from non-controlling interests	**262**	**–**	**–**	**262**	–	–	–	–	–	–	–	–
Cash and cash equivalents	**36,294**	**–**	**–**	**36,294**	51,102	–	–	51,102	26,284	–	–	26,284
Total undiscounted financial assets	**158,934**	**–**	**–**	**158,934**	190,322	–	–	190,322	115,958	–	–	115,958
Financial liabilities:												
Trade and other payables	**1,685**	**–**	**–**	**1,685**	2,854	–	–	2,854	1,112	–	–	1,112
Accruals	**2,954**	**–**	**–**	**2,954**	5,273	–	–	5,273	2,480	–	–	2,480
Amounts due to related companies	**4,092**	**–**	**–**	**4,092**	10,715	–	–	10,715	17,986	–	–	17,986
Amounts due to joint ventures and associates	**2,524**	**–**	**–**	**2,524**	12,850	–	–	12,850	18,805	–	–	18,805
Amounts due to holding company	**1,399**	**34,779**	**–**	**36,178**	1,084	35,615	–	36,699	60,124	–	–	60,124
Amounts due to non-controlling interests	**14,390**	**–**	**–**	**14,390**	12,762	–	–	12,762	9,776	–	–	9,776
Loans and borrowings	**12,095**	**81,130**	**–**	**93,225**	83,823	15,117	32,369	131,309	13,123	75,341	30,301	118,765
Total undiscounted financial liabilities	**39,139**	**115,909**	**–**	**155,048**	129,361	50,732	32,369	212,462	123,406	75,341	30,301	229,048
Total net undiscounted financial assets/(liabilities)	**119,795**	**(115,909)**	**–**	**3,886**	60,961	(50,732)	(32,369)	(22,140)	(7,448)	(75,341)	(30,301)	(113,090)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) ***Liquidity risk (cont'd)***

Company	31.5.2019 1 year or less $'000	 1 to 5 years $'000	 Over 5 years $'000	 Total $'000
Financial assets:				
Cash and cash equivalents	**20,979**	**–**	**–**	**20,979**
Amounts due from associates	**51,909**	**–**	**–**	**51,909**
Amounts due from subsidiaries	**96,781**	**–**	**–**	**96,781**
Total undiscounted financial assets	**169,669**	**–**	**–**	**169,669**
Financial liabilities:				
Accruals	**809**	**–**	**–**	**809**
Amounts due to related companies	**8**	**–**	**–**	**8**
Amounts due to joint ventures	**2,150**	**–**	**–**	**2,150**
Amounts due to subsidiaries	**487**	**–**	**–**	**487**
Amounts due to holding company	**1,399**	**34,779**	**–**	**36,178**
Loans and borrowings	**54**	**182**	**–**	**236**
Total undiscounted financial liabilities	**4,907**	**34,961**	**–**	**39,868**
Total net undiscounted financial assets/(liabilities)	**164,762**	**(34,961)**	**–**	**129,801**

Company	31.5.2018 1 year or less $'000	 1 to 5 years $'000	 Over 5 years $'000	 Total $'000
Financial assets:				
Cash and cash equivalents	21,685	–	–	21,685
Amounts due from associates	50,574	–	–	50,574
Amounts due from subsidiaries	87,962	–	–	87,962
Total undiscounted financial assets	160,221	–	–	160,221
Financial liabilities:				
Accruals	432	–	–	432
Amounts due to related companies	285	–	–	285
Amounts due to subsidiaries	9,800	–	–	9,800
Amounts due to holding company	1,084	35,615	–	36,699
Total undiscounted financial liabilities	11,601	35,615	–	47,216
Total net undiscounted financial assets/(liabilities)	148,620	(35,615)	–	113,005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing amounts due to holding company and non-controlling interests.

As at 31 May 2018 and 1 June 2017, the Group has an interest rate swap instrument with notional amount of $25,750,000. The negative fair value was recognised as derivative financial liability of $91,000 and $449,000 as at 31 May 2018 and 1 June 2017 respectively (Note 16).

The Group does not have any outstanding interest rate swap contracts as at 31 May 2019.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2018: 75) basis points lower/higher with all other variables held constant, the Group's profit net of taxation would have been $398,000 (2018: $778,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank loans. The interest capitalised in development properties under construction would have been $186,000 (2018: $90,000) lower/higher respectively. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) ***Foreign currency risk***

The Group has minimal transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD. It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, namely China. The Group's net investments China are not hedged as currency positions in RMB are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonable possible change in the RMB and AUD exchange rates (against SGD), with all other variables held constant, on the Group's profit net of taxation.

	Group	
	2019 Profit net of taxation $'000	**2018 Profit net of taxation $'000**
RMB – strengthened 5%	**199**	209
– weakened 5%	**(199)**	(209)
AUD – strengthened 5%	**3**	–
– weakened 5%	**(3)**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2019

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2019 and 2018. The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Group includes within total debt, trade and other payables, accruals, amounts due to related companies, joint ventures, associates, holding company and non-controlling interests and loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company.

The Group is in compliance with externally imposed financial covenants as at 31 May 2019, 31 May 2018 and 1 June 2017.

		Group	
	31.5.2019	**31.5.2018**	**1.6.2017**
	$'000	**$'000**	**$'000**
Trade and other payables (Note 16)	**2,289**	5,198	3,499
Accruals	**2,954**	5,273	2,480
Amounts due to related companies (Note 12)	**4,092**	10,715	17,986
Amounts due to joint ventures and associates (Note 13)	**2,524**	12,850	18,805
Amounts due to holding company (Note 17)	**34,059**	33,895	60,124
Amounts due to non-controlling interests (Note 14)	**13,770**	12,762	9,776
Loans and borrowings (Note 18)	**87,845**	117,628	106,724
Less: Cash and cash equivalents (Note 15)	**(36,294)**	(51,102)	(26,284)
Net debt	**111,239**	147,219	193,110
Equity attributable to the owners of the Company	**148,737**	154,315	63,307
Capital and net debt	**259,976**	301,534	256,417
Gearing ratio	**0.43**	0.49	0.75

36. SEGMENT INFORMATION

The Group's operations are pre-dominantly focused on Singapore and its turnover and contribution to profit from operations are substantively derived from the sale of development properties. The Group's development properties have similar characteristics and exhibit similar long-term financial performance. Therefore, the Group comprises only one operating segment.

Geographical information

The Group's consolidated results are mainly generated in Singapore. Similarly, its assets and liabilities are mainly located in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution have not been presented.

37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 May 2019 were authorised for issue in accordance with a resolution of the directors on 21 August 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 15 August 2019

SHARE CAPITAL

Issued and fully paid capital	–	S$148,388,456	Class of shares	–	Ordinary shares
Total number of shares in issue	–	913,000,000	Voting rights	–	1 vote per share
Number of treasury shares	–	NIL	Number of subsidiary holdings held	–	NIL

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 25.0% of the issued ordinary shares of the Company were held in the hands of the public as at 15 August 2019 and therefore Rule 723 of the Catalist Rules is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	56	4.84	53,200	0.01
1,001 – 10,000	674	58.26	3,483,500	0.38
10,001 – 1,000,000	400	34.57	44,618,300	4.89
1,000,001 and above	27	2.33	864,845,000	94.72
TOTAL	**1,157**	**100.00**	**913,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

S/N	Name of Shareholders	Number of Shares Held	%
1	LIAN BENG GROUP LTD	683,354,000	74.85
2	UOB KAY HIAN PTE LTD	38,367,200	4.20
3	TEO KEE BOCK	22,628,800	2.48
4	LIN YUCHENG	21,500,000	2.35
5	RAFFLES NOMINEES (PTE) LTD	12,017,700	1.32
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	10,520,000	1.15
7	MAYBANK KIM ENG SECURITIES PTE LTD	10,135,900	1.11
8	CHEW HOCK SENG	10,000,000	1.10
9	DB NOMINEES (SINGAPORE) PTE LTD	7,282,200	0.80
10	DBS NOMINEES PTE LTD	5,940,600	0.65
11	SEACARE FOUNDATION PTE LTD	4,500,000	0.49
12	TOMMIE GOH THIAM POH	4,300,000	0.47
13	OCBC SECURITIES PRIVATE LIMITED	4,264,000	0.47
14	CITIBANK NOMINEES SINGAPORE PTE LTD	3,350,000	0.37

STATISTICS OF SHAREHOLDINGS

AS AT 15 August 2019

S/N	Name of Shareholders	Number of Shares Held	%
15	LEE BEE LIAN	3,100,000	0.34
16	TEE WEE SIEN (ZHENG WEIXIAN)	3,000,000	0.33
17	HAN SENG JUAN	2,752,700	0.30
18	ONG BOON HUAT	2,600,000	0.28
19	ONG BEE DEE	2,500,000	0.27
20	CHEW THYE CHUAN OR TAN SEW MAI	2,290,000	0.25
	TOTAL	**854,403,100**	**93.58**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**Number of Shares**	**%**	**Number of Shares**	**%**
LIAN BENG GROUP LTD	683,354,000	74.85	–	–
ONG PANG AIK	–	–	684,704,500	75.00
ONG LAY HUAN	–	–	683,354,000	74.85
ONG SEK CHONG & SONS PTE LTD	–	–	683,354,000	74.85

Notes:

1. The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares excluding the treasury shares.

2. Mr Ong Pang Aik is deemed interested in 683,354,000 shares of SLB Development Ltd. held by Lian Beng Group Ltd. by virtue of Section 4 of the Securities and Futures Act ("SFA"). Mr Ong Pang Aik is also deemed interested in 1,350,500 shares of SLB Development Ltd. held through a nominee account.

3. Ms Ong Lay Huan is deemed interested in 683,354,000 shares of SLB Development Ltd. held by Lian Beng Group Ltd. by virtue of Section 4 of the SFA.

4. Ong Sek Chong & Sons Pte Ltd, Ong Pang Aik and Ong Lay Huan are deemed interested in 683,354,000 shares of SLB Development Ltd. held by Lian Beng Group Ltd. by virtue of Section 4 of the SFA.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SLB DEVELOPMENT LTD. (the "**Company**") will be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on Thursday, 26 September 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 May 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring under Regulation 117 of the Company's Constitution:

   Ms Ong Lay Koon **(Resolution 2)**

   Mr Foo Der Rong **(Resolution 3)**

   [See Explanatory Note 1]

3. To approve the payment of Directors' fees of up to S$260,000 to be paid quarterly in arrears for the financial year ending 31 May 2020. **(Resolution 4)**

   [See Explanatory Note 2]

4. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To declare a final (tax exempt one-tier) dividend of 0.1 cents per ordinary share for the financial year ended 31 May 2019. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without amendments: **(Resolution 7)**

   Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("Companies Act") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of Singapore Exchange Securities Trading Limited ("SGX-ST")

   That pursuant to Section 161 of the Companies Act and Rule 806 of Catalist Rules of the SGX-ST, authority be and is hereby given to the Directors of the Company:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force); issue Shares in pursuance of the Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 100 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with the sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Company's Constitution for the time being; and

(4) unless revoked or varied by the Company in general meeting, such authority conferred shall continue to be 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 earlier.

[See Explanatory Note 3]

NOTICE OF ANNUAL GENERAL MEETING

8. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without amendments: **(Resolution 8)**

Renewal of Share Buy-Back Mandate

That for the purposes of the Catalist Rules and the Act:

(a) the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act; and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback 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 earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked;

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit;

"**Relevant Period**" means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

NOTICE OF ANNUAL GENERAL MEETING

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, 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]

9. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without amendments: **(Resolution 9)**

Renewal of Interested Person Transactions Mandate

That for the purposes of the Catalist Rules:

(a) approval be and is hereby given, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Catalist Rules), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in circular to Shareholders dated 11 September 2019 (the "**Circular**") with any party who fall within the classes of interested persons described in the Circular, provided that such transactions are made on normal commercial terms and are not prejudicial to the interest of the Company or its minority shareholders, and in accordance with the review procedures for such interested person transactions as set out in the Circular (the "**IPT General Mandate**");

(b) the IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next annual general meeting of the Company is held or required by law to be held; and

NOTICE OF ANNUAL GENERAL MEETING

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT General Mandate and/or this Resolution.

[See Explanatory Note 5]

BY ORDER OF THE BOARD

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries
Singapore

11 September 2019

EXPLANATORY NOTES:

1. Ms Ong Lay Koon will upon re-election as a Director of the Company, remain as the Non-Executive Non-Independent Chairman and a member of the Audit Committee, Nominating Committee and Remuneration Committee. The Board considers Ms Ong Lay Koon not to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST. Detailed information of Ms Ong Lay Koon pursuant to Catalist Rule 720(5) can be found on pages 19 to 23 in the Annual Report 2019.

   Mr Foo Der Rong will upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Nominating Committee and Remuneration Committee, and a member of the Audit Committee. The Board considers Mr Foo Der Rong to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST. Detailed information of Mr Foo Der Rong pursuant to Catalist Rule 720(5) can be found on pages 19 to 23 in the Annual Report 2019.

2. The Ordinary Resolution 4 above is to seek approval for the payment of up to S$260,000 as directors' fees on a current year basis, that is for the financial year ending 31 May 2020. In the event that the amount proposed is insufficient, approval will be sought at next year's annual general meeting for payments to meet the shortfall.

3. The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this annual general meeting until the date 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares, excluding treasury shares and subsidiary holdings. For issues of Shares other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued shares, excluding treasury shares and subsidiary holdings at the time this resolution is passed.

4. The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of the above meeting until the date of the next annual general meeting to purchase or acquire up to 10% of the issued Shares of the Company as at the date of the passing of this Resolution. Details of the proposed Share Buy Back Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial impact on the Company's financial position are set out in the Circular.

5. The Ordinary Resolution 9 above if passed, will empower the Directors of the Company to do all acts necessary to give effect to the IPT General Mandate as described in the Circular. The authority shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next annual general meeting of the Company is held or required by law to be held.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

(i) A member of the Company entitled to attend and vote at the above annual general meeting may appoint not more than two (2) proxies to attend and vote instead of him.

(ii) Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

(iv) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 29 Harrison Road, #07-00 Lian Beng Building, Singapore 369648 not less than 72 hours before the time appointed for holding the above Meeting.

(vi) A Depositor's name must appear on the Depositor Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the above Meeting in order for the Depositor to be entitled to attend and vote at the above Meeting.

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 and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) 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) 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), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) 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. You and your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

SLB DEVELOPMENT LTD.
Company Registration No. 201729864H
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. An Investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SPS Approved Nominees to appoint the Chairman of the AGM to act as their proxy. In which case, the CPF and SRS Investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this form)

*I/We, ______________________________ (Name) ______________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of SLB Development Ltd. (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**AGM**") of the Company to be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on Thursday, 26 September 2019 at 10.00 a.m. and at any adjournment thereof. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

	Please tick here if more than two proxies will be appointed (Please refer to note 3). This only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the AGM shall be decided by way of poll

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 May 2019 together with the Auditors' Report thereon		
2.	Re-election of Ms Ong Lay Koon as a Director		
3.	Re-election of Mr Foo Der Rong as a Director		
4.	To approve the payment of Directors' fees of up to S$260,000 to be paid quarterly in arrears for the financial year ending 31 May 2020.		
5.	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and authorise the Directors to fix their remuneration		
6.	Payment of final dividend of 0.1 cents for the financial year ended on 31 May 2019		
	SPECIAL BUSINESS		
7.	Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
8.	Renewal of Share Buy-Back Mandate		
9.	Renewal of Interested Person Transactions Mandate		

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate)

Dated this ________ day of ______________ 2019

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

* *Delete where inapplicable*

IMPORTANT: PLEASE READ NOTES OVERLEAF

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), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A shareholder of the Company entitled to attend and vote at the AGM of the Company may appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.

3. Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two (2) proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. 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.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 29 Harrison Road, #07-00 Lian Beng Building, Singapore 369648 not less than 72 hours before the time appointed for holding the above Meeting.

5. Where a shareholder of the Company appoints more than one proxy, he/she shall specify the number of shares to be represented by each proxy, failing which, the appointment shall be deemed to be in the alternative.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) 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. You and your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Lay Koon
(Non-Executive Non-Independent Chairman)

Ong Eng Keong (“**Matthew Ong**”)
(Executive Director and Chief Executive Officer)

Owi Kek Hean
(Lead Independent Director)

Foo Der Rong
(Independent Director)

COMPANY SECRETARIES

Wee Woon Hong, LLB (Hons)
Srikanth Rayaprolu, ACIS

REGISTERED OFFICE

29 Harrison Road
#07-00 Lian Beng Building
Singapore 369648
Tel: 6501 0306
Fax: 6281 3123

NOMINATING COMMITTEE

Foo Der Rong (Chairman)
Owi Kek Hean
Ong Lay Koon

REMUNERATION COMMITTEE

Foo Der Rong (Chairman)
Owi Kek Hean
Ong Lay Koon

AUDIT COMMITTEE

Owi Kek Hean (Chairman)
Foo Der Rong
Ong Lay Koon

REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
Level 18 North Tower
Singapore 048583
Partner-In-Charge: Nelson Chen
(Since financial year ended 31 May 2018)

PRINCIPAL BANKERS

Malayan Banking Berhad
Overseas-Chinese Banking Corporation Limited
United Overseas Bank Limited

INVESTORS & MEDIA RELATIONS

Citigate Dewe Rogerson Singapore Pte Ltd
105 Cecil Street
#09-01 The Octagon
Singapore 069534

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

SLB Development Ltd.
新聯明發展有限公司

(Company Registration Number: 201729864H)

29 Harrison Road
#07-00 Lian Beng Building
Singapore 369648
T : +65 6501 0306
F : +65 6281 3123

www.slbdevelopment.com.sg