SLB Development Ltd.
新聯明發展有限公司

ANNUAL REPORT 2022

Contents

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 Charmian Lim, 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, industrial and commercial sectors as well as 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.

From 2019, SLB has expanded into fund management business to broaden its recurring income streams, establishing fund management businesses in partnerships with experienced industry veterans from the United Kingdom ("**UK**"), Hong Kong and Australia, with the aim of actively pursuing investment opportunities in real estate funds and various segments of the real estate value chain.

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 People Republic of China ("**PRC**"), UK and Australia.

SLB is 77.6% 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

1. 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%
Sales Status as of 31 May 2022: 100%
Project Status: Under Construction

2. AFFINITY @ SERANGOON

Proposed residential development comprising 7 blocks of 14-storey (1,012 units) apartments, 3 blocks of 3-storey (40 units) strata landed houses with basement, with 5 shops, basement carpark, swimming pools and communal facilities on lot 10733V MK 18 at Serangoon North Avenue 1

Development Type: Residential
Effective Interest held by the Group: 20%
Sales Status as of 31 May 2022: 99% **Project Status:** Under Construction

3. RIVERFRONT RESIDENCES

Proposed residential development comprising 9 blocks of 17-storey (1,451 units) apartments and 21 units of strata landed houses, 6 shops with 2 basement carparks, landscape deck and communal facilities on lot 09693T MK22 at Hougang Avenue 7

Development Type: Residential
Effective Interest held by the Group: 20%
Sales Status as of 31 May 2022: 99%
Project Status: Under Construction

4. REZI 24

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

Development Type: Residential
Effective Interest held by the Group: 42%
Sales Status as of 31 May 2022: 100%
Project Status: Under Construction

5. GAOBEIDIAN PROJECT

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

Development Type:
Mixed-Use (Residential and Commercial)
Effective Interest held by the Group: 9 to 10%
Sales Status as of 31 May 2022:
Phase 1 (total 812 units) - 74%
Phase 2 (total 496 units) - 3%
Project Status: Under Construction

Key Projects

Completed Projects

1. MACTAGGART FOODLINK
Development Type: Industrial
Effective Interest held by the Group: 100%
Sales Status as of 31 May 2022: 100%

2. HEXACUBE
Development Type:
Commercial (Retail and Office)
Effective Interest held by the Group: 40%
Sales Status as of 31 May 2022: 70%

3. MANDAI FOODLINK
Development Type: Industrial
Effective Interest held by the Group: 65%
Sales Status as of 31 May 2022: 100%

4. ECO-TECH @ SUNVIEW
Development Type: Industrial
Effective Interest held by the Group: 19%
Sales Status as of 31 May 2022: 100%

5. SPOTTISWOODE SUITES
Development Type: Residential
Effective Interest held by the Group: 50%
Sales Status as of 31 May 2022: 100%

6. T-SPACE @ TAMPINES
Development Type: Industrial
Effective Interest held by the Group: 51%
Sales Status as of 31 May 2022: 100%

7. THE MIDTOWN & MIDTOWN RESIDENCES
Development Type:
Mixed-Use (Residential and Commercial)
Effective Interest held by the Group: 50%
Sales Status as of 31 May 2022: 99.6%

8. FLORA VISTA, FLORAVIEW AND FLORAVILLE
Development Type:
Mixed-Use (Residential and Commercial)
Effective Interest held by the Group: 10%
Sales Status as of 31 May 2022: 84.5%

9. KAP & KAP RESIDENCES
Development Type:
Mixed-Use (Residential and Commercial)
Effective Interest held by the Group: 15%
Sales Status as of 31 May 2022: 98.4%

10.NEWEST
Development Type:
Mixed-Use (Residential and Commercial)
Effective Interest held by the Group: 10%
Sales Status as of 31 May 2022: 100%

Chairman's **Statement**

" The Group's goal is to identify quality assets in strong markets, and unlock the potential in our development properties through various asset enhancement initiatives."

MS ONG LAY KOON
CHAIRMAN

DEAR SHAREHOLDERS

On behalf of the Board of Directors of SLB Development Ltd., I am pleased to present our Annual Report for the financial year ended 31 May 2022 ("**FY2022**").

It has been another challenging year, from supply chain disruptions, manpower shortages, inflation, to a rising interest rate environment and rising energy costs.

Notwithstanding a challenging year brought on by macro uncertainties, we are pleased to have delivered a strong performance, with net profit attributable to the owners of the Company of $26.2 million for FY2022, a 96.5% increase from $13.4 million for the financial year ended 31 May 2021 ("**FY2021**"). This was mainly boosted by strong revenue growth of 119.0% to $92.8 million, with higher recognition from INSPACE. In addition, net profit was well-supported by increases in development profits recognised from our joint venture projects – Affinity @ Serangoon and Riverfront Residences, and rental income from Thye Hong Centre.

Our balance sheet remains healthy, with a lowered net gearing of 0.46 time (FY2021 : 0.51 time), which will enable SLB to gear up and react swiftly to opportunities in the market. We are in a healthy net asset position of $204.8 million as at 31 May 2022 as compared to the net asset reported for the previous corresponding period of $171.7 million.

Net Profit

$26.2 million

96.5% increase from the financial year ended 31 May 2021

Net Asset

$204.8 million

Compared to the previous corresponding period of $171.7 million

Chairman's **Statement**

EMBRACING CHANGES, STEADFAST DIVERSIFICATION

The Group's goal is to identify quality assets in strong markets, and unlock the potential in our development properties through various asset enhancement initiatives. During the year under review, we have continued to make good progress in diversifying our short–term recurring income stream – both by asset portfolio, and by geographic base.

In all, we have successfully extended our reach in the 'living sectors', residential, mixed-use development and commercial/ office space through the Group's five latest acquisitions in both Singapore and Australia.

In Singapore, together with our joint venture partners, we have made a successful offer for the enbloc acquisition of Peace Centre/Peace Mansion, which is currently on–going. We see this as a strategic opportunity for us to acquire a prominent District 9 site for redevelopment.

Together with Weave Living, we have completed the acquisition of 17 shophouses, currently operating as Hotel Clover in Jalan Sultan. It is our joint intention to reposition the asset into serviced residences with a modern flavour, tapping on Singapore's mid-market hotel segment which is expected to continue its path towards recovery in the second half of this year, on the back of increased tourist demand.

In the commercial space, we have acquired two commercial buildings at 30 and 31 North Canal Road, and we will look to rejuvenate and uplift overall tenant experience through green and sustainable repositioning. Our focus is to achieve positive rental reversions in the near term, whilst we wait for suitable market conditions for redevelopment or disposal. With Singapore's reopening, we intend to tap on the 'return to office' trend to capture demand for CBD office space.

More recently, we have also jointly tendered with our JV partner for the collective purchase of Euro-Asia Apartments, for redevelopment into a new residential development.

In Australia, we have further expanded our footprint, this time securing a major CBD building – 225 King Street, Melbourne – which offers significant value-add, repositioning or owner occupation potential, a rare opportunity for SLB.

This is our second project in Melbourne following the consolidation of both office and retail podiums in 235 Bourke Street with our joint venture partners. We are confident in the robust fundamentals that Melbourne's CBD office market offers in the medium to long term, and firmly believe that this asset will benefit from the enhancement of the immediate precinct in the future.

Our strategy remains focused on driving our portfolio growth, supported by our prudent capital and risk management strategy. We will continue to prudently look for accretive acquisition opportunities in the Asia-Pacific region to enhance shareholder value, working closely with experienced partners, as we seek to create green and sustainable assets.

PRUDENT STEPS FORWARD

Moving forward, global recovery is expected to be uneven and the macro outlook remains challenging. With a strong cash position and low gearing, we have in place good headroom to prudently pursue investment opportunities, to enhance shareholder value.

We believe that our steadfast approach for innovation and our ability to offer quality, differentiated products in the market, will weather us well amidst the uncertainties. The diversity of our assets, supported by our strategic alliances with strong partners, along with our professional and prudent management team, will also be key factors in driving SLB's long-term sustained performance.

WORDS OF APPRECIATION

I am deeply appreciative to our Board of Directors, and our management team, for their dedication in navigating SLB through the macro uncertainties. I would also like to thank our staff for their dedication and hard work.

Last but not least, I would like to extend our appreciation to our shareholders, partners and business associates for their continued trust and strong support.

Ms Ong Lay Koon
Non-Executive Non-Independent
Chairman

CEO's Statement

MR MATTHEW ONG
EXECUTIVE DIRECTOR AND CEO

DEAR SHAREHOLDERS,

Despite the uncertain start to FY2022 brought about by the ongoing global COVID–19 pandemic, we are pleased to have delivered a commendable set of earnings for FY2022, as the Group's efforts to diversify our asset portfolio and geographical spread bear fruit. Notwithstanding the headwinds brought on by the ongoing Russia–Ukraine war, rising interest rates, higher inflation and an increasingly uncertain macro outlook towards the second half of FY2022, we have delivered a consistent set of performance for our shareholders.

The Group reported a net profit attributable to the owners of the Company of $26.2 million for FY2022, a 96.5% increase from $13.4 million in the year before. Revenue increased 119.0% to $92.8 million in FY2022 from $42.4 million in FY2021, mainly due to an increase in revenue recognised from INSPACE as more units were sold during FY2022. This was partly offset by a decrease in revenue recognised from Mactaggart Foodlink as the project had obtained TOP in March 2021.

The Group's gross profit increased by $13.2 million or 121.5% to $24.0 million in FY2022 from $10.8 million in FY2021, mainly due to higher revenue recognised from INSPACE in FY2022.

During the year under review, the Group's other operating income increased by $1.6 million or 26.1% from $6.1 million in FY2021 to $7.7 million in FY2022 mainly due to an increase in rental income of $2.3 million; offset by a decrease in foreign exchange gain of $0.5 million.

Share of results of joint ventures and associates increased by $12.5 million or 182.0% from $6.8 million in FY2021 to $19.3 million in FY2022. The increase in share of results of joint ventures and associates was mainly due to increases in development profits recognised from Affinity @ Serangoon and Riverfront Residences as additional units were sold and the respective projects' construction progressed.

The Group's balance sheet remained healthy. As at end FY2022, net gearing stood at 0.46 time. This will enable SLB to continue to tap new opportunities in the market.

Fully diluted earnings per share for FY2022 was 2.88 Singapore cents, almost doubling from the earnings per share of 1.46 Singapore cents in FY2021. Net asset value per share rose to 21.95 Singapore cents as compared to 18.86 Singapore cent a year ago.

To reward our shareholders for their continuous support, the Board has proposed a final cash dividend of 0.2 Singapore cents per share.

BUILDING RESILIENCE THROUGH MULTIPLE GROWTH DRIVERS

The Group's property projects did well in FY2022 as the Singapore property market remained robust during the period under review. In the second quarter of 2022 ("**2Q 2022**"), prices of private residential properties increased by 3.5% quarter on quarter[1], marking a ninth straight quarter of rising property prices amid strong demand for housing. There was a pickup in launches and an increase in sales transactions during the second quarter. Developers sold 2,397 private residential units (excluding ECs) in 2Q 2022, compared with the 1,825 units sold in the previous quarter.

On the back of this environment, our INSPACE industrial development as well as our joint venture projects, Rezi 24 achieved more sales and were fully taken up while Affinity @ Serangoon and Riverfront Residences are almost fully sold in FY2022.

We have continued to fortify our resilience by diversifying our asset portfolio as well as broadening our geographic footprint, for sustained growth. During the year under review, we acquired five new projects – four in Singapore and one in Australia.

In the mixed-use development segment, in December 2021, the Group together with our joint venture partners have made a successful offer for the enbloc acquisition of Peace Centre/Peace Mansion. The acquisition is currently on-going.

1 Urban Redevelopment Authority, July 22, 2022 – Release of 2nd Quarter 2022 real estate statistics

CEO's Statement

We also further extended our footprint in the residential sector. In July 2022, the Group's 15% owned associated company, KSH Ultra Unity Pte Ltd successfully tendered for the collective purchase of Euro-Asia Apartments at the purchase price of $222.18 million. The Property is a freehold property with a maximum allowable gross floor area of approximately 158,132 square feet, and is intended to be redeveloped into a new residential development with approximately 172 residential units.

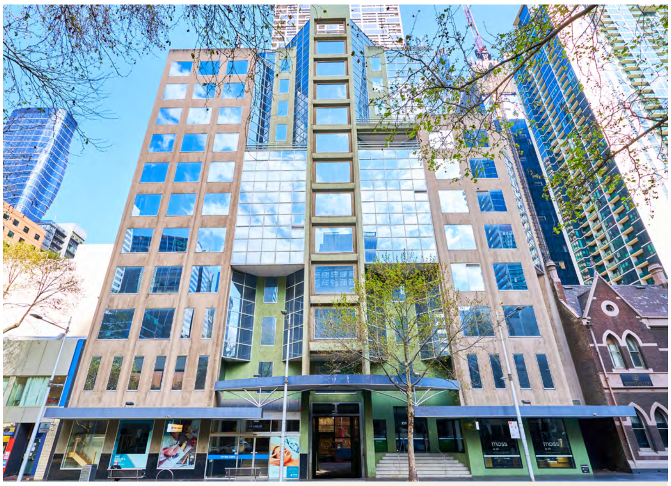
In June 2022, we completed the acquisition of Hotel Clover in Jalan Sultan for $74.8 million, marking our entry into the 'accommodation' sector. Hotel Clover was acquired, in joint partnership with Weave Living, which will be responsible for the redesigning and repositioning of the hotel into serviced apartments with a modern flavour, and for the day-to-day operation and management of the property. We believe demand for short-stay accommodation will be supported with more inbound tourists amid Singapore's border reopening.

We have also further extended our focus on the office segment in both Singapore and Australia, to bolster our short-term recurring income stream as well as create opportunities to add value to these properties through proactive asset enhancement initiatives.

We acquired a pair of 4-storey commercial buildings at 30 and 31 North Canal Road for $14.38 million in June 2022. Strategically located on the north-eastern side of North Canal Road, 0.5 km from city centre, this property has close proximity to MRT stations such as Clark Quay, Chinatown and Raffles Place.

In Australia, we are in the process of acquiring 225 King Street in Melbourne, for A$35.5 million. The completion is scheduled on 29 August 2022. 225 King Street is our second acquisition in Australia. It is a 12-storey office building located in Melbourne's Central Business District, in the thriving Flagstaff precinct, and is in close proximity to King Street, with good access to the public transport network, such as Lonsdale Street buses, Southern Cross, Melbourne Central and Flagstaff Train Stations and multiple surrounding tram services.

Earlier, in April 2021, the Group invested in the Australian property market by acquiring the RMIT Bourke Street Centre via a joint venture with independent property investment company, Futuro Trust and Hong Kong's Baring Private Equity Asia (BPEA).



225 King Street, Melbourne

STRENGTH THROUGH DIVERSITY

Market conditions are expected to remain challenging in the face of global economic slowdown amid inflationary cost pressures and rising interest rates, in addition to ongoing concerns of new COVID-19 variants. It is essential for us to remain adaptable and nimble to respond to changing market conditions. We continue to finetune our business model and review business opportunities both in Singapore and overseas where we can optimise shareholder value.

While borders have re-opened and foreign worker manpower constraints have eased, inflationary cost pressures could impact expected returns from ongoing projects. We will continue to actively monitor the progress of our projects to ensure an efficient delivery within projected timelines and focus on taking the necessary initiatives to manage costs and optimise financial returns.

We will also continue to adopt a judicious stance when sourcing for new prospects in property development or property investment, to support our drive in diversifying the Group's geographical footprint and income streams. Amidst these uncertain times, we will exercise prudence and remain on the look-out for opportunities to acquire good assets, to enhance shareholder value.

Mr Matthew Ong
Executive Director and CEO

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. Ms Ong takes on an advisory role and provides counsel to the Group on its strategic development. She has been a director of the property development division of Lian Beng Group Ltd and has held this position prior to the IPO of SLB Development.

Ms Ong is currently the Executive Director of Lian Beng Group Ltd, a position she has held since 1999. At Lian Beng Group Ltd, she heads the Accounting and Finance, Human Resource, Corporate Affairs and Leasing divisions. She also plays a vital role in making Lian Beng Group Ltd's investment decisions. Ms Ong holds a Diploma in Civil Engineering (with Merit) from Singapore Polytechnic and is a member of the Singapore Institute of Directors.

Ms Ong Lay Koon was last re-appointed to the Board on 28 September 2021.

Matthew Ong

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER ("CEO")

Mr Matthew Ong is the Executive Director and CEO of the Group and has been a director of the property development division of Lian Beng Group Ltd since 2013. He 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 Company, 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, conceptualisation and design, to sales and project completion. From 2006 to 2008, Mr Ong was working in the construction division of Lian Beng Group Ltd as a Project Coordinator and was an Assistant Development Manager in the property development division of 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 28 September 2020.

Board of **Directors**

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 more than 30 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. Mr Owi is an accredited member of the Singapore Institute of Accredited Tax Professionals.

Mr Owi Kek Hean was last re-appointed to the Board on 28 September 2020.

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 Director of Tian International Pte. Ltd., and sits on the boards of Southern Lion Sdn Bhd, Matex International Limited and Noel Gifts International 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 PSC Coporation Ltd (formerly known as 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 28 September 2021.

Executive **Officers**

Cheong Chee Kuan

CHIEF FINANCIAL OFFICER

Ms Cheong Chee Kuan is the Chief Financial Officer of SLB 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 joining the Group in October 2017. Prior to joining the Group, she was the Group Financial Controller of LH Group Limited from 2015 to March 2017. She is a Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants (ISCA).

Lawrence Lee

DIRECTOR OF PROJECT DEVELOPMENT

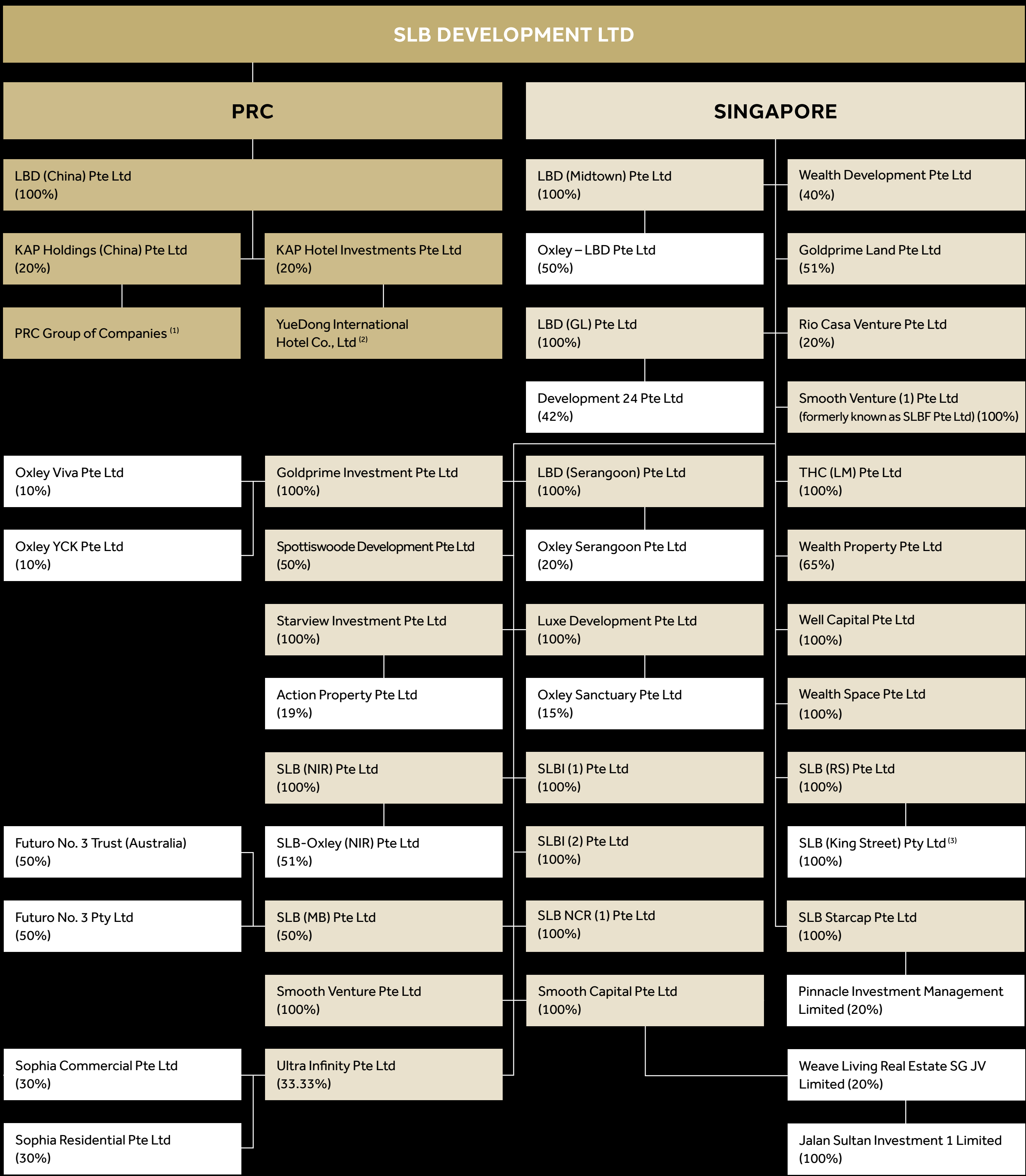
Mr Lawrence Lee is the Director of Project Development of the Group and is responsible for managing operations and property development projects, including carrying out feasibility studies on potential development sites. In addition, he coordinates the appointment of the project teams and monitors the 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 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 the Group's property portfolio as well as assisting CEO on business development which includes land bids, acquisitions locally and overseas, and any other duties of interest to the Group. Prior to joining the Group, she was an Executive Director of Savills Residential Pte Ltd from 2002 to 2018, headed the local residential sales and prestige homes and was involved in driving the overall business strategy and growth of the 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



(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%.
(3) Incorporated on 4 July 2022

Financial Contents

Corporate **Governance Report**

For The Financial Year Ended 31 May 2022

The Group is committed to maintaining a high standard of corporate governance, in line with the Code of Corporate Governance 2018 (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 2022 ("**FY2022**"), with specific references made to each of the principles and provisions of the Code, as well as the accompanying practice guidance. The Board confirms that, for FY2022, the Company has generally adhered to the framework outlined in the Code. Where there were any deviations from any provisions of the Code, appropriate disclosures and explanations are provided.

BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1: Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

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's 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.

The Board works with the management of the Company (the "**Management**") and the Management remains accountable to the Board.

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times, the interests of the Company. The Company has an established Code of Conduct which are updated accordingly that sets out the principles of business ethics and conduct for the Group and covers significant areas including appropriate business conduct and ethics, safeguarding of confidentiality information and prohibition on insider trading, anti-bribery, corruption and fraud measures, conflicts of interest and non-competition. All employees of the Group are to uphold these principles and conduct themselves with high standards of integrity that are in compliance with laws and regulations of the jurisdictions in which it operates. Each Director is required to promptly disclose any actual conflicts or potential conflicts of interest, whether direct or indirect, in relation to any transaction or matter discussed and contemplated by the Group. When an actual, potential and/or perceived conflict of interest arises, the concerned Director must disclose such interest, recuse himself / herself from discussions and decisions involving the matter, abstain from voting on resolutions regarding the matter and refrain from exercising any influence over other members of the Board.

Corporate **Governance Report**

For The Financial Year Ended 31 May 2022

Provision 1.2: ***Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.***

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**"), will 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 FY2022.

Provision 1.3: ***The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.***

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 include:

a. Approval of financial statements announcements;

b. Approval of interested party 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.

Provision 1.4: ***Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.***

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 specialised committees of the Board (the "**Board Committees**"), whose actions are reported to and monitored by the Board.

Corporate **Governance Report**

For The Financial Year Ended 31 May 2022

These committees include the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), all of which operate within clearly defined and written terms of reference and functional procedures, which are reviewed on a regular basis and can be found in the subsequent sections of this report. They assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively.

Provision 1.5: Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The Board meets regularly on a half-yearly basis and as warranted. Ad-hoc meetings will be arranged to deliberate on urgent substantive matters. Board meeting by telephone conference is allowed under the Company's Constitution.

The details of Board meetings, NC, RC and AC meetings held during FY2022, 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
Ms Ong Lay Koon	2	2	1	1	1	1	2	2
Mr Ong Eng Keong	2	2	1	1*	1	1*	2	2*
Mr Owi Kek Hean	2	2	1	1	1	1	2	2
Mr Foo Der Rong	2	2	1	1	1	1	2	2

* *By invitation*

While the Board considers Directors' attendance at Board meetings as important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodic reviews and the provision of guidance and advice on various matters relating to the Group.

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.

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.

Provision 1.6: Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Directors are provided with complete, adequate and timely information prior to Board and Board Committees meetings to ensure that the Directors have adequate time to review the same and request further explanations, where necessary. Each member of the Board has complete access to such information regarding the Group as may be required for the discharge of his duties and responsibilities. Prior to each Board meeting, the Directors are provided with the relevant documents and information in advance, including background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's

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business operations, in order for the Directors to be adequately prepared for the meetings and to comprehensively understand the issues to be deliberated upon and make informed decisions thereon. In respect of the annual budget of the Group, material variance between budgeted results and actual results would be disclosed and explained by the Management at Board meetings.

The Management will also inform the Board of all significant events as and when they occur and circulate Board papers and supporting information on significant transactions or corporate actions to facilitate a robust discussion before the transactions are entered into or the corporate actions are taken place. Management personnel, if required, will attend Board and/or Board Committee meetings to address queries from the Directors. The Directors also have unrestricted access to the Management. Requests for the Company's information by the Board are dealt with promptly.

The Board as a whole is updated regularly 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.

Provision 1.7: ***Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.***

The Directors have separate and independent access to the Management, the Company Secretaries and the external auditors at all times. Queries by individual Directors on the Company's developments, management proposals or papers are directed and answered by the Management and the Management, together with the Company Secretaries, are responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

At least one of the Company Secretaries or their representatives attend Board and Board 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 appointment and removal of the Company Secretaries are subject to the Board's approval.

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.

BOARD COMPOSITION AND BALANCE

Principle 2: **The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

Provision 2.1: ***An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.***

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

Ms Ong Lay Koon	Non-Executive Non-Independent Chairman
Mr Ong Eng Keong	Chief Executive Officer ("**CEO**") and Executive Director
Mr Owi Kek Hean	Lead Independent Director
Mr Foo Der Rong	Independent Director

Information regarding the Directors are set out on pages 8 and 9 of this Annual Report.

As set out under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. The NC assesses and reviews annually the independence of a Director bearing in mind the salient factors as set out under the Code, the Catalist Rules as well as all other relevant circumstances and facts.

Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. Based on the confirmation of independence submitted by the Independent Directors, the NC was of the view that Mr Owi Kek Hean and Mr Foo Der Rong are independent on the following basis:

(a) The Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC;

(b) None of the Independent Directors have served on the Board beyond nine years from the date of first appointment;

(c) None of the Independent Directors and their immediate family members had in the current or immediate past financial year (i) provided or received significant payments or material services aggregated over any financial year in excess of S$50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organization which provided or received significant payments or material services aggregated over any financial year in excess of S$200,000 for services rendered; and

(d) None of the Independent Directors are directly associated with a substantial shareholder of the Company.

Provision 2.2: Independent directors make up a majority of the Board where the Chairman is not independent.

The Board is of the view that the current Board size and composition are appropriate for the time being for the facilitation of effective decision making on the part of the Board, taking into account the nature and scope of the Company's operations and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board is of the opinion that, given the scope and nature of the Group's operations, it is neither necessary nor cost-effective to have Independent Directors making up majority of the Board. To address the issue of independence, the Board has put in place a Lead Independent Director, who is available to shareholders where they have concerns.

The Board is of the view that the Independent Directors demonstrate a strong level of independence and judgement over the years in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual and independent viewpoints, debated issues, and objectively scrutinized and challenged the Management. No individual or small group of individuals dominates the Board's decision-making process.

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As the Chairman is not an Independent Director, the current Board composition which only makes up half of the Board of Independent Directors, does not satisfy Provision 2.2 of the Code. However, taking into consideration of the following factors, the Board and NC are of the view that the current composition of the Board is consistent with the intent of Principle 2 of the Code:

(i) The Non-Executive Directors, i.e. three (3) out of four (4) Directors, make up a majority of the Board. This satisfies the requirement of Provision 2.3 of the Code. The current Board composition is also in compliance with Rule 403(3)(c) of the Catalist Rules, which requires, the independent directors to make up at least one-third of the Board.

(ii) As Independent Directors make up half of the Board, there is a strong independent element on the Board and no individual or groups of individuals dominate the Board's decision-making process.

(iii) The Board has appointed a Lead Independent Director who plays an additional facilitative role within the Board, and where necessary, he also facilitates communication between the Board and shareholders or other stakeholders of the Company.

(iv) All Board Committees are chaired by Independent Directors.

As such, the Company is of the opinion that the Board has an appropriate level of independence, notwithstanding that Independent Directors only make up half of the Board.

Provision 2.3: ***Non-executive directors make up a majority of the Board.***

The Board comprises four (4) Directors, three (3) of whom are Non-Executive Directors representing a majority of the Board.

Provision 2.4: ***The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual 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 Board and the Board Committees comprise 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 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 one (1) female and three (3) male directors with diverse backgrounds such as property development, construction and civil engineering, tax and business management.

The Company currently does not have a formal Board Diversity Policy. However, the Company recognises the benefits of having an effective and diverse Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In reviewing the Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including functional and domain skills, knowledge, experience, cultural and educational background, gender, age, tenure and other relevant aspects of diversity of perspectives appropriate to its business, so as to avoid groupthink, foster constructive debate, and enable the Board to make decisions in the best interests of the Company. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments will be based on merit, in the context of the skills, knowledge, experience and independence which the Board as a whole requires to be effective, having due regard for the benefits of diversity on the Board.

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Provision 2.5: ***Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.***

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 and provide feedback to the Board and/or Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: **There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

Provision 3.1: ***The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.***

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.

Provision 3.2: ***The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.***

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.

Provision 3.3: ***The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.***

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.

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BOARD MEMBERSHIP

Principle 4: **The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

Provision 4.1: ***The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:***

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

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

(c) ***the review of training and professional development programmes for the Board and its directors; and***

(d) ***the appointment and re-appointment of directors (including alternate directors, if any).***

The NC, which has written terms of reference, was established to make recommendations to the Board on all Board and executive officer appointments. 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 Principle 2 of the Code;

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 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.

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Provision 4.2: ***The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.***

The NC 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.

Provision 4.3: ***The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.***

All Directors submit themselves for re-nomination and re-election at least once every three years in accordance with Catalist Rules 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) the number of Independent Directors required to comply with prevailing rules and regulations;

(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 has an interest.

When an existing Director chooses to retire (a "**Retiring Director**") 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, diversity, 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.

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

Each member of the NC has 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.

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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:

	Mr Ong Eng Keong	**Mr Owi Kek Hean**
Date of appointment	17 October 2017	23 March 2018
Date of last re-appointment (if applicable)	28 September 2020	28 September 2020
Age	40	65
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 Mr Ong Eng Keong for re-appointment as Executive Director and Chief Executive Officer of the Company. The Board has reviewed and concluded that Mr Ong Eng Keong 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 Owi Kek Hean for re-appointment as Lead Independent Director of the Company. The Board has reviewed and concluded that Mr Owi Kek Hean 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	Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer ("**CEO**")	Lead Independent Director, Chairman of the AC and member of the RC and NC
Professional qualifications	Bachelor of Science in Business and Management Studies from the University of Bradford, United Kingdom obtained in 2007.	Bachelor of Business Administration from the National University of Singapore obtained in 1981 and an accredited member of the Singapore Institute of Accredited Tax Professionals.
Working experience and occupation(s) during the past 10 years	From 2006 to 2008, Mr Ong Eng Keong 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. Since 2013 and until the spin-off of the property development division of Lian Beng Group Ltd, he was a director of the property development division.	Mr Owi Kek Hean is executive director of IMO & Partners Pte. Ltd., which provides business and management consultancy services. 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.
Shareholding interest in the listed issuer and its subsidiaries	No	No

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	Mr Ong Eng Keong	**Mr Owi Kek Hean**
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Ong Eng Keong is the son of Mr Ong Pang Aik, and the nephew of Ms Ong Lay Huan, the Company's indirect controlling shareholders and the nephew of Ms Ong Lay Koon, the Non-Executive and Non-Independent Chairman of the Company.	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships	<u>Past</u> (for the last 5 years) Directorships: Ang Mo Kio (LB) Pte. Ltd. Associated KHL Industries Pte Ltd Bukit Merah (LB) Pte. Ltd. Centurion-Lian Beng (Papan) Pte. Ltd. Clementi (LB) Pte. Ltd. Fairmont Land Pte. Ltd. Glenthorne Pte. Ltd. Goldprime Development Pte. Ltd. Goldprime Dormitory Pte. Ltd. Goldprime (M) Pte. Ltd. Goldprime Property Pte. Ltd. Goldprime Realty Pte. Ltd. Grand Millennium Development Sdn Bhd Great Development Pte. Ltd. LB Property (S) Pte. Ltd. LB Gold Land Pte. Ltd. LGB-NB Pte. Ltd. Lian Beng (BL) Pte. Ltd. Lian Beng (Franklin) Pte. Ltd. Lian Beng (8) Pte. Ltd. Lian Beng (M) Pte. Ltd. Lian Beng Realty Pte Ltd Lian Beng Ventures Pte. Ltd. Lian Beng-KSH Pte. Ltd. Mountbatten Development Pte Ltd. Oxley Bliss Pte. Ltd. Prospere Holdings Pte. Ltd. Prospere Hotels Pte. Ltd. State Rich International Limited Toa Payoh (LB) Pte. Ltd. Wealth Asset (LK) Management Pte. Ltd. Wealth Gold Pte. Ltd. Wealth Land Pte. Ltd. Wealth Assets Pte. Ltd.	<u>Past</u> (for the last 5 years) Directorships: Nil Other Principal Commitments: Nil <u>Present</u> Directorships: Centurion Corporation Limited Centurion US Student Accommodation Holdings Pte. Ltd. Centurion US Accommodation Inc IMO & Partners Pte. Ltd. Other Principal Commitments: Nil

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	Mr Ong Eng Keong	Mr Owi Kek Hean
	Weave SG JV Pte. Ltd. Wellprime Pte. Ltd. Wickham Invesco Pte. Ltd. 32 Real Estate Pte. Ltd. 32RE Investments Pte. Ltd. Ace Zone Holdings Limited Bradford Prince Court Hotel Limited Ensco 1154 Limited Ensco 1155 Limited Gloucester Corinium Avenue Hotel Limited Horizon Glory Holdings Limited Joy Light Ventures Limited Lian Beng (St Kilda) Pty Ltd Lian Beng Franklin Investment Pty Ltd Lian Beng Ventures (Melbourne) Pty Ltd Luma Concept Hotel Ltd Ultra Assets Holdings Limited Wickham 186 Pty Ltd Other Principal Commitments: Nil <u>Present</u> Directorships: Action Property Pte. Ltd. Development 24 Pte. Ltd. Goldprime Land Pte. Ltd. Goldprime Investment Pte. Ltd. Gaobeidian City KAP Real Estate Development Co., Ltd. Hebei Xuxing Investment Co., Ltd. Hebei Yuezhi Real Estate Development Co., Ltd. KAP Holdings (China) Pte. Ltd. KAP Hotel Investments Pte. Ltd. LBD (China) Pte. Ltd. LBD (GL) Pte. Ltd. LBD (Midtown) Pte. Ltd. LBD (Serangoon) Pte. Ltd. Luxe Development Pte. Ltd. Oxley-LBD Pte. Ltd. Oxley Sanctuary Pte. Ltd. Oxley Serangoon Pte. Ltd. Oxley Viva Pte. Ltd. Oxley YCK Pte. Ltd. Rio Casa Venture Pte. Ltd. Sino-Singapore KAP Construction Co., Ltd	

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	Mr Ong Eng Keong	**Mr Owi Kek Hean**
	SLB (MB) Pte. Ltd. SLB NCR (1) Pte. Ltd. SLB (NIR) Pte. Ltd. SLB (RS) Pte. Ltd. SLB-Oxley (NIR) Pte. Ltd. SLB Starcap Pte. Ltd. SLBI (1) Pte. Ltd. SLBI (2) Pte. Ltd. Smooth Capital Pte. Ltd. Smooth Venture Pte. Ltd. Smooth Venture (1) Pte. Ltd. Spottiswoode Development Pte. Ltd. Starview Investment Pte. Ltd. THC (LM) Pte. Ltd. Well Capital Pte. Ltd. Wealth Space Pte. Ltd. Wealth Development Pte. Ltd. Wealth Property Pte. Ltd. Ultra Infinity Pte. Ltd. SLB (King Street) Pty Ltd Weave Living Real Estate SG JV Limited Futuro No. 3 Pty Ltd Pinnacle Investment Management Limited Other Principal Commitments: President of the Association of Catalist Companies	

The Retiring Directors confirm that, 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.

Provision 4.4: ***The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.***

As mentioned under Principle 2 above, the NC determines, on an annual basis, the independence of Directors. Each Independent Director is required annually to complete a checklist to confirm his independence. Further, an Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company.

For FY2022, the NC has assessed and affirmed that the Independent Directors are independent (within the meaning of the Code and the Catalist Rules).

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Provision 4.5: ***The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.***

In assessing the performance of each individual Director, the NC considers whether he has multiple board representations and other principal commitments, and is able to and adequately carry out his duties as a Director notwithstanding such commitments. As mentioned under Principle 1 above, the NC has assessed and is satisfied that sufficient time and attention to the affairs of the Company have been given by those Directors who have multiple board representations.

The key information for each Director is disclosed in their profile as set out in the section entitled "Board of Directors" of the Annual Report 2022.

BOARD PERFORMANCE

Principle 5: **The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

Provision 5.1: ***The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.***

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.

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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.

Provision 5.2: ***The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.***

During FY2022, all Directors completed a board evaluation questionnaire designed to seek their view on various aspects of the Board, Board Committees and individual Director's performance as described above. These inputs are collated and reviewed by the Chairman of the NC, who presents a summary of the overall assessment to the NC for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvements are then submitted to the Board for discussion and, where appropriate, approval for implementation.

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 FY2022.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: **The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

Provision 6.1: ***The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:***

(a) ***a framework of remuneration for the Board and key management personnel; and***

(b) ***the specific remuneration packages for each director as well as for the key management personnel.***

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;

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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.

Provision 6.2: The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

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

Provision 6.3: The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

The RC considers all aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits-in-kind in the review of remuneration packages for the Directors and the key management personnel with an aim to be fair and to avoid rewarding poor performance, before making any recommendation to the Board.

The RC also reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors and key management personnel.

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.

Provision 6.4: The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.

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 FY2022.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1: A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

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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.

Provision 7.2: ***The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.***

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 Independent Directors shall not be over-compensated to the extent that their independence may be compromised. Payments of Directors' fees are subject to shareholders' approval at the AGM. 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.

Provision 7.3: ***Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.***

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 Company has entered into a new service agreement with Mr Ong Eng Keong ("**Service Agreement**"), the Executive Director and CEO, effective from 1 June 2021, which does not contain any onerous removal clauses and is valid for an initial period of three years. Upon expiry of the initial period of three years, the employment of Mr Ong Eng Keong shall be automatically renewed for a period of three years (and thereafter automatically renewed every three years). The notice period in the Service Agreement is six 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 8: **The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

Provision 8.1: ***The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:***

(a) ***each individual director and the CEO; and***

(b) ***at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.***

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 due to the sensitive nature of such information. The RC has also reviewed the practice of the industry and considered the pros and cons of such disclosure.

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A breakdown, showing the level and mix of each individual Director's remuneration for FY2022 is as follows:

Name of Director	Salary and CPF (%)	Bonus (%)	Other Benefits and Allowances (%)	Directors' Fees (%)	Total (%)
Between S$1,750,000 to S$1,999,999					
Ong Eng Keong (Executive Director and CEO)[1]	23.9	73.4	2.7	–	100
Below S$250,000					
Ong Lay Koon (Non-Executive Non-Independent Chairman)[1]	–	–	–	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.

The Board is of the opinion that the disclosure of the exact amount of remuneration or in remuneration bands of S$250,000 of the top five 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. Accordingly, due to confidentiality and sensitivity issues attached to remuneration matters, especially in the case where the key management team is small, it would not be in the best interests of the Company to disclose the remuneration of top key executives in remuneration bands of S$250,000 as recommended by the Code.

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 profits 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 interest or minority interest, and any non-recurring exceptional items).

For FY2022, the Company has only three key management personnel who are not Directors or the CEO and the total remuneration paid to these three key executives was S$721,000.

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

Provision 8.2: ***The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.***

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$100,000 during FY2022.

The Board is of the opinion that disclosure of Mr Ong Eng Keong's remuneration in bands of S$100,000 may affect retention due to the highly competitive business environment the Company operates in as well as the competitive pressures in the talent market resulting from a limited talent pool. Accordingly, due to confidentiality and sensitivity issues attached to remuneration matters, especially as the Company relies on one Executive Director to manage the Group's business, it would not be in the best interests of the Company to disclose his remuneration in the bands of S$100,000 as recommended by the Code.

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Provision 8.3: ***The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.***

Please refer to the table disclosing the breakdown of all forms of remuneration and other payments and benefits of Directors, and details of the aggregate remuneration of key management personnel in Provision 8.1. The Company does not have any employee share schemes in effect for FY2022.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: **The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

Provision 9.1: ***The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.***

The Company manages risks under an overall strategy determined by the Board and supported by the AC. The Company sets acceptable risk management standards and periodically reviews the risks that the Group is subject to. The Board recognises that it is responsible for the overall internal control framework, but accepts that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The AC will annually:

- satisfy itself that adequate measures are being made to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating, information technology and compliance controls and risk management, is conducted at least annually. Such review can be carried out by internal auditors;
- ensure that the internal control recommendations made by internal auditors and the management letter recommendations by external auditors (noted during the course of the statutory audit) have been implemented; and
- ensure the Board is in a position to comment on the adequacy and effectiveness of the internal controls of the Group.

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 with the assistance of the internal auditors, determines the Company's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. Following such review, the Company 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.

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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.

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 2022. 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.

Provision 9.2: ***The Board requires and discloses in the company's annual report that it has received assurance from:***

(a) ***the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and***

(b) ***the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.***

The Board has received assurance from the CEO and the Chief Financial Officer that the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view of the Company's operations and finances. The Board has also received assurance from the CEO and other key management personnel who are responsible, that the Company's risk management and internal control systems were adequate and effective ("**Assurance**").

AUDIT COMMITTEE

Principle 10: **The Board has an Audit Committee ("AC") which discharges its duties objectively.**

Provision 10.1: ***The duties of the AC include:***

(a) ***reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;***

(b) ***reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;***

(c) ***reviewing the assurance from the CEO and the CFO on the financial records and financial statements;***

(d) ***making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;***

(e) ***reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and***

(f) ***reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.***

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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);

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 our annual report;

f. review the assistance and co-operation given by our 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. monitoring whether the terms of the undertakings provided by the Company's controlling shareholder, Lian Beng Group Ltd, to our 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.

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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.

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.

Provision 10.2: The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

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.

Provision 10.3: The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

None of the AC members were previous partners or directors of the Company's existing auditing firm within the last two years and none of the AC members hold any financial interest in the Company's existing external auditing firm.

Provision 10.4: The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

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**"). RSM is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with relevant qualifications and experience. The professional qualifications include Certified Internal Auditor, Certified Risk Management Assurance, Certified Information Systems Auditors, Chartered Accountant of Singapore and Certified Practising Accountant Australia. The internal auditors consist of members with the relevant experience in property development, fund management and investment. The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by Institute of Internal Auditors. The internal auditors report their findings based on the scope of review performed for FY2022 directly to the AC and administratively to the CEO. While there were no high-risk findings noted in the report by RSM, all major findings have been ratified to date.

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 FY2022. 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.

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Provision 10.5: ***The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.***

The AC has met with the external auditors and internal auditors, without the presence of the Company's Management at least once in FY2022.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: **The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

Provision 11.1: ***The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.***

The Company recognizes 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.

In line with the safe-distancing measures and regulations imposed by the Singapore Government to curb the further spread of COVID-19, the Company strongly encourages shareholders' participation at the forthcoming AGM for FY2022 which is to be held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Alternative Arrangements Order**").

For the forthcoming AGM, the notice of AGM and the accompanying annual report and proxy form is made available to members solely by electronic means via publication on the Company's website and the SGXNET, pursuant to the Alternative Arrangements Order. Although the AGM will be conducted by electronic means, shareholders may appoint the Chairman of the AGM as their proxy to attend and vote on their behalf at that AGM if such shareholders wish to exercise their voting rights, and may submit their questions relating to the resolutions set out in the notice of the AGM in advance.

The Company has specified in the notice of AGM the detailed information on attending the AGM by electronic means, such as instructions to shareholders on how they may (i) participate to observe and/or listen to the AGM proceedings, (ii) access the annual report and proxy form, (iii) submit their questions in advance of the AGM electronically (e.g. via email) and (iv) vote by appointing the Chairman of the AGM as proxy and indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions.

Provision 11.2: ***The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.***

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.

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Provision 11.3: ***All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.***

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. All Directors attended the annual general meeting held on 28 September 2021.

Provision 11.4: ***The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.***

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 1967 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.

In light of the Alternative Arrangements Order, shareholders who wish to vote at the forthcoming AGM for FY2022 must submit a proxy form to appoint the Chairman of the AGM as their proxy and indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions. The detailed information regarding how shareholders may vote by appointing the Chairman of the AGM as proxy and submission of questions has been specified in the notice of AGM.

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.

Provision 11.5: ***The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.***

The Company prepares minutes of general meetings which incorporate substantial comments and queries from shareholders and responses from the Board and Management.

In line with the Alternative Arrangements Order, the minutes of the forthcoming AGM of the Company, will be posted on the SGXNET and the Company's website within one month after the date of the AGM.

Provision 11.6: ***The company has a dividend policy and communicates it to shareholders.***

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNET. Further, the Company will, in line with Rule 704(23) of the Catalist Rules, expressly disclose the reason(s) in the event that the Board decides not to declare or recommend a dividend, in its financial statement announcements.

For FY2022, the Board has recommended a final dividend of 0.2 Singapore cents per ordinary share subject to shareholders approval at the forthcoming AGM.

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ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1: The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of 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 half yearly basis via 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.

Provision 12.2: The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

Provision 12.3: The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

The Company does not have an Investor Relations Policy in place. The Group has entrusted an investor relations team comprising the CEO and the CFO with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns. Accordingly, the Board is of the view that the current communication channels are sufficient and cost-effective.

The Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. The Company's half-yearly financial results and annual reports announced on the SGXNET within the stipulated period.

Prior to the COVID-19 pandemic, Shareholders of the Company received the annual reports and notices of AGMs which are also advertised in the newspapers within the prescribed deadlines prior to the AGMs. The Board encourages shareholders' participation at the AGMs and periodically communicates with shareholders through SGXNET throughout the financial year. Similarly, shareholders will receive the circulars and notices of Extraordinary General Meetings which are advertised in the local newspapers within the prescribed deadlines prior to the EGMs.

Following the enactment of the Alternative Arrangements Order in 2020 to combat the spread of COVID-19, the Company has released its annual reports, circulars, notices of meetings and other communications through announcements on SGXNET. The Company intends to continue to do so for as long as the Alternative Arrangements Order remains in force, in order to fulfil its responsibility to stakeholders and do its part to limit further spread of the COVID-19 disease.

Further, the Company provides its phone number and e-mail address on the Company's website through which the Shareholders may contact the Company with questions and by which the Company may respond to such questions.

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MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1: The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company recognises the importance of close collaboration with its key stakeholders such as employees, investors and media, suppliers and service providers, customers, and etc, in order to achieve sustainable business goals.

The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicating with them to align the Company's expectation and goals. The Group engages with the key stakeholders through various platforms.

Provision 13.2: The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised though stakeholder engagement and can be found in the Company's Sustainability Report 2022 which will be published as a standalone report within 5 months from its financial year end.

Stakeholder who wish to know more about the Company including our business, industry, performance or sustainability practices can also visit our website at https://www.slbdevelopment.com.sg/.

Provision 13.3: The company maintains a current corporate website to communicate and engage with stakeholders.

All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET and the Company's website. The Company does not practice selective disclosure of material information. All materials on the half-yearly and full year financial results are available on the Company's website at https://www.slbdevelopment.com.sg/. The website, which is updated regularly, contains various information on the Group and the Company which serves as an important resource for investors and all stakeholders. Stakeholders can also contact the Company through phone or e-mail, the details of which can be found on the Company's website.

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. Following the change by the Company to release half-yearly results pursuant to the changes in the Catalist Rules, the Company, its Directors and officers are not allowed to deal in the Company's shares during the periods one month before the Company's half year and full year financial statements, as the case may be, and ending on the date of the announcement of the relevant financial results.

Corporate **Governance Report**

For The Financial Year Ended 31 May 2022

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 Appendix to the Annual Report.

The Company also has 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.

The aggregate value of interested person transactions during FY2022 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$100,000)**	
Name of Interested Person	**Total value of the transaction S$'000**	**Based on issuer's effective interest pursuant to Catalist Rule 909[(1)] S$'000**	**Total value of the transaction S$'000**	**Based on issuer's effective interest pursuant to Catalist Rule 909[(1)] S$'000**
Construction services by related companies				
L.S. Construction Pte. Ltd[(1)]	–	–	74,410	14,882
Interest expenses to immediate holding company				
Lian Beng Group Ltd	547	547	–	–

(1) L.S. Construction Pte Ltd is a wholly-owned subsidiary of the Company's controlling shareholder, Lian Beng Group Ltd.

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 FY2022 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 FY2022.

Corporate **Governance Report**

For The Financial Year Ended 31 May 2022

Utilisation of IPO proceeds

The Company raised proceeds from its initial public offering of approximately S$54.7 million. On 6 August 2019, the Board updated shareholders as to the use of and proposed change in use of the balance IPO proceeds. As at the date of this report, the IPO Proceeds have been fully utilised. The details of the utilisation have been disclosed in the Company's announcement dated 29 July 2021.

External Auditors

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 FY2022 are as follows:-

Audit fees	:	S$155,000
Non-audit fees	:	S$64,000
Total	:	S$219,000

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.

The Company is in compliance with Rules 712 and 716 of the Catalist Rules in relation to its external auditors. The Board and 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.

Whistle-blowing Policy

The Company 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 is committed to ensure that the identity of the whistleblower is kept confidential and to ensure protection of the whistleblower against detrimental or unfair treatment. The Company did not receive any whistle-blowing report during FY2022.

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 recoverability of development properties in subsidiaries and related investments in 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.

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 2022.

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 2022 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' **Statement**

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 1967, 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 ultimate holding company (Ong Sek Chong & Sons Pte Ltd)				
Ong Lay Koon	12,000	12,000	–	–
Ordinary shares of the immediate holding company (Lian Beng Group Ltd)				
Ong Lay Koon	8,539,200	1	–	8,539,199[1]
Ong Eng Keong	–	–	750,000[1]	750,000[1]

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

There was no change in the above-mentioned interests between the end of the financial year and 21 June 2022.

Except as disclosed in this statement, 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 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.

Directors' **Statement**

AUDIT COMMITTEE

The Audit Committee ("**AC**") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, 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 half-yearly 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 the 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 and internal auditors, 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, 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 that the external auditor be nominated for re-appointment, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services do not affect the independence of the external auditor 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 two 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.

Directors' **Statement**

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
22 August 2022

Independent **Auditor's Report**

To the members of SLB Development Ltd.
For the financial year ended 31 May 2022

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 2022, 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 1967 (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 2022 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**

To the members of SLB Development Ltd.
For the financial year ended 31 May 2022

Key Audit Matters (cont'd)

Recoverability of development properties in subsidiaries and related investments in associates

The Group develops commercial and residential properties for sale through its subsidiaries and through equity and debt investments in associates involved in the property development segment. Development properties are stated at the lower of cost and net realisable value. As at 31 May 2022, the Group's development properties and interests in associates amounted to $120,062,000 and $166,485,000, which accounts for 29% and 41% of total assets, respectively. The determination of their recoverability, and in the case of debt investments in associates, expected credit loss ("**ECL**"), are primarily driven by the net realisable value and outlook for the sale and completion of the related development properties. Significant management judgement is involved in estimating the net realisable value of the development properties as at 31 May 2022, and in estimating the future financial performance of the projects and ECL in event of default by the associates. In addition, there is increased estimation uncertainty as at 31 May 2022 arising from the volatility in market and economic conditions brought on by the on-going COVID-19 pandemic. Accordingly, we have identified this as a key audit matter.

For material development properties held by subsidiaries and associates, we inquired and discussed with management to understand and consider the property development and business plans, current progress and potential delays to the development projects and their expected financial performance. We performed audit procedures on relevant financial information, including but not limited to, appropriateness of the cost capitalised to development properties and expected future development and sales costs by checking against underlying supporting documents, making inquiries with relevant project executives and reviewing the computations and estimation of the progress of the projects.

Our audit procedures in reviewing management's assessment of the net realisable value of development properties held by subsidiaries and associates that also affects the recoverability and ECL of the Group's equity and debt investments in the associates, respectively also included amongst others, evaluating the reasonableness of the key assumptions while taking into consideration the specific circumstances of the development properties and the business implications from the on-going COVID-19 pandemic. We compared these key assumptions to relevant evidence such as available market data, prices from recent sales transactions and independent valuations obtained for the development properties, as appropriate. We also reviewed the adjustments made for development properties held by subsidiaries and associates to measure them at the lower of cost and net realisable value. For development projects undertaken by associates, we also reviewed management's process of equity accounting the results of associates and making adjustments relating to the carrying amount of development properties to account for the different financial reporting periods of the associates.

In respect of the independent valuations obtained by management and the associates to assess the net realisable value, we assessed the objectivity and competency of the external valuers. We held discussions with the external valuers and involved our internal valuation specialist when necessary to understand and evaluate the appropriateness of the valuation methodologies applied and the results of their work, including how the impact of the on-going COVID-19 pandemic has been considered. We assessed the reasonableness of the key inputs and assumptions by comparing them to available market data while taking into consideration the specific nature of the development properties and the future development costs expected to be incurred. We also evaluated the significance of forward-looking adjustments that can impact the ECL of the Group's debt investments in the associates by considering the outlook of the relevant economies and property markets.

We also assessed the adequacy of the Group's disclosures for development properties and associates in the property development segment in Notes 8 and 6(b) to the financial statements respectively.

Independent **Auditor's Report**

To the members of SLB Development Ltd.
For the financial year ended 31 May 2022

Other Information

Management is responsible for the 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.

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.

Independent **Auditor's Report**

To the members of SLB Development Ltd.
For the financial year ended 31 May 2022

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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
22 August 2022

Statements of **Financial Position**

As at 31 May 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current assets					
Plant and equipment	4	196	316	156	309
Investment in subsidiaries	5	–	–	9,335	9,335
Investment in joint ventures and associates	6	24,336	10,208	1,829	1,829
Other investments	7	24,559	14,126	–	–
Deferred tax assets	19	–	768	–	–
		49,091	25,418	11,320	11,473
Current assets					
Development properties	8	120,062	180,892	–	–
Contract assets	22(a)	47,809	19,762	–	–
Capitalised contract costs	22(b)	2,662	1,381	–	–
Trade receivables	9	1,389	1,485	–	–
Other receivables and deposits	10	5,231	74	7	7
Prepayments		1,389	197	7	14
Amounts due from joint ventures and associates	12	157,070	142,700	66,010	58,337
Amounts due from subsidiaries	12	–	–	148,679	144,926
Amounts due from non-controlling interests	13(a)	262	262	–	–
Cash and cash equivalents	14	26,058	40,230	7,302	10,731
		361,932	386,983	222,005	214,015
Current liabilities					
Trade and other payables	15	5,196	4,702	–	–
Accruals and provision	16	5,277	6,876	1,938	907
Amounts due to related companies	11	250	2,922	–	–
Amounts due to joint ventures and associates	12	1,418	1,024	950	950
Amounts due to subsidiaries	12	–	–	488	34,731
Amounts due to immediate holding company	17	160	130	160	130
Amounts due to non-controlling interests	13(b)	15,617	15,002	–	–
Loans and borrowings	18	35,851	67,995	17,053	51
Provision for taxation		2,067	4,243	481	378
		65,836	102,894	21,070	37,147
Net current assets		296,096	284,089	200,935	176,868
Non-current liabilities					
Investment in associates	6	7,985	12,485	–	–
Amounts due to immediate holding company	17	33,783	33,783	33,783	33,783
Loans and borrowings	18	97,102	90,071	18	71
Deferred tax liabilities	19	1,486	1,510	–	–
		140,356	137,849	33,801	33,854
Net assets		204,831	171,658	178,454	154,487
Equity attributable to owners of the Company					
Share capital	20	146,216	146,216	146,216	146,216
Merger reserve	21(a)	(30,288)	(30,288)	–	–
Foreign currency translation reserve	21(b)	(226)	5	–	–
Fair value reserve	21(c)	2,905	(197)	–	–
Retained earnings		81,836	56,500	32,238	8,271
		200,443	172,236	178,454	154,487
Non-controlling interests		4,388	(578)	–	–
Total equity		204,831	171,658	178,454	154,487

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 2022

	Note	Group	
		2022	2021
		$'000	$'000
Revenue	22	92,818	42,387
Cost of sales		(68,843)	(31,565)
Gross profit		23,975	10,822
Other operating income	23	7,716	6,117
Sales and marketing expenses		(5,670)	(2,306)
Administrative expenses		(4,870)	(3,280)
Other operating expenses	23	(1,778)	(972)
Finance costs	25	(3,487)	(2,954)
Share of results of joint ventures and associates		19,308	6,846
Profit before tax	23	35,194	14,273
Taxation	26	(3,587)	(2,455)
Profit for the year, net of tax		31,607	11,818
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation (loss)/gain		(231)	496
Net fair value gain on financial assets at fair value through other comprehensive income		3,102	164
Other comprehensive income for the year, net of tax		2,871	660
Total comprehensive income for the year		34,478	12,478
Profit/(loss) attributable to:			
Owners of the Company		26,249	13,358
Non-controlling interests		5,358	(1,540)
		31,607	11,818
Total comprehensive income attributable to:			
Owners of the Company		29,120	14,018
Non-controlling interests		5,358	(1,540)
		34,478	12,478
Earnings per share (Cents)			
Basic and diluted	27	2.88	1.46

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 2022

Group ← Attributable to owners of the Company →

2022	Share capital (Note 20) $'000	Merger reserve (Note 21) $'000	Foreign currency translation reserve (Note 21) $'000	Fair value reserve (Note 21) $'000	Retained earnings $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 June 2021	146,216	(30,288)	5	(197)	56,500	26,020	(578)	171,658
Profit for the year	–	–	–	–	26,249	26,249	5,358	31,607
<u>Other comprehensive income</u>								
Foreign currency translation loss	–	–	(231)	–	–	(231)	–	(231)
Fair value gain on debt instruments at fair value through other comprehensive income	–	–	–	109	–	109	–	109
Net fair value gain on equity instruments at fair value through other comprehensive income	–	–	–	2,993	–	2,993	–	2,993
Other comprehensive income for the year, net of tax	–	–	(231)	3,102	–	2,871	–	2,871
Total comprehensive income for the year	–	–	(231)	3,102	26,249	29,120	5,358	34,478
<u>Contribution by and distribution to owners</u>								
Dividends paid on ordinary shares (Note 31)	–	–	–	–	(913)	(913)	–	(913)
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	–	(392)	(392)
Total transactions with owners in their capacity as owners	–	–	–	–	(913)	(913)	(392)	(1,305)
Balance at 31 May 2022	146,216	(30,288)	(226)	2,905	81,836	54,227	4,388	204,831

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 2022

Group 2021	Share capital (Note 20) $'000	Merger reserve (Note 21) $'000	Foreign currency translation reserve (Note 21) $'000	Fair value reserve (Note 21) $'000	Retained earnings $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company							
Balance at 1 June 2020	146,216	(30,288)	(491)	(361)	43,142	12,002	2,432	160,650
Profit/(loss) for the year	–	–	–	–	13,358	13,358	(1,540)	11,818
Other comprehensive income								
Foreign currency translation gain	–	–	496	–	–	496	–	496
Fair value gain on debt instruments at fair value through other comprehensive income	–	–	–	138	–	138	–	138
Net fair value gain on equity instruments at fair value through other comprehensive income	–	–	–	26	–	26	–	26
Other comprehensive income for the year, net of tax	–	–	496	164	–	660	–	660
Total comprehensive income for the year	–	–	496	164	13,358	14,018	(1,540)	12,478
Contribution by and distribution to owners								
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	–	(1,470)	(1,470)
Total transactions with owners in their capacity as owners	–	–	–	–	–	–	(1,470)	(1,470)
Balance at 31 May 2021	146,216	(30,288)	5	(197)	56,500	26,020	(578)	171,658

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 2022

Company	**Share capital (Note 20) $'000**	**Retained earnings $'000**	**Total equity $'000**
2022			
Balance at 1 June 2021	146,216	8,271	154,487
Profit for the year	–	24,880	24,880
Total comprehensive income for the year	–	24,880	24,880
Contribution by and distribution to owners			
Dividends paid on ordinary shares (Note 31)	–	(913)	(913)
Total transactions with owners in their capacity as owners	–	(913)	(913)
Balance at 31 May 2022	146,216	32,238	178,454
2021			
Balance at 1 June 2020	146,216	6,777	152,993
Profit for the year	–	1,494	1,494
Total comprehensive income for the year	–	1,494	1,494
Balance at 31 May 2021	146,216	8,271	154,487

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 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit before tax		35,194	14,273
Adjustments for:			
Amortisation of capitalised contract costs		5,286	1,979
Depreciation of plant and equipment	4	173	295
Gain on dilution of investment in a joint venture		–	(113)
Gain on disposal of investment in a joint venture		(90)	–
Gain from loan waiver from an associate		–	(4)
Reversal of loan waiver by an associate		394	–
Foreign exchange loss/(gain)		266	(378)
Interest income		(3,391)	(3,261)
Interest expense		3,487	2,954
Share of results of joint ventures and associates		(19,308)	(6,846)
Operating cash flows before changes in working capital		22,011	8,899
Changes in working capital:			
Development properties		60,830	(101,541)
Trade receivables		96	(1,521)
Contract assets		(28,047)	15,587
Other receivables and deposits		(1,655)	90
Prepayments		(1,192)	1
Capitalised contract costs		(6,567)	(1,692)
Trade payables, other payables and accruals		(4,509)	7,143
Balances with related companies		(2,672)	(20)
		16,284	(81,953)
Cash flows from/(used in) operations		38,295	(73,054)
Income tax paid		(5,019)	(3,226)
Net cash flows from/(used in) operating activities		33,276	(76,280)
Cash flows from investing activities			
Interest received		21	27
Purchase of plant and equipment		(53)	(28)
Loan to a joint venture		(955)	(3,440)
Loans to associates		(10,351)	(5,658)
Investment in a joint venture and associates		(26)	(157)
Proceeds from disposal of investment in a joint venture		565	–
Proceeds from redemption of equity instruments		439	–
Proceeds from redemption of debt instruments		204	–
Proceeds from capital distribution from investment in equity instruments		1,932	–
Purchase of other investments		(9,906)	(3,649)
Net cash flows used in investing activities		(18,130)	(12,905)

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 2022

	Note	2022 $'000	2021 $'000
Cash flows from financing activities			
Interest paid		(2,838)	(2,253)
Proceeds from bank loans		24,084	132,043
Repayment of bank loans		(49,144)	(38,500)
Repayment of lease liabilities		(53)	(106)
Dividends paid on ordinary shares		(913)	–
Dividends paid to non-controlling interests of subsidiaries		(392)	(1,470)
Loan from associates		–	4
Loan from joint ventures		–	250
Net cash flows (used in)/from financing activities		(29,256)	89,968
Net (decrease)/increase in cash and cash equivalents		(14,110)	783
Cash and cash equivalents at beginning of the year		40,230	39,412
Effect of exchange rate changes on cash and cash equivalents		(62)	35
Cash and cash equivalents at end of the year	14	26,058	40,230

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 2022

1. CORPORATE INFORMATION

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

The immediate 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 ultimate holding company is Ong Sek Chong & Sons Pte Ltd, which is incorporated and domiciled in Singapore.

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 that of investment holding. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 5 and 6 to the financial statements.

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)**").

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 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards and interpretations which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have a material effect on the financial performance or position of the Group and the Company.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

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 applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 3 *Business Combination:* Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16 *Property, Plant and Equipmen*t: Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12 *Income Taxes*: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

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.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(a) *Basis of consolidation (cont'd)*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(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.

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.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(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.

On 23 March 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**"). 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 immediate 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 immediate 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 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.

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.

Notes to The **Financial Statements**
For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 measured.

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.

2.7 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 of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Office equipment, furniture and fittings	–	1 to 4 years
Office and office improvement	–	1 to 2 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.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 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.

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.

2.9 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.

2.10 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 joint ventures as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint ventures is set out in Note 2.11.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 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 joint ventures and associates 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 joint ventures and associates are accounted for at cost less impairment loss.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 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.

2.13 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 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

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

Subsequent measurement

<u>Investments in debt instruments</u>

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. The measurement categories for classification of debt instruments are:

(i) *Amortised cost*

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 de-recognised or impaired, and through the amortisation process.

(ii) *Fair value through other comprehensive income (FVOCI)*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

<u>Investments in equity instruments</u>

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 other comprehensive income ("**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 de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(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.

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.

De-recognition

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

2.14 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.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of financial assets (cont'd)

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

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.

2.15 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.

2.16 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.

2.17 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 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 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 estimated liability for annual leave is recognised for services rendered by employees up to the end of the reporting period.

2.19 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office equipment	–	4 years
Office and office improvement	–	1 to 2 years
Motor vehicles	–	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8. The Group's right-of-use assets are presented within plant and equipment in Note 4.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Leases (cont'd)

(a) *As lessee (cont'd)*

(ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.21(b).

2.20 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 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 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.

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 relate less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) *Rental income*

Rental income arising from operating leases 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.

(c) *Distribution income*

Distribution income from investment securities is recognised in profit or loss when the Group's right to receive payment has been established.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Dividend and interest income

Dividend income is recognised in profit or loss when the Group's right to receive payment has been established.

Interest income is recognised in profit or loss, as it accrues, using the effective interest method.

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.

(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.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

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.

(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.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 statement of financial position 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.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Government Grant

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to income, it is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

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 policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Sale 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) <u>Provision for expected credit losses of trade receivables and contract assets</u>

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.

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 35(a)(ii).

The carrying amounts of trade receivables and contract assets as at 31 May 2022 are $1,389,000 and $47,809,000 (2021: $1,485,000 and $19,762,000) respectively.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(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 8 to the financial statements.

4. PLANT AND EQUIPMENT

Group	Office equipment, furniture and fittings $'000	Office and office improvement $'000	Motor vehicles $'000	Total $'000
Cost				
At 1 June 2020	239	268	535	1,042
Additions	28	–	–	28
Disposal	–	(148)	–	(148)
At 31 May 2021 and 1 June 2021	267	120	535	922
Additions	53	–	–	53
At 31 May 2022	320	120	535	975
Accumulated depreciation				
At 1 June 2020	113	153	193	459
Depreciation charge for the year	73	115	107	295
Disposal	–	(148)	–	(148)
At 31 May 2021 and 1 June 2021	186	120	300	606
Depreciation charge for the year	66	–	107	173
At 31 May 2022	252	120	407	779
Net carrying amount				
At 31 May 2021	81	–	235	316
At 31 May 2022	68	–	128	196

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

4. PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment, furniture and fittings $'000	Office and office improvement $'000	Motor vehicles $'000	Total $'000
Cost				
At 1 June 2020	203	268	535	1,006
Additions	26	–	–	26
Disposal	–	(148)	–	(148)
At 31 May 2021, 1 June 2021 and 31 May 2022	229	120	535	884
Accumulated depreciation				
At 1 June 2020	88	153	193	434
Depreciation charge for the year	67	115	107	289
Disposal	–	(148)	–	(148)
At 31 May 2021 and 1 June 2021	155	120	300	575
Depreciation charge for the year	46	–	107	153
At 31 May 2022	201	120	407	728
Net carrying amount				
At 31 May 2021	74	–	235	309
At 31 May 2022	28	–	128	156

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 30.

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 $'000	2021 $'000
Unquoted equity investments, at cost	23,331	22,831
Addition	–	500
Less: Allowance for impairment losses	(13,996)	(13,996)
	9,335	9,335

	Company	
	2022 $'000	2021 $'000
Movement in allowance for impairment losses:		
At beginning and end of the year	13,996	13,996

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

5. 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 2022 %	2021 %
Held by the Company				
Smooth Venture Pte Ltd. [(1)]	Property development	Singapore	100	100
Goldprime Investment Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
LBD (Midtown) Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Luxe Development Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Starview Investment Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Wealth Property Pte. Ltd. [(1)]	Property development	Singapore	65	65
LBD (China) Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Goldprime Land Pte. Ltd. [(1)]	Property development	Singapore	51	51
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)]	Investment holding	Singapore	100	100
Wealth Space Pte. Ltd. [(1)(2)]	Property development	Singapore	100	100
Smooth Venture (1) Pte. Ltd. (formerly known as SLBF Pte. Ltd.) [(1)]	Investment holding	Singapore	100	100
SLB Starcap Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
SLBI (1) Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
SLBI (2) Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
THC (LM) Pte Ltd. [(1)(3)]	Investment holding	Singapore	100	–
SLB NCR (1) Pte. Ltd. [(3)(4)]	Property development	Singapore	100	–
SLB (RS) Pte. Ltd. [(3)(4)]	Investment holding	Singapore	100	–
Smooth Capital Pte. Ltd. [(1)(3)]	Investment holding	Singapore	100	–
Held by a subsidiary				
SLB-Oxley (NIR) Pte. Ltd. [(1)]	Property development	Singapore	51	51

(1) Audited by Ernst & Young LLP, Singapore.

(2) In the previous financial year, the Company subscribed for an additional 499,990 ordinary shares in the capital of Wealth Space Pte. Ltd. for a cash consideration of $1.00 per share

(3) Incorporated during the financial year ended 31 May 2022.

(4) Not required to be audited as it is dormant

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

5. 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
2022:					
Goldprime Land Pte. Ltd.	Singapore	49%	73	572	392
Wealth Property Pte. Ltd.	Singapore	35%	(3)	365	–
SLB-Oxley (NIR) Pte. Ltd.	Singapore	49%	5,288	3,451	–
2021:					
Goldprime Land Pte. Ltd.	Singapore	49%	(1,274)	891	1,470
Wealth Property Pte. Ltd.	Singapore	35%	(4)	368	–
SLB-Oxley (NIR) Pte. Ltd.	Singapore	49%	(262)	(1,837)	–

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.

(c) *Summarised financial information of 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.	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current						
Assets	1,431	5,504	1,052	1,060	60,247	89,270
Liabilities	(264)	(3,685)	(8)	(8)	(51,782)	(93,787)
Net current assets/(liabilities)	1,167	1,819	1,044	1,052	8,465	(4,517)
Non-current						
Assets	–	–	–	–	–	767
Liabilities	–	–	–	–	(1,423)	–
Net non-current (liabilities)/assets	–	–	–	–	(1,423)	767
Net assets/(liabilities)	1,167	1,819	1,044	1,052	7,042	(3,750)

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) *Summarised financial information of subsidiaries with material NCI*

Summarised statement of comprehensive income

	Goldprime Land Pte. Ltd.		Wealth Property Pte. Ltd.		SLB-Oxley (NIR) Pte. Ltd.	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	–	3,000	–	–	89,311	8,366
Other operating income	10	285	–	1	10	2
Profit/(loss) before tax	162	(3,145)	(9)	(10)	12,982	(645)
Taxation	(14)	545	1	(1)	(2,190)	110
Profit/(loss) for the year, net of tax, representing total comprehensive income for the year	148	(2,600)	(8)	(11)	10,792	(535)

Other summarised information

	Goldprime Land Pte. Ltd.		Wealth Property Pte. Ltd.		SLB-Oxley (NIR) Pte. Ltd.	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net cash flows (used in)/ from operating activities	(536)	67	(7)	(16)	39,412	4,503

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For the financial year ended 31 May 2022

6. INVESTMENT IN JOINT VENTURES AND ASSOCIATES

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

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Oxley-LBD Pte. Ltd.	760	768	–	–
Spottiswoode Development Pte. Ltd.	1,003	1,011	993	993
32 Real Estate Pte. Ltd.	–	516	–	–
SLB(MB) Pte. Ltd.	319	20	*	*
	2,082	2,315	993	993

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Interests in joint ventures:				
Carrying amount of investments	2,082	2,315	993	993
Amounts due from joint ventures (Note 12(c))	4,386	3,584	4,386	3,584
Amounts due to joint ventures (Note 12(d))	(950)	(950)	(950)	(950)
	5,518	4,949	4,429	3,627

* Amount less than $1,000.

Details of the investment in joint ventures are as follows:

Name of company	**Principal activities**	**Principal place of business**	**Proportion of ownership interest**	
			2022	**2021**
			%	**%**
Held by the Company				
Spottiswoode Development Pte. Ltd. (1)	Property development	Singapore	50	50
SLB (MB) Pte. Ltd. (2)	Investment holding	Singapore	50	50
Held by a subsidiary				
Oxley-LBD Pte. Ltd. (1)	Property development	Singapore	50	50
32 Real Estate Pte. Ltd. (2)(3)(4)	Investment holding	Singapore	–	33

(1) Audited by RSM Chio Lim LLP, Singapore.

(2) Audited by Ernst & Young LLP, Singapore.

(3) In the previous financial year, the Group's joint venture, 32 Real Estate Pte. Ltd., issued 1,000,000 ordinary shares at $1.00 per share to Wee TC Investments Pte Ltd, an external shareholder. Following the transaction, the Group's effective interest was reduced from 50% to 33% and the Group recognised a gain on dilution of investment in a joint venture of $113,000 (Note 23(a)).

(4) During the financial year, the Group disposed its 33% equity interest in 32 Real Estate Pte. Ltd. for a consideration of approximately $565,000. The Group recognised a gain on disposal of investment in a joint venture of $90,000 (Note 23(a)).

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

6. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D)

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

There were no dividends received from the joint ventures during the financial years ended 31 May 2022 and 31 May 2021.

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.		32 Real Estate Pte. Ltd. and its subsidiaries		SLB (MB) Pte. Ltd.	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash and cash equivalents	233	252	121	135	–	332	507	–
Other current assets	1,287	1,284	1,900	1,909	–	1,274	–	102
Total current assets	1,520	1,536	2,021	2,044	–	1,606	507	102
Non-current assets	–	–	–	–	–	233	9,008	7,102
Total assets	1,520	1,536	2,021	2,044	–	1,839	9,515	7,204
Trade and other payables	–	–	7	12	–	292	8,781	7,163
Other current liabilities	–	–	8	10	–	–	96	–
Total liabilities	–	–	15	22	–	292	8,877	7,163
Net assets	1,520	1,536	2,006	2,022	–	1,547	638	41
Proportion of the Group's ownership	50%	50%	50%	50%	–	33%	50%	50%
Group's share of net assets, representing carrying amount of the investment	760	768	1,003	1,011	–	516	319	20

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

6. 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.		32 Real Estate Pte. Ltd. and its subsidiaries		SLB (MB) Pte. Ltd.	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Revenue	–	–	–	–	–	1,180	564	–
Other income	7	6	–	26	–	74	210	58
Interest income	–	–	–	–	–	1	–	–
Other operating expenses	(24)	(30)	(16)	(8)	–	(2,021)	(12)	(17)
Finance costs	–	–	–	–	–	(7)	–	–
Share of results of associates	–	–	–	–	–	–	375	–
(Loss)/profit before tax	(17)	(24)	(16)	18	–	(773)	1,137	41
Taxation	–	–	–	(2)	–	–	(284)	–
(Loss)/profit for the year, net of tax	(17)	(24)	(16)	16	–	(773)	853	41
Other comprehensive income for the year, net of tax	–	–	–	–	–	–	(255)	–
Total comprehensive income for the year	(17)	(24)	(16)	16	–	(773)	598	41
Proportion of the Group's ownership	50%	50%	50%	50%	–	33%	50%	50%
Group's share of results	(8)	(12)	(8)	8	–	(255)	299	20

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

6. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D)

(b) ***Investment in associates***

The Group's investment in associates are summarised below:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Rio Casa Venture Pte. Ltd.	16,380	7,067	800	800
Oxley Serangoon Pte. Ltd.	4,513	(4,667)	–	–
Development 24 Pte. Ltd.	510	361	–	–
Other associates	(7,134)	(7,353)	36	36
	14,269	(4,592)	836	836

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Interests in associates:				
Carrying amount of investments	14,269	(4,592)	836	836
Amounts due from associates (Note 12(e))	152,684	139,116	61,624	54,753
Amounts due to associates (Note 12(f))	(468)	(74)	–	–
	166,485	134,450	62,460	55,589

Details of the investment in associates are as follows:

Name of company	**Principal activities**	**Principal place of business**	**Proportion of ownership interest**	
			2022	**2021**
			%	**%**
Held by the Company				
Wealth Development Pte. Ltd. [(1)]	Property development	Singapore	40	40
Rio Casa Venture Pte. Ltd. [(2)]	Property development	Singapore	20	20
Ultra Infinity Pte Ltd [(1)]	Property development	Singapore	33	33
Held by subsidiaries				
Oxley Viva Pte. Ltd. [(2)]	Property development	Singapore	10*	10*
Oxley YCK Pte. Ltd. [(2)]	Property development	Singapore	10*	10*
Oxley Sanctuary Pte. Ltd. [(2)]	Property development	Singapore	15*	15*

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

6. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D)

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

Name of company	Principal activities	Principal place of business	Proportion of ownership interest	
			2022	2021
			%	%
Held by subsidiaries (cont'd)				
Oxley Serangoon Pte. Ltd. [(2)]	Property development	Singapore	20	20
Action Property Pte. Ltd. [(2)]	Property development	Singapore	19*	19*
KAP Holdings (China) Pte. Ltd. [(2)]	Investment holding	Singapore	20	20
Development 24 Pte Ltd [(1)]	Property development	Singapore	42	42
KAP Hotel Investments Pte Ltd [(1)]	Investment holding	Singapore	20	20
Pinnacle Investment Management Limited [(3)]	Fund manager	United Kingdom	20	20
Weave Living Real Estate SG JV Limited [(4)(5)]	Investment holding	British Virgin Island	20	–
Jalan Sultan Investment 1 Limited [(4)(5)]	Investment holding	British Virgin Island	20	–

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by RSM Chio Lim LLP, Singapore.
(3) Audited by Grant Thornton Limited, Guernsey.
(4) Acquired during the financial year.
(5) Not required for audit

* 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.

There were no dividends received from associates during the financial years ended 31 May 2022 and 31 May 2021.

Besides meeting the Housing Developer (Project Accounts) rules, the amounts due from associates of $122,150,000 (2021: $117,236,000) are subordinated to bank loans secured against the respective development projects as at 31 May 2022.

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	
	2022	2021
	$'000	$'000
Profit/(loss) for the year, net of tax, representing total comprehensive income for the year	299	(732)

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

6. 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

	Rio Casa Venture Pte. Ltd.		**Oxley Serangoon Pte. Ltd.**		**Development 24 Pte. Ltd.**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current assets	751,797	794,804	716,182	741,840	61,308	66,127
Non-current assets	–	–	–	5,428	161	234
Total assets	751,797	794,804	716,182	747,268	61,469	66,361
Current liabilities	293,532	287,119	300,502	271,529	41,960	5,507
Non-current liabilities	376,366	472,350	393,117	499,076	18,295	59,995
Total liabilities	669,898	759,469	693,619	770,605	60,255	65,502
Net assets/(liabilities)	81,899	35,335	22,563	(23,337)	1,214	859
Proportion of the Group's ownership	20%	20%	20%	20%	42%	42%
Group's share of net assets, representing carrying amount of the investment	16,380	7,067	4,513	(4,667)	510	361

Summarised statement of comprehensive income

	Rio Casa Venture Pte. Ltd.		**Oxley Serangoon Pte. Ltd**		**Development 24 Pte. Ltd.**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	485,253	353,275	539,768	193,018	32,373	34,946
Other income	468	1,020	1,257	661	–	–
Profit for the year, net of tax, representing total comprehensive income for the year	46,563	32,048	45,900	2,240	355	2,287
Proportion of the Group's ownership	20%	20%	20%	20%	42%	42%
Group's share of results	9,313	6,410	9,180	448	149	961

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

7. OTHER INVESTMENTS

	Group	
	2022 $'000	2021 $'000
Financial assets carried at fair value through other comprehensive income		
Unquoted equity instruments (AUD)	8,069	3,975
Unquoted equity instruments (GBP)	3,716	3,450
Unquoted equity instrument (USD)	6,605	–
Unquoted equity instruments (SGD)	–	439
Quoted equity securities (SGD)	77	75
Quoted debt investments (SGD)	6,092	5,973
Quoted debt investments (AUD)	–	214
	24,559	14,126

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

Assets pledged as security

As at 31 May 2022, quoted debt investments with carrying amount of $3,092,000 (2021: $3,286,000) are pledged to banks for loans granted to a subsidiary (Note 18).

8. DEVELOPMENT PROPERTIES

	Group	
	2022 $'000	2021 $'000
Properties under development, units for which revenue is recognised over time	120,062	180,892

Assets pledged as security

As at 31 May 2022, development properties with carrying amount of $120,062,000 (2021: $180,892,000) are pledged to banks for loans granted to subsidiaries (Note 18).

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	
				2022 (%)	2021 (%)
Proposed erection of a 8-storey multi-user industrial building on lot 99488L MK23 at New Industrial Road, Singapore [(1)]	Freehold	5,792 (site area)	Construction stage and expected to obtain TOP in FY2023	51	51
Industrial building on lot 1983X of MK1 known as Thye Hong Centre at 2 Leng Kee Road, Singapore	Freehold	5,952 (site area)	Planning stage	100	100

(1) The development property was fully sold during the financial year ended 31 May 2022.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

9. TRADE RECEIVABLES

	Group	
	2022	2021
	$'000	$'000
Amounts due from external parties	1,389	1,485

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.

Expected credit loss

The Group determined that the expected credit loss on its trade receivables and contract assets are not significant as at 31 May 2022 and 31 May 2021.

10. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deposits for acquisition of development properties	4,940	–	–	–
Other deposits	81	40	3	3
Other receivables	210	34	4	4
	5,231	74	7	7

11. AMOUNTS DUE TO RELATED COMPANIES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade	250	2,922	–	–

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

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

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

(a) *Amounts due from subsidiaries*

	Company	
	2022	2021
	$'000	$'000
Trade	–	484
Non-trade	148,679	144,442
	148,679	144,926

The trade amounts due from subsidiaries are unsecured, non-interest bearing, 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, non-interest bearing, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars, except for an amount of $66,448,000 (2021: $96,127,000) which bears interest of 1.50% to 5.28% (2021: 1.50% to 5.28%) per annum.

(b) *Amounts due to subsidiaries*

	Company	
	2022	2021
	$'000	$'000
Non-trade	488	34,731

The amounts due to subsidiaries are unsecured, non-interest bearing, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars, except for an amount of $34,000,000 as at 31 May 2021 which is interest-bearing at effective interest rates ranging from 1.50% to 1.53% per annum.

(c) *Amounts due from joint ventures*

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Non-trade	4,386	3,584	4,386	3,584

The amounts due from joint ventures relate to shareholder loans to joint ventures. They are unsecured, non-interest bearing, repayable on demand, expected to be settled in cash and are denominated in Singapore Dollars.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

12. AMOUNTS DUE FROM/TO SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D)

(d) *Amounts due to joint ventures*

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-trade	950	950	950	950

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

(e) *Amounts due from associates*

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-trade	152,684	139,116	61,624	54,753

The amounts due from associates relate to shareholder loans and corresponding interest receivable.

<u>Group</u>

They are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash, except for an amount of $108,110,000 (2021: $101,218,000) which is interest-bearing at effective interest rates ranging from 1.50% to 5.28% (2021: 3.00% to 5.28%) per annum.

<u>Company</u>

They are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash, except for an amount of $52,735,000 (2021: $47,320,000) which is interest-bearing at effective interest rates ranging from 1.50% to 3.00% (2021: 3.00%) per annum.

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

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Chinese Renminbi	4,112	4,153	–	–

(f) *Amounts due to associates*

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-trade	468	74	–	–

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

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

13. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

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

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-trade	262	262	–	–

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

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

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-trade	15,617	15,002	–	–

The amounts due to non-controlling interests relate to shareholder loans and corresponding interest payable extended to a subsidiary for properties under development. The non-trade amounts are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash, except for an amount of $13,668,000 (2021: $13,668,000) which bears interest of 4.50% (2021: 4.50%) per annum.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash at bank	26,058	40,230	7,302	10,731

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

During the financial year, fixed deposits earned interest of 0.35% (2021: 0.60% to 1.40%) per annum and had maturities of 3 months (2021: 1 to 3 months) depending on the immediate cash requirements of the Group. There were no fixed deposits balance as at 31 May 2022 and 31 May 2021.

The cash and cash equivalents denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Australian Dollars	958	866	221	248
British Pounds	9	9	9	9

Included in cash and cash equivalents are amounts of $4,082,000 (2021: $19,647,000) maintained in project accounts as at 31 May 2022, withdrawals from which are restricted to payments for expenditure incurred on projects.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables	10	430	–	–
Deferred income	102	205	–	–
Rental deposits received	1,132	959	–	–
Deposit payable on acquisition of a development property	3,502	–	–	–
Other payables	165	444	–	–
Sales tax payable	285	2,664	–	–
	5,196	4,702	–	–

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

16. ACCRUALS AND PROVISION

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Accrued operating expenses	2,358	1,330	1,938	907
Accrued development costs	2,526	2,867	–	–
Provisions	393	2,679	–	–
	5,277	6,876	1,938	907

Provisions relate to obligations arising from the Group's sale of development properties and is determined based on the applicable terms and conditions stated in the sale and purchase agreements.

The movement in provisions is as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At beginning of the year	2,679	–	–	–
Additional provisions during the year	393	2,679	–	–
Unused amounts reversed during the year	(2,679)	–	–	–
At end of the year	393	2,679	–	–

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

17. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current				
Non-trade	160	130	160	130
Non-current				
Non-trade	33,783	33,783	33,783	33,783

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

The amounts due to immediate holding company (non-current) are unsecured, expected to be settled in cash and are denominated in Singapore Dollars. The amounts bear interest at 1.25% above Singapore Overnight Rate Average per annum (2021: 1.25% above Singapore Interbank Offer Rate per annum). During the financial year, the effective interest rate for the amounts due to immediate holding company (non-current) was 1.62% (2021: 1.51%) per annum.

18. LOANS AND BORROWINGS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current				
Lease liabilities	58	58	53	51
Current portion of long-term bank loans, secured	35,793	67,937	17,000	–
	35,851	67,995	17,053	51
Non-current				
Lease liabilities	18	71	18	71
Long-term bank loans, secured	97,084	90,000	–	–
	97,102	90,071	18	71
Total loans and borrowings	132,953	158,066	17,071	122

Bank loans

(a) The Group's bank loans are denominated in Singapore and Australian Dollars. During the financial year, the effective interest rates for bank loans ranged from 0.60% to 2.41% (2021: 0.60% to 1.58%) per annum.

(b) As at 31 May 2022, the Group's bank loans amounting to $Nil (2021: $5,000,000) are secured by corporate guarantee provided by the immediate 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 development properties (Note 8).

(c) As at 31 May 2022, the Group's bank loans of $115,877,000 (2021: $152,937,000) are 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 development properties (Note 8) and other investments (Note 7).

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

18. LOANS AND BORROWINGS (CONT'D)

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

	2021 $'000	Cash flows $'000	Non-cash item: Accretion of interest $'000	Non-cash item: Other $'000	2022 $'000
Long term bank loans					
- Non-current	90,000	7,084	–	–	97,084
- Current	67,937	(32,144)	–	–	35,793
Amounts due to joint ventures and associates					
- Current	1,024	–	–	394[(1)]	1,418
Amounts due to immediate holding company					
- Non-current	33,783	–	–	–	33,783
- Current	130	(517)	547	–	160
Amounts due to non-controlling interests					
- Current	15,002	–	615	–	15,617
Lease liabilities					
- Non-current	71	–	–	(53)	18
- Current	58	(56)	3	53	58
	208,005	(25,633)	1,165	394	183,931

(1) This relates to reversal of loan waiver by an associate.

	2020 $'000	Cash flows $'000	Non-cash item: Accretion of interest $'000	Non-cash item: Other $'000	2021 $'000
Long term bank loans					
Changes from financing cashflow					
- Non-current	58,394	91,088	–	(59,482)	90,000
- Current	6,000	2,455	–	59,482	67,937
Amounts due to joint ventures and associates					
- Current	774	250	–	–	1,024
Amounts due to immediate holding company					
- Non-current	33,783	–	–	–	33,783
- Current	217	(596)	509	–	130
Amounts due to non-controlling interests					
- Current	14,387	–	615	–	15,002
Lease liabilities					
- Non-current	128	–	1	(58)	71
- Current	107	(112)	5	58	58
	113,790	93,085	1,130	–	208,005

The 'Other' column relates to reclassification of non-current portion of bank loans and lease liabilities due to passage of time.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

19. DEFERRED TAX ASSETS/LIABILITIES

	Group			
	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax assets				
Unutilised tax losses	–	768	768	(111)
Deferred tax liabilities				
Development properties	1,486	1,510	(24)	(1,731)
Deferred tax expense/(credit) (Note 26)			744	(1,842)

20. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of ordinary shares	Share capital	Number of ordinary shares	Share capital
		$'000		$'000
Issued and paid up:				
At beginning and end of year	913,000,000	146,216	913,000,000	146,216

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 2.4 of the financial statements.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

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	
	2022 $'000	2021 $'000
At beginning of the year	5	(491)
Foreign currency translation	(231)	496
At end of the year	(226)	5

(c) *Fair value reserve*

Fair value reserve represents the cumulative fair value changes, net of tax, of debt and equity instruments at FVOCI until they are disposed.

	Group	
	2022 $'000	2021 $'000
At beginning of the year	(197)	(361)
Fair value gain on debt instruments at fair value through other comprehensive income	109	138
Net fair value gain on equity instruments at fair value through other comprehensive income	2,993	26
At end of the year	2,905	(197)

22. REVENUE

	Group	
	2022 $'000	2021 $'000
Revenue from contracts with customers:		
Sale of development properties	91,990	41,709
Distribution income from investment securities	828	678
	92,818	42,387

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

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22. REVENUE (CONT'D)

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

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

	Group	
	2022	**2021**
	$'000	**$'000**
Contract assets:		
Unbilled revenue	23,064	8,881
Capitalised fulfilment costs (Note 22(b))	24,745	16,296
Contract liabilities	–	(5,415)
	47,809	19,762

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.

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	
	2022	**2021**
	$'000	**$'000**
Changes in measurement of progress	84,288	35,866
Contract assets reclassified to trade receivables	(70,105)	(42,308)

Significant changes in contract liabilities are explained as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	5,415	2,842
Advances from customers for sale of development properties	–	(5,415)

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For the financial year ended 31 May 2022

22. REVENUE (CONT'D)

(b) ***Capitalised contract and fulfilment costs***

	Group	
	2022 **$'000**	**2021** **$'000**
Capitalised incremental costs of obtaining contract – commission costs paid to property agents		
At beginning of the year	1,381	1,668
Additions	6,567	1,692
Amortisation	(5,286)	(1,979)
At end of the year	2,662	1,381
Capitalised fulfilment costs		
At beginning of the year	16,296	22,868
Additions	57,297	12,185
Amortisation	(48,848)	(18,757)
At end of the year	24,745	16,296

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

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 May 2022 is $46,467,000 (2021: $31,504,000) which the Group expects to recognise over the next 1 year (2021: 1 to 2 years) as construction of the development properties progresses.

23. PROFIT BEFORE TAX

Profit before tax includes the following:

	Group	
	2022 **$'000**	**2021** **$'000**
(a) ***Other operating income:***		
Interest income		
- fixed deposits	2	5
- bank balances	18	21
- associates	3,371	3,235
Gain on disposal of investment in a joint venture	90	–
Rental income	4,071	1,809
Foreign exchange gain	–	497
Gain on dilution of investment in a joint venture	–	113
Government grant income	12	120
Loan waiver from an associate	–	4
Other income	152	313
	7,716	6,117

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

23. PROFIT BEFORE TAX (CONT'D)

	Group	
	2022 $'000	2021 $'000
(b) ***Other operating expenses:***		
Depreciation		
- plant and equipment	(87)	(154)
- right-of-use assets	(86)	(141)
Foreign exchange loss	(291)	–
Maintenance expenses	(395)	(364)
Reversal of loan waiver by an associate	(394)	–
Others	(525)	(313)
	(1,778)	(972)
(c) ***Other expenses:***		
Directors' fee to directors of the Company	(260)	(260)
Audit fees		
- Auditor of the Company	(155)	(151)
Non-audit fees		
- Auditor of the Company	(64)	(61)

24. STAFF COSTS

	Group	
	2022 $'000	2021 $'000
Staff costs, including Directors' emoluments, are as follows:		
- Salaries, bonuses and other related costs	3,036	1,769
- Contributions to CPF	120	105
	3,156	1,874

25. FINANCE COSTS

	Group	
	2022 $'000	2021 $'000
Interest expense on:		
- lease liabilities	3	6
- bank loans	2,322	1,824
- amounts due to non-controlling interests	615	615
- amounts due to immediate holding company	547	509
	3,487	2,954

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

26. TAXATION

Major components of taxation

The major components of taxation for the years ended 31 May 2022 and 2021 are as follows:

	Group	
	2022	2021
	$'000	$'000
Current taxation		
- Current income taxation	2,655	4,106
- Under provision in respect of previous years	188	191
Deferred taxation		
- Origination and reversal of temporary differences (Note 19)	744	(1,842)
Taxation recognised in profit or loss	3,587	2,455

Relationship between taxation and accounting profit

The reconciliation between taxation and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 May 2022 and 2021 are as follows:

	Group	
	2022	2021
	$'000	$'000
Profit before taxation	35,194	14,273
Tax at corporate tax rate at 17% (2021: 17%)	5,983	2,426
Income not subject to taxation	(17)	(50)
Non-deductible expenses	636	167
Under provision in respect of previous years	188	191
Share of results of associates and joint ventures	(3,282)	(1,164)
Deferred tax assets not recognised	4	–
Effect of partial tax exemption and tax relief	(120)	(156)
Others	195	1,041
Taxation recognised in profit or loss	3,587	2,455

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For the financial year ended 31 May 2022

27. EARNINGS PER SHARE – BASIC AND DILUTED

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

	Group	
	2022	**2021**
	$'000	**$'000**
Group's net profit attributable to equity holders of the Company for the financial year	26,249	13,358
	No. of shares '000	**No. of shares '000**
Weighted average number of ordinary shares outstanding during the financial year	913,000	913,000

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) Construction services amounting to $74,410,000 (2021: $25,258,000) were provided by related companies to an associate of the Group; and

(ii) Commercial lease for office space amounting to $96,000 (2021: $96,000) with its related company.

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

Corporate guarantees provided

The immediate holding company provided corporate guarantees and securities for loans granted to the Group of $175,372,000 (2021: $228,602,000).

Notes to The Financial Statements

For the financial year ended 31 May 2022

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel

	Group	
	2022 $'000	2021 $'000
Short-term employee benefits	2,635	1,372
Contributions to CPF	70	62
Total compensation of key management personnel	2,705	1,434
Comprise amounts paid to:		
Directors of the Company	1,984	809
Other key management personnel	721	625
	2,705	1,434

29. COMMITMENTS

Capital commitments

Share of commitments 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. LEASES

Group as a lessee

The Group has lease contracts for various items of leases for office space with its immediate holding company, office equipment and motor vehicles from third parties. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

30. LEASES (CONT'D)

Group as a lessee (cont'd)

(a) *Right-of-use assets*

Information about right-of-use assets classified within plant and equipment (Note 4) is disclosed as follows:

Group	Office equipment $'000	Office and office improvement $'000	Motor vehicles $'000	Total $'000
Cost				
At 1 June 2020	12	148	360	520
Disposal	–	(148)	–	(148)
At 31 May 2021, 1 June 2021 and 31 May 2022	12	–	360	372
Accumulated depreciation				
At 1 June 2020	3	93	83	179
Depreciation charge for the year	3	55	83	141
Disposal	–	(148)	–	(148)
At 31 May 2021 and 1 June 2021	6	–	166	172
Depreciation charge for the year	3	–	83	86
At 31 May 2022	9	–	249	258
Net carrying amount				
At 31 May 2021	6	–	194	200
At 31 May 2022	3	–	111	114

Company	Office and office improvement $'000	Motor vehicles $'000	Total $'000
Cost			
At 1 June 2020	148	360	508
Disposal	(148)	–	(148)
At 31 May 2021, 1 June 2021 and 31 May 2022	–	360	360
Accumulated depreciation			
At 1 June 2020	93	83	176
Depreciation charge for the year	55	83	138
Disposal	(148)	–	(148)
At 31 May 2021 and 1 June 2021	–	166	166
Depreciation charge for the year	–	83	83
At 31 May 2022	–	249	249
Net carrying amount			
At 31 May 2021	–	194	194
At 31 May 2022	–	111	111

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For the financial year ended 31 May 2022

30. LEASES (CONT'D)

(b) *Lease liabilities*

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At beginning of the year	129	235	122	227
Accretion of interest (Note 25)	3	6	2	6
Payments	(56)	(112)	(53)	(111)
At end of the year	76	129	71	122
Current portion	58	58	53	51
Non-current portion	18	71	18	71
	76	129	71	122

(c) *Amounts recognised in profit and loss*

	Group	
	2022 $'000	2021 $'000
Depreciation of right-of-use assets	86	141
Interest expense on lease liabilities	3	6
Lease expense not capitalised in lease liabilities:		
- Expenses relating to leases of short-term leases (included in other operating expenses)	96	42
Total amount recognised in profit or loss	185	189

(d) *Total cash outflow*

The Group had total cash outflows for leases of $152,000 (2021: $154,000) in 2022.

31. DIVIDENDS

	Group and Company	
	2022 $'000	2021 $'000
Declared and paid during the year		
Dividends on ordinary shares paid:		
- Exempt (one-tier) dividend for 2021: 0.1 Cents (2020: Nil Cents) per share	913	–
Proposed but not recognised as a liability as at 31 May		
- Exempt (one-tier) dividend for 2022: 0.2 Cents (2021: 0.1 Cents) per share	1,826	913

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32. FINANCIAL SUPPORT TO SUBSIDIARIES

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

33. 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:

	Fair value measurements at the end of the reporting period using			
	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
2022				
Financial assets measured at fair value:				
Other investments (Note 7)	6,169	–	18,390	24,559
2021				
Financial assets measured at fair value:				
Other investments (Note 7)	6,262	–	7,864	14,126

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

33. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

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
2022:			
Other investments	Net asset valuation	Note 1	Not applicable
2021:			
Other investments	Net asset valuation	Note 1	Not applicable

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.

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

Trade receivables (Note 9), other receivables and deposits (Note 10), amounts due to related companies (Note 11), amounts due from/(to) subsidiaries, joint ventures and associates (Note 12), amounts due to immediate holding company (current) (Note 17), amounts due from/(to) non-controlling interests (Note 13), cash and cash equivalents (Note 14), trade and other payables (Note 15) and accruals and provision (Note 16)

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 immediate holding company (non-current) (Note 17) and loans and borrowings (excluding lease liabilities) (Note 18)

The carrying amounts of the above financial liabilities 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.

Lease liabilities (Note 18)

The carrying amounts of lease liabilities approximate their fair values as the implicit interest rates approximate the market interest rates prevailing at the financial year end.

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34. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

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

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Financial assets carried at amortised cost				
Trade receivables	1,389	1,485	–	–
Other receivables and deposits	5,231	74	7	7
Amounts due from joint ventures and associates	157,070	142,700	66,010	58,337
Amounts due from subsidiaries	–	–	148,679	144,926
Amounts due from non-controlling interests	262	262	–	–
Cash and cash equivalents	26,058	40,230	7,302	10,731
	190,010	184,751	221,998	214,001
Financial assets carried at fair value through other comprehensive income				
Other investments	24,559	14,126	–	–
Financial liabilities measured at amortised cost				
Trade and other payables (excluding sales tax payable and deferred income)	4,809	1,833	–	–
Accruals and provision	5,277	6,876	1,938	907
Amounts due to related companies	250	2,922	–	–
Amounts due to joint ventures and associates	1,418	1,024	950	950
Amounts due to subsidiaries	–	–	488	34,731
Amounts due to immediate holding company	33,943	33,913	33,943	33,913
Amounts due to non-controlling interests	15,617	15,002	–	–
Loans and borrowings	132,953	158,066	17,071	122
	194,267	219,636	54,390	70,623

35. 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, contract assets and amounts due from joint ventures and associates. 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.

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.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) ***Credit risk (cont'd)***

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 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;
- There is 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; and
- 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 guarantees, debt securities and loans measured 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 measured at amortised cost as at 31 May 2022 and 31 May 2021 as the expected credit loss is not material.

(ii) <u>Trade receivables and contract assets</u>

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 with days past due. The provision rate also incorporates forward-looking information such as forecast of economic conditions.

Trade receivables and contract assets relate mainly to the Group's customers who purchase its development 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.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) ***Credit risk (cont'd)***

(ii) Trade receivables and contract assets (cont'd)

Summarised below are quantitative information about trade receivables and contract assets.

	Contract assets $'000	Trade receivables: 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
2022						
Gross carrying amount	47,809	1,389	–	–	–	49,198
2021						
Gross carrying amount	19,762	1,485	–	–	–	21,247

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 34.

- A nominal amount of $107,551,000 (2021: $123,049,000) relating to corporate guarantee provided by the Company to the bank on subsidiaries' bank loan.

Credit risk concentration profile

At the end of the reporting period, 98% (2021: 98%) 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 27.0% (2021: 43.0%) 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. At the end of the reporting period, approximately 99.9% (2021: 41.8%) of the Company's loans and borrowings (Note 18) will mature in less than one year based on the carrying amount reflected in the financial statements.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities

The tables below summarise 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.

	2022 1 year or less $'000	2022 1 to 5 years $'000	2022 Total $'000	2021 1 year or less $'000	2021 1 to 5 years $'000	2021 Total $'000
Group						
Financial assets:						
Trade receivables	1,389	–	1,389	1,485	–	1,485
Other receivables and deposits	5,231	–	5,231	74	–	74
Amounts due from joint ventures and associates	157,070	–	157,070	142,700	–	142,700
Amounts due from non-controlling interests	262	–	262	262	–	262
Cash and cash equivalents	26,058	–	26,058	40,230	–	40,230
Total undiscounted financial assets	190,010	–	190,010	184,751	–	184,751
Financial liabilities:						
Trade and other payables (excluding sales tax payable and deferred income)	4,809	–	4,809	1,833	–	1,833
Accruals and provision	5,277	–	5,277	6,876	–	6,876
Amounts due to related companies	250	–	250	2,922	–	2,922
Amounts due to joint ventures and associates	1,418	–	1,418	1,024	–	1,024
Amounts due to immediate holding company	977	34,539	35,516	642	34,237	34,879
Amounts due to non-controlling interests	16,232	–	16,232	15,617	–	15,617
Loans and borrowings	39,668	98,887	138,555	70,243	92,044	162,287
Total undiscounted financial liabilities	68,631	133,426	202,057	99,157	126,281	225,438
Total net undiscounted financial assets/(liabilities)	121,379	(133,426)	(12,047)	85,594	(126,281)	(40,687)
Company						
Financial assets:						
Other receivables and deposits	7	–	7	7	–	7
Amounts due from joint ventures and associates	66,010	–	66,010	58,337	–	58,337
Amounts due from subsidiaries	148,679	–	148,679	144,926	–	144,926
Cash and cash equivalents	7,302	–	7,302	10,731	–	10,731
Total undiscounted financial assets	221,998	–	221,998	214,001	–	214,001
Financial liabilities:						
Accruals and provision	1,938	–	1,938	907	–	907
Amounts due to joint ventures	950	–	950	950	–	950
Amounts due to subsidiaries	488	–	488	34,731	–	34,731
Amounts due to immediate holding company	977	34,539	35,516	642	34,237	34,879
Loans and borrowings	17,514	18	17,532	54	73	127
Total undiscounted financial liabilities	21,867	34,557	56,424	37,284	34,310	71,594
Total net undiscounted financial assets/(liabilities)	200,131	(34,557)	165,574	176,717	(34,310)	142,407

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35. 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 loans and borrowings and interest-bearing amounts due to immediate holding company and non-controlling interests.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2021: 75) basis points lower/higher with all other variables held constant, the Group's profit net of taxation would have been $690,211 (2021: $983,158) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate amounts due to immediate holding company and bank loans. 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 Renminbi (RMB) are considered to be long-term in nature. The Group also has cash equivalents denominated in Australian dollar (AUD).

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	
		2022	**2021**
		Profit, net of taxation Increase/(decrease)	
		$'000	**$'000**
RMB	- strengthened 5%	206	208
	- weakened 5%	(206)	(208)
AUD	- strengthened 5%	48	54
	- weakened 5%	(48)	(54)

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36. 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 2022 and 2021. 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 and provision, amounts due to related companies, joint ventures, associates, immediate 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 2022 and 2021.

	Group	
	2022 $'000	**2021 $'000**
Trade and other payables (Note 15)	5,196	4,702
Accruals and provision (Note 16)	5,277	6,876
Amounts due to related companies (Note 11)	250	2,922
Amounts due to joint ventures and associates (Note 12)	1,418	1,024
Amounts due to immediate holding company (Note 17)	33,943	33,913
Amounts due to non-controlling interests (Note 13)	15,617	15,002
Loans and borrowings (Note 18)	132,953	158,066
Less: Cash and cash equivalents (Note 14)	(26,058)	(40,230)
Net debt	168,596	182,275
Equity attributable to the owners of the Company	200,443	172,236
Capital and net debt	369,039	354,511
Gearing ratio	0.46	0.51

37. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three operating segments as follows:

(i) The property development segment is involved in the development and sale of properties (residential, commercial and industrial), as well as the provision of development management services.

(ii) The funds management and investment segment refers to the Group's business as a fund manager through joint ventures and strategic alliance with third parties, as well as investment in the funds managed by fund managers such as through participation by way of a limited partner or shareholder in the fund company.

(iii) The corporate segment mainly relates to corporate office functions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

37. SEGMENT INFORMATION (CONT'D)

	Property development		Funds management and investment		Corporate		Adjustments and eliminations		Notes	Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000		2022 $'000	2021 $'000
Revenue:	91,990	41,709	828	678	27,114	1,806	(27,114)	(1,806)		92,818	42,387
Results:											
Interest income	1,925	2,698	3	3	3,900	4,090	(2,437)	(3,530)	A	3,391	3,261
Interest expenses	(5,282)	(5,717)	(16)	(9)	(626)	(758)	2,437	3,530	A	(3,487)	(2,954)
Depreciation of plant and equipment	(20)	(6)	–	–	(153)	(289)	–	–		(173)	(295)
Gain on dilution of investment in a joint venture	–	–	–	–	–	113	–	–		–	113
Gain on disposal of investment in a joint venture	–	–	–	–	90	–	–	–		90	–
Share of results of joint ventures and associates	18,922	7,231	386	(385)	–	–	–	–		19,308	6,846
Segment profit/(loss) before tax	35,591	13,115	1,099	(215)	25,618	2,025	(27,114)	(652)	B	35,194	14,273
Fair value gain on financial assets at fair value through other comprehensive income	–	–	3,102	164	–	–	–	–		3,102	164
Other non-cash expenses:											
Amortisation of capitalised contract costs	5,286	1,979	–	–	–	–	–	–		5,286	1,979
(Reversal of provisions)/ provisions, net	(2,287)	2,679	–	–	–	–	–	–		(2,287)	2,679
Assets:											
Investment in joint ventures and associates	15,998	(2,823)	353	546	–	–	–	–		16,351	(2,277)
Additions to non-current assets	53	2	–	–	–	26	–	–		53	28
Segment assets	309,743	361,916	28,286	15,818	222,669	214,832	(149,675)	(180,165)	C	411,023	412,401
Segment liabilities	(276,816)	(334,209)	(24,180)	(15,699)	(54,871)	(71,000)	149,675	180,165	C	(206,192)	(240,743)

Notes to The **Financial Statements**

For the financial year ended 31 May 2022

37. SEGMENT INFORMATION (CONT'D)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Inter-segment interest income and interest expenses are eliminated on consolidation.

B. Inter-segment profit or loss comprising interest income and interest expense, dividends, management fees and other intercompany adjustments are eliminated on consolidation.

C. Inter-segment assets and liabillities are eliminated on consolidation.

<u>Geographical information</u>

Revenue and non-current assets information of the Group based on the geographical location of customers and assets respectively are as follows:

	Revenue		**Non-current assets**	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Singapore	92,374	42,033	24,178	10,514
Australia	444	354	319	–
United Kingdom	–	–	35	10
	92,818	42,387	24,532	10,524

Non-current assets information presented above consists of plant and equipment and investment in joint ventures and associates as presented in the consolidated statement of financial position.

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The following events occurred subsequent to the financial year end:

(i) The Group's acquisition of a 2-storey property at Nos 17 to 33 Jalan Sultan was completed on 8 June 2022.

(ii) The Group's acquisition of 30 and 31 North Canal Road was completed on 23 June 2022.

(iii) On 4 July 2022, the Group incorporated a wholly-owned subsidiary, SLB (King Street) Pty Ltd with paid-up and issued share capital of AUD100.00 comprising 100 ordinary shares.

(iv) On 25 July 2022, the Group subscribed for 15 ordinary shares in the capital of KSH Ultra Unity Pte. Ltd ("**KSHUU**") for an aggregate cash consideration of $15. Following the subscription, the Group holds 15% of the paid-up capital of KSHUU.

(v) On 26 July 2022, the Group's 15%-owned associated company, KSHUU, successfully tendered for the collective purchase ("**Purchase**") of all the lots and the common property comprised in Strata Title Plan No. 1652 in the development known as Euro-Asia Apartments at 1037 Serangoon Road, Singapore 328170, at the purchase price of $222,180,000. The completion of the Purchase is subject to the fulfilment of applicable terms and conditions.

39. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 May 2022 were authorised for issue in accordance with a resolution of the directors on 22 August 2022.

Statistics of **Shareholdings**

As at 15 August 2022

SHARE CAPITAL

Issued and fully paid capital – S$148,388,456
Total number of shares in issue – 913,000,000
Number of treasury shares – NIL

Class of shares – Ordinary shares
Voting rights – 1 vote per share
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 22.25% of the issued ordinary shares of the Company were held in the hands of the public as at 15 August 2022 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	51	5.08	44,600	0.00
1,001 - 10,000	589	58.66	3,016,100	0.33
10,001 - 1,000,000	333	33.17	38,062,500	4.17
1,000,001 and above	31	3.09	871,876,800	95.50
TOTAL	1,004	100.00	913,000,000	100.00

Statistics of **Shareholdings**

As at 15 August 2022

TWENTY LARGEST SHAREHOLDERS

S/N	Name of Shareholders	Number of Shares Held	%
1	LIAN BENG GROUP LTD	708,487,500	77.60
2	TEO KEE BOCK	22,715,600	2.49
3	LIN YUCHENG	21,500,000	2.36
4	DBS NOMINEES PTE LTD	17,470,200	1.91
5	RAFFLES NOMINEES (PTE) LIMITED	11,239,000	1.23
6	CHEW HOCK SENG	10,000,000	1.10
7	MAYBANK SECURITIES PTE. LTD.	8,596,300	0.94
8	CITIBANK NOMINEES SINGAPORE PTE LTD	7,746,000	0.85
9	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	6,191,800	0.68
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	6,000,000	0.66
11	SEACARE FOUNDATION PTE LTD	4,500,000	0.49
12	UOB KAY HIAN PTE LTD	4,367,000	0.48
13	TOMMIE GOH THIAM POH	4,300,000	0.47
14	DB NOMINEES (SINGAPORE) PTE LTD	3,442,000	0.38
15	POH BOON KHER MELVIN (FU WENKE MELVIN)	3,410,100	0.37
16	KOH HUI YIONG	3,327,800	0.36
17	LEE BEE LIAN	3,100,000	0.34
18	TEE WEE SIEN (ZHENG WEIXIAN)	3,000,000	0.33
19	CHEW THYE CHUAN OR TAN SEW MAI	2,680,300	0.29
20	ONG BOON HUAT	2,600,000	0.28
	TOTAL	854,673,600	93.61

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**Number of Shares**	**%**	**Number of Shares**	**%**
LIAN BENG GROUP LTD	708,487,500	77.60	–	–
ONG PANG AIK			709,838,000	77.75
ONG LAY HUAN			708,487,500	77.60
ONG SEK CHONG & SONS PTE LTD			708,487,500	77.60

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 708,487,500 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 708,487,500 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 708,487,500 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 convened and held by electronic means on Wednesday, 28 September 2022 at 9.00 a.m. (of which there will be a live webcast) (the "**AGM**" or "**Meeting**") to transact the business as set out below.

This Notice has been made available on SGXNET and the Company's website at www.slbdevelopment.com.sg. A printed copy of this Notice will not be despatched to members.

AS ORDINARY BUSINESS:-

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for financial year ended 31 May 2022 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final (tax exempt one-tier) dividend of 0.2 Singapore cent per ordinary share for the financial year ended 31 May 2022. **(Resolution 2)**

3. To re-elect the following Directors retiring under Regulation 117 of the Company's Constitution:

   Mr Ong Eng Keong **(Resolution 3)**
   Mr Owi Kek Hean **(Resolution 4)**

   [See Explanatory Note 1]

4. To approve the payment of Directors' fees of up to $260,000 to be paid quarterly in arrears for the financial year ending 31 May 2023. **(Resolution 5)**

   [See Explanatory Note 2]

5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 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")** **(Resolution 7)**

Notice of **Annual General Meeting**

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/or

(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;

provided further that adjustments in accordance with (a) and (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(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]

8. **Renewal of Share Buyback Mandate** **(Resolution 8)**

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) on-market purchase(s) (each a "**Market Purchase**") transacted on the SGX-ST through the trading system, or as the case may be, any other securities exchange on which the Shares may, for the time being, be listed; 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, Catalist Rules and Constitution; 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 by the Shareholders in a general meeting;

Notice of **Annual General Meeting**

(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 or subsidiary holdings will be disregarded for purposes of computing the 10% limit;

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution 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

"**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 during the relevant 5 Market Days period and the day on which the purchases were made;

"**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]

Notice of **Annual General Meeting**

9. **Renewal of Interested Person Transactions Mandate** **(Resolution 9)**

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 the circular to Shareholders dated 13 September 2022 (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

(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
Sim Yok Teng
Company Secretary
Singapore

13 September 2022

Notice of **Annual General Meeting**

EXPLANATORY NOTES:

1. Mr Ong Eng Keong will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer of the Company. Detailed information of Mr Ong Eng Keong pursuant to Catalist Rule 720(5) can be found on pages 22 to 25 in the Annual Report 2022.

   Mr Owi Kek Hean will, upon re-election as a Director of the Company, remain as a Lead Independent Director, Chairman of the Audit Committee, and a member of the Nominating Committee and Remuneration Committee. The Board considers Mr Owi Kek Hean to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST. Detailed information of Mr Owi Kek Hean pursuant to Catalist Rule 720(5) can be found on pages 22 to 25 in the Annual Report 2022.

2. The Ordinary Resolution 5 above is to seek approval for the payment of up to $260,000 as directors' fees on a current year basis, that is for the financial year ending 31 May 2023. 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 this annual general 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 relating to the renewal of the Share Buyback 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.

NOTES:

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint the Chairman as proxy to vote on his behalf. Please refer to the section entitled "Submission of Proxy Forms to Vote" of the Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus ("**COVID-19**") on page 121 of the Annual Report 2022 for further information.

(ii) If the member is a corporation, the instrument appointing the Chairman of the AGM must be under seal or the hand of an officer or attorney duly authorised.

(iii) The instrument appointing the Chairman of the AGM must be (a) submitted by mail to the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or (b) submitted by email to gpc@mncsingapore.com not less than 72 hours before the time appointed for holding the above Meeting.

(iv) 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 of the Company 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 of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting of the Company (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**"); and (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.

Notice of **Annual General Meeting**

Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus ("COVID-19"):

The Company is arranging for a live webcast of the Annual General Meeting proceedings (the "**Live AGM Webcast**") which will take place on Wednesday, 28 September 2022 at 9.00 a.m. **Shareholders will be able to watch the annual general meeting proceedings through the Live AGM Webcast, and the Company will not accept any physical attendance by shareholders. Any shareholder seeking to attend the annual general meeting physically in person will be turned away.**

Shareholders will be able to participate in the annual general meeting in following manner set out in the paragraphs below.

Live Webcast:

1. Shareholders may watch the annual general meeting proceedings through the Live AGM Webcast. To do so, shareholders will need to register at *https://online.meetings.vision/slb-agm-registration* (the "**Registration Link**") by 9.00 a.m. on 25 September 2022 (the "**Registration Deadline**") to enable the Company to verify their status.

2. Following verification, authenticated shareholders will receive an email by 9.00 am on 26 September 2022 containing a link to access the live visual and audio webcast of the annual general meeting proceedings as well as a toll-free telephone number to access the live audio only stream of the AGM proceedings.

3. Shareholders must not forward the abovementioned link or telephone number to other persons who are not shareholders of the Company and who are not entitled to attend the annual general meeting. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.

4. Shareholders who register by the Registration Deadline but do not receive an email response by 9.00 a.m. on 26 September 2022 may contact **Share Registrar, M & C Services Private Limited by email to gpc@mncsingapore.com**

Submission of Proxy Forms to Vote:

1. Shareholders who wish to vote at the annual general meeting may submit a proxy form to appoint the Chairman of the annual general meeting to cast votes on their behalf.

   The proxy form (a copy of which is also attached hereto), duly completed and signed, must be submitted by: (a) mail to the Company's **Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or (b) submitted by email to gpc@mncsingapore.com, by no later than by 9.00 a.m. on 25 September 2022, being 72 hours before the time appointed for holding the AGM.**

2. CPF or SRS investors who wish to vote should approach their respective banks approved by CPF to be their agent banks ("**CPF Agent Banks**") or agent banks approved by CPF under the Supplementary Retirement Scheme ("**SRS Operators**") to submit their votes at least seven (7) working days before the AGM (i.e. by 9.00 a.m. on 19 September 2022) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the annual general meeting to vote on their behalf by the cut-off date.

Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

Members are strongly encouraged to submit completed proxy forms electronically via email.

Submission of Questions:

1. Shareholders may submit questions relating to the items on the agenda of the annual general meeting via the Registration Link. All questions must be submitted by 20 September 2022.

2. The Company will address the substantial and relevant questions by 9.00 a.m on 23 September 2022. The minutes of the annual general meeting will be posted on the SGXNET and the Company's website within one month after the date of the annual general meeting.

As the COVID-19 pandemic continues to evolve, further measures and/or changes to the annual general meeting arrangements may be made on short notice in the ensuing days, even up to the day of the AGM. Please check our Company website at https://www.slbdevelopment.com.sg/ or SGXNET for updates.

The Company seeks the understanding and cooperation of all members to minimise the risk of community spread of COVID-19.

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SLB DEVELOPMENT LTD.
Company Registration No. 201729864H
(the "**Company**")
(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. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS 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 the Chairman of the Annual General Meeting (the "**AGM**" or "**Meeting**"), as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the AGM of the Company to be convened and held by electronic means on Wednesday, 28 September 2022 at 9.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, vote against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

No.	Resolutions relating to:	For**	Against**	Abstain**
	ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements for financial year ended 31 May 2022 together with the Auditors' Report thereon			
2.	Payment of final dividend of 0.2 Singapore cent for the financial year ended 31 May 2022			
3.	To re-elect Mr Ong Eng Keong as a Director of the Company			
4.	To re-elect Mr Owi Kek Hean as a Director of the Company			
5.	To approve the payment of Directors' fees of up to $260,000 for the financial year ending 31 May 2023			
6.	To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration			
	SPECIAL BUSINESS			
7.	To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act 1967 of Singapore			
8.	To approve the renewal of the Share Buyback Mandate			
9.	To approve the renewal of the Interested Person Transactions Mandate			

* Delete accordingly
** If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate with a tick [√] within the boxes provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of____________, 2022

____

Signature(s) of member(s)
or Common Seal of Corporate Shareholder

Total Number of Shares held in	No. of Shares
(a) CDP Register	

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 2001 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. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

3. A shareholder of the Company entitled to attend and vote at the AGM of the Company may appoint the Chairman as proxy to vote on his behalf. Please refer to section entitled "Submission of Proxy Forms to Vote" of the Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus ("**COVID-19**") on page 121 of the Annual Report 2022 for further information.

4. The instrument appointing the Chairman of the AGM as proxy must be (a) submitted by mail to the Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or (b) submitted by email to gpc@mncsingapore.com not less than 72 hours before the time appointed for holding the above Meeting.

   Members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

6. CPF or SRS investors who wish to vote should approach their respective banks approved by CPF to be their agent banks ("**CPF Agent Banks**") or agent banks approved by CPF under the Supplementary Retirement Scheme ("**SRS Operators**") to submit their votes at least seven (7) working days before the AGM (i.e. by 9.00 a.m. on 19 September 2022) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

7. Where an instrument appointing the Chairman of the AGM as proxy 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. The Chairman of the AGM, as proxy, need not be a shareholder of the Company.

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 1967 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:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company 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 AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (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**"); and (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.

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)
Sim Yok Teng, LLB (Cum Laude)

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
158 Cecil Street
#05-01
Singapore 069545

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

29 Harrison Road, #07-00 Lian Beng Building, Singapore 369648
T: +65 6501 0306 | **F:** +65 6281 3123
E: admin@slbdevelopment.com.sg | **W:** www.slbdevelopment.com.sg